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TABLE OF CONTENTS

ANNEXURES	4
CHAIRPERSON'S FOREWORD	5
CHAPTER ONE	7
I PREFACE	7
1.1 ESTABLISHMENT AND MANDATE OF THE COMMITTEE	7
1.2 COMMITTEE MEMBERSHIP	8
1.3 COMMITTEE SECRETARIAT	9
CHAPTER TWO	10
2.0 OVERVIEW THE CENTRAL BANK OF KENYA (AMENDMENT) BILL, (NATIONAL ASSEMBLY BILL NO. 27 OF 2026)	10
2.1 Background	10
2.2 Summary of Legal Provisions	10
CHAPTER THREE	12
3. PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL	12
3.1 LEGAL FRAMEWORK ON PUBLIC PARTICIPATION	12
3.2 MEMORANDA RECEIVED ON THE BILL	12
3.3 SUBMISSIONS FROM STAKEHOLDERS	13
CHAPTER FOUR	30
4 COMMITTEE OBSERVATIONS	30
CHAPTER FIVE	32
5 COMMITTEE RECOMMENDATION	32

LIST OF ABBREVIATIONS AND ACRONYMS

AG	-	Attorney General and Department of Justice
AML/CFT	-	Anti-money Laundering and Countering the Financing of Terrorism
BCR	-	Benefit Cost Ratio
CBK	-	Central Bank of Kenya
CBK-IMS	-	Central Bank of Kenya Institute of Monetary Studies
CMA	-	Capital Markets Authority
COK	-	Constitution of Kenya
CRA	-	Commission on Revenue Allocation
DGPP	-	Domestic Gold Purchase Programme
DRC	-	Democratic Republic of Congo
EABX	-	East Africa Bond Exchange Public Limited Company
ICPAK	-	Institute of Certified Public Accountants of Kenya
IPF	-	Institute of Public Finance
KDIC	-	Kenya Deposit Insurance Corporation
LSK	-	Law Society of Kenya
MP	-	Member of Parliament
NGCDF	-	National Government Constituency Development Fund
NPV	-	Net Present Value
OCOB	-	Office of the Controller of Budget
ODM	-	Orange Democratic Movement
PWDs	-	Persons with Disabilities
UBO	-	Ultimate Beneficial Owners
UDA	-	United Democratic Alliance
YSD	-	Youth for Sustainable Development

ANNEXURES

Annexure 1: Adoption Schedule

Annexure 2: Minutes of the Committee on consideration of the Bill

Annexure 3: The Central Bank of Kenya (Amendment) Bill (National Assembly Bill No. 27 of 2026)

Annexure 4: Advertisement inviting the public to submit memoranda on the Bill and attend Public Hearings in various Counties.

Annexure 5: Letter from the Clerk of the National Assembly inviting relevant stakeholders to attend the public participation forum.

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 Central Bank of Kenya (Amendment) Bill (National Assembly Bill No. 27 of 2026). The Bill was published in the *Kenya Gazette* on 19th May 2026 and read a First Time on 26th May 2026. The Bill was thereafter committed to the Committee for consideration and tabling of the report to the House pursuant to Standing Order 127.

The Bill seeks to strengthen the statutory framework governing liquidity support by the Central Bank by clearly distinguishing routine monetary policy operations from emergency liquidity assistance provided during periods of financial distress. The Bill also seeks to provide legal clarity on the scope and limits of the Bank's intervention powers and to establish prudential safeguards, including solvency, viability, and systemic risk requirements, for the provision of emergency liquidity assistance.

The Bill also seeks to promote market discipline, reduce moral hazard and enhance legal certainty and coordination during periods of financial stress through clear statutory procedures and conditions governing the exercise of the Bank's emergency lending powers.

Additionally, the Bill seeks to amend the Central Bank of Kenya Act (Cap. 491) to require the approval by the National Assembly of persons nominated for appointment as Deputy Governors of the Central Bank of Kenya. The amendment seeks to align the approval process for the Deputy Governor with that of the Governor of the Central Bank of Kenya, whose appointment is subject to approval by the National Assembly, and to enhance transparency, accountability, and parliamentary oversight in the appointment of senior officials of the Central Bank of Kenya.

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 30th May 2026 inviting the public to submit memoranda by way of written statements on the Bill and also attend Public Hearings in Thirteen Counties from 2nd June 2026 to 8th June 2026.

In addition, the Clerk of the National Assembly vide letter Ref. No. NA/DDC/F&NP/2026/092 dated 5th June 2026 invited key stakeholders to submit views on the Bill and attend a public participation forum on Tuesday, 9th June 2026. The memoranda were to be received on or before Monday, 8th June 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 Central Bank of Kenya (Amendment) Bill (National Assembly Bill No. 27 of 2026) and wish to report to this august House with the recommendation that the House **approves** the Bill with 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 Investments 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 reconstituted on Wednesday, 5th March 2025 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. Sunkuyia, R. George, MP
Kajiado West Constituency
UDA Party

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

Hon. Dr. Gathoni Wamuchomba, HSC, MP
Githunguri Constituency
UDA Party

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

Hon. Sheikh Umul Sheikh, MP
Mandera County
UDM Party

Hon. Okuome Adipo Andrew, MP
Karachuonyo Constituency
ODM Party

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

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

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

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

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

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

I.3 COMMITTEE SECRETARIAT

4. The Committee is facilitated by the following staff:

Ms. Tracy Chebet
Principal Clerk Assistant II

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. Eugene Luteshi
Audio Officer III

Ms. Nelly W. Ondieki
Research Officer III

Mr. George Ndenjeshe
Fiscal Analyst II

Mr. James Macharia
Media Relations Officer

Ms. Joyce Wachera
Hansard Reporter II

Mr. Benson Muthuri
Assistant Serjeant-At-Arms

Mr. Jared Onyancha
Protocol Officer

Mr. Allan Ngugi
Administrative Officer II

CHAPTER TWO

2.0 OVERVIEW OF THE CENTRAL BANK OF KENYA (AMENDMENT) BILL, (NATIONAL ASSEMBLY BILL NO. 27 OF 2026)

2.1 Background

5. The Central Bank of Kenya (Amendment) Bill (National Assembly Bill No. 27 of 2026) is a National Assembly Bill sponsored by the Chairperson of the Finance and National Planning Committee, Hon. FCPA Kuria Kimani, CBS, MP. It was published on 19th May 2026, and read a First Time on 26th May 2026. The Bill was thereafter committed to the Committee for its consideration and tabling of the report to the House pursuant to Standing Order 127.

2.2 Summary of Legal Provisions

Main highlights of the Bill

6. The Bill seeks to strengthen the statutory framework governing liquidity support by the Central Bank through clearly distinguishing routine monetary policy operations from emergency liquidity assistance provided during periods of financial distress.
7. The Bill also seeks to provide legal clarity on the scope and limits of the Bank's intervention powers and to establish prudential safeguards, including solvency, viability, and systemic risk requirements, for the provision of emergency liquidity assistance.
8. The Bill also seeks to promote market discipline, reduce moral hazard, and enhance legal certainty and coordination during periods of financial stress through clear statutory procedures and conditions governing the exercise of the Bank's emergency lending powers.
9. Additionally, the Bill seeks to amend the Central Bank of Kenya Act (Cap.491) to require the approval by the National Assembly of persons nominated for appointment as Deputy Governors of the Central Bank of Kenya. The amendment seeks to align the approval process for the Deputy Governor with that of the Governor of the Central Bank of Kenya, whose appointment is subject to approval by the National Assembly, and to enhance transparency, accountability, and parliamentary oversight in the appointment of senior officials of the Central Bank of Kenya.

Specific provisions

10. **Clause 2** of the Bill proposes to amend section 4(2) of the Act to strengthen and clarify the mandate of the Central Bank in promoting financial system liquidity, solvency, integrity and effective regulation of the banking sector.
11. **Clause 3** of the Bill seeks to empower the Bank to provide training and capacity building to its staff, the public, government institutions and persons from other jurisdictions.
12. **Clause 4** of the Bill seeks to amend section 13B (1) of the Act to replace the word “Parliament” with “the National Assembly” in order to align the provision with the constitutional approval framework.
13. **Clause 5** of the Bill seeks to amend section 27 of the Act to ensure effective implementation of the powers of the Bank to deal in gold, bullion, precious metals and foreign exchange as part of its reserve and market operations functions.
14. **Clause 6** of the Bill seeks to repeal and replace section 36 of the Act to establish a clearer framework for loans, advances and emergency liquidity assistance by the Bank for monetary policy and financial stability purposes.
15. **Clause 7** of the Bill proposes to amend section 46A of the Act by replacing the term “Deposit Protection Fund Board” with “Kenya Deposit Insurance Corporation” to align the Act with the current institutional framework. The Kenya Deposit Insurance Act established the Kenya Deposit Insurance Corporation, thereby replacing the defunct Deposit Protection Fund Board.
16. **Clause 8** of the Bill seeks to amend section 57(3) of the Act to empower the Bank to prescribe capacity building and training through regulations for purposes of implementing the Act.

CHAPTER THREE

3. PUBLIC PARTICIPATION AND STAKEHOLDER ENGAGEMENT ON THE BILL

3.1 LEGAL FRAMEWORK ON PUBLIC PARTICIPATION

17. 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.”

18. 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

19. Pursuant to the aforementioned provisions of law, the Clerk of the National Assembly placed an advertisement in the print media on 30th May 2026 inviting the public to submit memoranda on the Bill and participate in public hearings between 2nd June 2026 to 8th June 2026 in thirteen different Counties. Further, the Clerk of the National Assembly vide letter Ref NA/DDC/F&NP/2026/092 dated 5th June 2026 invited key stakeholders to submit views on the Bill and attend a public participation forum ON 9th June 2026 respectively.

20. The Committee received six (6) memoranda from the following stakeholders whose submissions are detailed below:

- (1) The Office of the Attorney General and Department of Justice;
- (2) The East Africa Bond Exchange Public Limited Company;
- (3) The Central Bank of Kenya;
- (4) Wanjiku Gikonyo;
- (5) Bowmans; and
- (6) Youth for Sustainable Development (YSD), Makueni Chapter.

3.3 SUBMISSIONS FROM STAKEHOLDERS

Clause 2

21. **The Office of the Attorney General** proposed deleting the word “promote” to provide clarity on the object of the bank.

Committee Observation

The Committee agreed with the proposal by the Office of the Attorney General.

22. **The East Africa Bond Exchange Public Limited Company (EABX PLC)** submitted that the proposal would create a two-regulator system that requires careful coordination to avoid paralysis. A capital market intermediary like an exchange (EABX) would lose its exclusive relationship with the capital markets regulator thus, they proposed amending the clause in sub-sections (2) and (3) to read as follows:

“(2) The Bank shall promote and foster the stability of the financial system as a whole, including by:

(a) exercising its existing powers over banking institutions and payment systems; and

(b) coordinating the Capital Markets Authority (CMA) to identify and mitigate systemic risks arising from capital market activities.”

(3) For the avoidance of doubt:

(a) The Bank shall not exercise direct supervisory, regulatory, or enforcement powers over any capital market intermediary licensed under the Capital Markets Act, including but not limited to exchanges, clearing houses (except as expressly provided in separate CCP legislation), broker-dealers, asset managers, or securities depositories.

(b) The Bank’s authority with respect to the liquidity, solvency, proper functioning, or integrity of the market-based financial system shall be exercised exclusively through:

(i) information-sharing arrangements with the CMA;

(ii) non-binding recommendations to the CMA; and

(iii) Participation in an interagency Financial Stability Committee chaired by the Bank, with the CMA and exchange representatives as voting members.”

Committee Observation

The Committee observed that the proposed amendment seeks to bring clarity on the mandate of the Central Bank of Kenya and does not encroach into the mandate of the Capital Markets Authority. The intention of the amendment is to expressly articulate soundness, safety, and effective regulation of the banking system as a secondary role of the Central Bank of Kenya.

23. **The Central Bank of Kenya** proposed amending Clause 2 in by deleting the proposed new subsection (2) (a) and substituting it with the following new subsection

“4(2) The Bank shall promote and foster—

(a) the stability, resilience, liquidity, solvency, integrity and proper functioning of a market-based financial system; and”

24. The Bank stated that this will strengthen CBK’s contribution to financial system stability, with express legal provision, clarify and add coherence to CBK’s statutory mandate and consistent with evolving complexity banking regulation. Further, it was consistent with international practice, evolving complexity banking regulation and financial markets oversight.

Committee Observation

The Committee agreed with the proposal by the Central Bank of Kenya.

Clause 2 (b)

25. **The Attorney General** proposed amending the clause to define the term “banking system” or use the term “market-based financial system”. This will provide clarity in what is referred to as the “banking system” or make reference to the “market-based financial system” for consistency as paragraph (a).

Committee Observation

The Committee noted the proposal by the Attorney-General but was of the view that the use of the two terms in paragraphs (a) and (b) is in different senses. Therefore, defining the terms was not necessary.

Clause 3

26. **The Office of the Attorney-General** proposed amending the proposal by deleting the proposed paragraph (i) and substituting therefor with the following paragraphs:
- i. Provide capacity building to the members of staff of the Bank; and

- ii. Establish an institution to offer training to members of the public in accordance with the Technical and Vocational Education and Training Act.

27. This will provide clarity on the scope of capacity building that may be undertaken by the Bank. Additionally, it will provide consistency with the Technical and Vocational Education and Training Act.

Committee Observation

The Committee acknowledged the Attorney-General's concerns but was of the view that the provision was proper.

Clause 5

- 28. **The Central Bank of Kenya proposed amending clause 5 in the** new subsection (1) by deleting the words "refine" and "gold coins and bullion, silver, platinum".
- 29. The Bank stated that the term "any other precious metals" is all-encompassing and captures the silver and platinum that are by-products of the gold refining process. CBK itself will not perform any refining but may enter into arrangements with licensed refiners to refine any purchased gold doré.
- 30. The deletion of reference to "international agreement" has been occasioned since Kenya no longer uses fixed-exchange rate system that needed such agreements.
- 31. The amendments are intended to boost the local mining sector and is aligned with the practice in Tanzania, Ghana, DRC, and South Africa.

Committee Observation

The Committee agreed to the proposal by CBK.

- 32. **Ms. Wanjiru Gikonyo** proposed amending the Clause by inserting a new subsection to read as follows:

"The Bank shall not accept, store, or refine gold, silver, platinum, or any other precious metal as collateral for emergency liquidity or crisis-lending facilities unless such commodity has been independently verified, assayed, and valued by an internationally accredited, third-party certifying body. The complete inventory, valuation notes, and transaction histories of all precious metal holdings shall be published in the Kenya Gazette and on the Bank's portal on a monthly basis."

- 33. According to the stakeholder, this new insertion will enforce maximum asset-backing transparency and place a strict statutory guardrail.

Committee Observation

Report of the Departmental Committee on Finance and National Planning on its Consideration of The Central Bank of Kenya (Amendment) Bill (National Assembly Bill No. 27 of 2026)

The Committee acknowledged Ms. Gikonyo's proposal but was of the view that it went beyond the scope of the provision.

New Proposal

34. The Central Bank of Kenya proposed introducing a new clause amending section 26(1)(a) to insert the words "*and any other precious metals*" to read as follows:

"(a) gold and any other precious metals;"

35. The stakeholder stated that introducing the term "and any other precious metals" is for harmony and complete alignment with the proposed amendment of Section 27(1) that establishes the Domestic Gold Purchase Programme (DGPP).

Committee Observation

The Committee agreed with the proposal by the Central Bank of Kenya. The amendment is in conformity with the proposed amendments to clause 5 of the Bill and will ensure consistency in the Act.

Clause 6

36. The Attorney-General proposed amending the clause to specify transitional provisions for loans issued by the bank.

Committee Observation

The Committee agreed with the proposal by the Attorney-General.

37. Ms. Wanjiku Gikonyo proposed amending the clause by inserting a new section 36(7) to read as follows:

"The Bank shall not extend emergency liquidity support to any financial institution whose distress arises from exposures to a defaulted public investment project, unless the private equity holders of that project have first undergone a court-sanctioned equity write-down to zero value.

Furthermore, to qualify as an eligible counterparty for such emergency facilities, the applicant financial institution must bear the burden of proof to demonstrate absolute fiduciary prudence and statutory compliance to the Bank. This shall be verified through an independent pre-eligibility audit proving that:

(a) the institution's exposure to the project did not violate single-obligor concentration limits at the time of underwriting,

(b) the credit risk assessment did not rely on unbacked sovereign comfort letters, and

(c) the institution maintained its mandatory core capital adequacy and statutory liquidity ratios natively for the twenty-four (24) months preceding the project's default.

Any institution found to have relaxed its standard underwriting prudence or bypassed macro-prudential guidelines in financing the underlying public investment shall be permanently barred from accessing the facility and placed under immediate statutory receivership."

38. The stakeholder submitted that this new insertion will ensure that banks and investors bear the risks of their own commercial decisions, instead of transferring those risks to the public through the Central Bank.

Committee Observation

The Committee acknowledged the proposal by Ms. Gikonyo but was of the view that the new section 36 was adequate and that all details on its implementation could not be spelled out. Further, the new section should not be considered in isolation from other provisions concerning the Central Bank of Kenya's mandate. The Committee was of the view that the safeguards in the Act were adequate.

New Proposals – Clause 6

39. **The Central Bank of Kenya** proposed that clause 6 be amended in the proposed new section 36(2)(a) by deleting the words "solvency and" so that the paragraph will read, "(a) meet the Bank's criteria of viability;"

40. They stated that this will provide CBK with flexibility that does not constrain its legal ability to determine how and when liquidity support can be extended to restore viability and protect the stability of the banking system.

Committee Observation

The Committee agreed with the proposal by the Central Bank of Kenya.

41. Additionally, **CBK** proposed that clause 6 be amended to revise the extension period to five (5) years in the proposed new section 36 (5) to read as follows:

"(5) The Bank may extend the period specified under subsection (4) for such period or periods not exceeding five (5) years and under such terms and conditions as the Bank may specify."

Committee Observation

The Committee agreed with the proposal by the Central Bank of Kenya.

42. Ms. Wanjiku Gikonyo proposed amending the proposal by inserting a new subsection to read as follows:

“Any financial institution that accesses the extended 12-month emergency liquidity window shall statutorily maintain its credit allocation to the domestic agricultural and manufacturing sectors at a minimum aggregate of 15% of its total net loan portfolio, or at the nominal shilling baseline value recorded in the quarter immediately preceding the liquidity distress adjusted for the prevailing inflation rate, whichever is higher, throughout the entire tenure of the liquidity support.”

Committee Observation

The Committee acknowledged the proposal by Wanjiru Gikonyo but was of the view that the proposal is restrictive and would defeat the purpose of emergency liquidity assistance, which is the intention of the new section proposed in the Bill.

Clause 7

43. The Central Bank of Kenya proposed amending clause 7 of the Bill in the proposed new section 46A by deleting the words “Subject to section 37(2) of the Banking Act” so as to read as follows:

“46A. The Bank may grant loans or advances for fixed periods, not exceeding three years, to the Kenya Deposit Insurance Corporation on the security of Treasury Bills or other Government securities specified by the Bank.”

44. The Bank submitted that Section 37(1) of the Banking Act was repealed, rendering reference to it misleading.

Committee Observation

The Committee agreed to the proposal by the Central Bank of Kenya.

45. Ms. Wanjiku Gikonyo proposed amending the proposal by inserting the following new subsections after 46A:

“Upon the activation of the 12-month emergency liquidity facility, the Bank shall within seven (7) days publish in at least two daily newspapers of nationwide circulation and on its official website, a comprehensive schedule detailing the natural names and national identity/passport numbers of the top twenty (20) Ultimate Beneficial Owners (UBOs) of both the beneficiary institution's corporate shareholders and its top twenty (20) corporate debtors, notwithstanding any nominee or offshore structures.”

“Simultaneously, the Bank shall petition the High Court for an ex-parte conservatory order to place an immediate temporary freeze on all global and domestic assets, bank accounts, and properties held directly, indirectly, or through proxies, by all current and preceding board directors (both executive and non-executive), executive management, and their immediate family members (spouses and children), pending a comprehensive, independent forensic risk audit to be concluded within ninety (90) days.”

“The aggregate value of loans extended to the Kenya Deposit Insurance Corporation backed by government securities under this section shall not exceed 1.5% of the total audited ordinary revenue of the national government in the preceding financial year and shall require prior explicit approval by a two-thirds majority resolution of the National Assembly.”

“The Bank shall be statutorily prohibited from extending any emergency liquidity facility or long-term loan to the Kenya Deposit Insurance Corporation (KDIC) if the underlying security provided consists of government bonds or bills that exceed a cumulative 10% exposure of the domestic banking sector’s total tier-1 capital, unless an explicit Fiscal Sustainability Audit has been approved by the National Assembly.”

The stakeholder highlighted that these safeguards will preserve the fiscal sovereignty of future generations as well as ensure there is limited operational hideout for negligent executives.

Committee Observation

The Committee acknowledged Ms. Gikonyo’s proposals but was of the view that they go beyond the scope of the provision. Further, the Committee noted that the Kenya Deposit Insurance Corporation is a State Corporation which provides a deposit insurance scheme for customers of member institutions and to receive, liquidate, and wind up any institution. The current provision provides safeguards, as loans advanced are secured by Treasury Bills or other Government securities. However, if safeguards were needed, they could be addressed administratively or through regulations, as provided for in section 57 of the Central Bank of Kenya Act, Cap. 491.

New proposals

The Central Bank of Kenya

Section 4D

46. The Central Bank of Kenya proposed amending the marginal note to section 4D and replace the words “Monetary Policy Advisory Committee” with “Monetary Policy

Committee". The amendment seeks to delete the term 'Advisory' in the marginal note so as to align the text in the marginal note with the text in the section.

Committee Observation

The Committee agreed with the proposal by the Central Bank of Kenya.

Ms. Wanjiru Gikonyo

47. Ms. Wanjiku Gikonyo submitted to the Committee new proposals which are not contained in the Bill.

48. She proposed inserting a new section in the Bill to address the absence of a registration framework for contingent liabilities. The new section will read:

"Any letter of comfort, indemnity, liquidity guarantee, or financial commitment issued by the Bank or the National Treasury to a commercial lender or public-private investor under this crisis management framework shall be null and void unless it is entered into a public 'National Repository of Contingent Liabilities' within forty-eight (48) hours of execution, and accompanied by a detailed risk-quantification profile published on the Bank's official portal."

49. She submitted that this proposal would enforce absolute visibility on off-balance-sheet exposure.

Committee Observation

The Committee acknowledged Ms. Gikonyo's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

50. **Ms. Wanjiku Gikonyo** proposed inserting a new section in the bill to read as follows:

"Any prudential guideline, directive, circular, manual, or policy issued by the Bank to financial institutions regarding the implementation, management, or risk pooling of the extended 12-month emergency liquidity facility or 3-year KDIC lending mechanism shall be legally deemed a Statutory Instrument under Section 2 of the Statutory Instruments Act. No such directive shall have the force of law or be enforceable unless its accompanying Regulatory Impact Statement mathematically demonstrates a Net Present Value (NPV) greater than zero ($NPV > 0$) and a Benefit-Cost Ratio exceeding one ($BCR > 1$), explicitly factoring in taxpayer credit crowding-out and long-term sovereign debt risks. No subsidiary legislation or rule made under this Amendment Act shall take effect, be published in the Kenya Gazette, or be enforced by the Bank until it has been formally laid before the National Assembly and received an explicit resolution of approval from the Committee on Delegated Legislation."

51. She submitted that this provision will enforce institutional transparency and ensure compliance with sections 6 and 7 of the Statutory Instruments Act.

Committee Observation

The Committee acknowledged Ms. Gikonyo's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

General Submissions

Bowmans

52. Ms. Gikonyo supported the policy objectives of the Bill, particularly the promotion of financial stability and the soundness of the banking system. However, Bowmans expressed concern that the current regulatory frameworks for Non-Deposit-Taking Credit Providers and Credit Guarantee Providers may inadvertently capture foreign lenders, development finance institutions, multilateral institutions, private equity funds, and other entities engaged in cross-border financing activities, thereby creating regulatory uncertainty and potentially discouraging capital inflows.

Committee Observation

The Committee acknowledged Bowman's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

New Provisions

Exemptions for Non-Deposit-Taking Credit Providers

53. **Bowmans** proposed amending the definition of "non-deposit-taking credit provider" under the Central Bank of Kenya Act to exclude foreign banks, development finance institutions, multilateral and bilateral financial institutions, private equity funds, venture capital funds, investment banks, and foreign entities that provide credit exclusively to corporates, partnerships, trusts, or Government entities without accepting deposits from the public.

54. The current definition may inadvertently capture foreign and international entities engaged in cross-border lending, shareholder financing, syndicated lending, and development finance transactions, thereby creating legal uncertainty and potentially discouraging capital mobilisation and foreign investment.

Committee Observation

The Committee acknowledged Bowman's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

Exemptions for Foreign Credit Guarantee Providers

55. **Bowmans** proposed amending sections 33V, 33W, 33X and 33Y of the Central Bank of Kenya Act to exempt certain foreign credit guarantee providers from registration, licensing, supervision, and compliance requirements under the Credit Guarantee Provider Framework. The proposed exemptions include foreign banks, development finance institutions, multilateral and bilateral financial institutions, private equity funds, venture capital funds, investment banks, and foreign credit guarantee companies providing guarantees for facilities extended to persons in Kenya.

56. Additionally, the current framework subjects foreign credit guarantee providers to registration and regulatory requirements despite being regulated in their home jurisdictions, thereby creating regulatory duplication and potentially limiting access to international financing and credit enhancement mechanisms.

Committee Observation

The Committee acknowledged Bowman's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

YOUTH FOR SUSTAINABLE DEVELOPMENT (YSD) – MAKUENI CHAPTER CBO

57. Retain National Assembly approval but strengthen safeguards by

- a) Clearly defining merit-based selection criteria;
- b) Requiring publication of shortlisted candidates and CVs;
- c) Mandating public participation or vetting hearings;
- d) Insulating the process from partisan voting blocs

58. The stakeholder submitted that the Central bank independence is critical for maintaining investor confidence, price stability, and predictable monetary policy. Further, Kenya's inflation has remained moderate in the 2025–2026 period, and stability must be protected.

Committee Observation

The Committee acknowledged YSD's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

59. The YSD proposed that the Bill be amended to require that emergency liquidity interventions be provided for as below:

- a) Be publicly disclosed within 30–60 days;
- b) Be subject to National Assembly oversight review.
- c) Include strict eligibility criteria for beneficiary institutions;
- d) Require repayment and recovery frameworks.

60. The YSD submitted that financial stability interventions must be transparent to maintain public trust and prevent misuse of public-backed liquidity support mechanisms.

Committee Observation

The Committee acknowledged YSD's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

New Proposal

61. Introduce a statutory cap on CBK emergency exposure and require:

- i. Treasury guarantee backstops for systemic interventions;
- ii. Periodic stress testing reports to National Assembly.

62. The YSD cited that International central banking practice requires clear limits on lender-of-last-resort functions to avoid quasi-fiscal risks.

Committee Observation

The Committee acknowledged YSD's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

New Proposal

63. Amend the Bill to include strict safeguard requiring; -

- i) Annual independent valuation audits of reserve assets;
- ii) Clear asset allocation thresholds for each commodity class;
- iii) National Assembly reporting on reserve performance;
- iv) Risk exposure disclosure frameworks.

64. The YSD submitted that while diversification aligns with global central banking trends (including emerging market reserve strategies), it must be accompanied by strong governance and transparency frameworks to prevent speculative risk exposure.

Committee Observation

The Committee acknowledged YSD's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

New Proposals

65. The YSD proposed the introduction of a transitional implementation framework of not less than 6 -12 months for affected financial institutions. The YSD submitted that Microfinance institutions in counties like Makueni provide essential credit to SMEs, farmers, and SACCO members. Sudden regulatory changes risk tightening credit access.

Committee Observation

The Committee acknowledged YSD's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

New Proposal

66. The YSD proposed that the Bill provide for enhanced powers in precious metal transactions and reserves management. The submitted that the Bill provide for:

- i) Public disclosure of annual reserve transactions;
- ii) Independent audit by the Office of the Auditor-General;
- iii) National Assembly committee reporting on reserve strategy.

67. The YSD submitted that given the strategic importance of national reserves, transparency is essential for public trust and economic stability.

Committee Observation

The Committee acknowledged YSD's proposal but noted that it would require further stakeholder consultation and research, and that it may be addressed in future legislation.

Public Hearings at the Counties

68. In accordance with Article 118(b) of the Constitution and Standing Order 127(3) and 3(A) of the National Assembly Standing Orders, the Committee vide an advertisement dated 30th May, 2026 (Annexure 4) invited the public to submit views by way of public hearings in thirteen (13) Counties.
69. The thirteen Counties were: Vihiga, Kiambu, Wajir, Siaya, Makueni, Nairobi, Nyamira, Taita Taveta, Turkana, Bomet, Tana River, Kilifi and Mombasa.
70. During the public hearings exercise, members of the Public were sensitized on the Bill and given an opportunity to engage in public discussion by making oral submissions on the Bill. They submitted as follows:

KIAMBU COUNTY

71. The Committee engaged the residents of Kiambu county on 2nd June at the Kiambu National polytechnic. The public was sensitized on the bill and thereafter allowed to give their views.
72. Majority of participants expressed support for the Bill, noting that the proposed amendments to the principal Act would strengthen the Central Bank's emergency liquidity assistance framework and enhance the stability and resilience of the financial sector. Additionally, participants supported the proposal regarding governance and accountability, emphasizing that the appointment of senior officials should be conducted through a transparent process and remain subject to parliamentary vetting and approval to safeguard institutional independence and public confidence.

VIHIGA COUNTY

73. The Committee engaged residents of Vihiga County on 2nd June 2026 at Praise Centre Church, Mbale. The public was sensitized on the Clauses of the Bill and thereafter allowed to give their views on the Bill.
74. The residents supported the proposal, noting that it is vital for the law to be updated to reflect emerging developments in the financial sector for stronger regulation of digital lending and protection of consumers from unfair lending practices, thus ensuring that financial sector reforms promote financial inclusion.

WAJIR COUNTY

75. The Committee engaged the residents of Wajir County on 2nd June 2026 at the ICT Hall in Wajir town. The public was sensitised to the bill and thereafter allowed to give their views.

76. The majority of the participants supported the Bill, welcoming the amendments in the principal Act that will strengthen the Central Bank's emergency liquidity framework, which could enhance financial sector stability. Some of the participants, however, emphasised that appointments of senior officials should remain transparent and subject to parliamentary approval.

SIAYA COUNTY

77. The Committee engaged residents of Siaya County on 3rd June 2026 at Siaya Institute of Technology, Siaya. The public was sensitized on the Clauses of the Bill and thereafter allowed to give their views on the Bill. The residents supported the proposals, noting that they introduce measures aimed at modernizing the financial sector and improving financial regulation.

MAKUENI COUNTY

78. The Committee engaged the residents of Makueni county on 3rd June 2026 at the Wote Green Public Park. The public was sensitized on the bill and thereafter allowed to give their views.
79. The Residents welcomed the provisions of the Bill, with the majority expressing support for its introduction and objectives. They recognized the importance of enhancing financial sector stability and commended the proposed measures aimed at strengthening the Central Bank of Kenya's emergency liquidity assistance framework to bolster resilience within the financial system. Additionally, participants expressed support for any amendments or recommendations by the Committee that would contribute to improving the country's fiscal position, stimulate economic growth, and alleviate the cost-of-living pressures faced by citizens.

NAIROBI COUNTY

80. The Committee engaged the residents of Nairobi County on 3rd June 2026 at the College of Insurance in South C, Nairobi. The public was sensitized on the bill and thereafter allowed to air their views.
81. The participants welcomed the provisions of the bill, with most of them appreciating the initiative to introduce the bill. They acknowledged the importance of improving the financial sector stability while ensuring that the emergency liquidity framework of the CBK is strengthened enough for stability. Further, the participants welcomed any amendment or proposal by the Committee that is intended to improve the fiscal condition of the country and further lower the cost of living for citizens.

NYAMIRA COUNTY

82. The Committee engaged residents of Nyamira County on 4th June 2026 at the West Mugirango NGCDF Hall in Nyamira. The public was sensitized on the Clauses of the Bill and thereafter allowed to give their views on the Bill. The residents proposed that the period of public hearings for complex Bills be lengthened to enable the common *wananchi* to better understand the contents of the Bills for informed decision making.

Committee Observation

The Committee noted the concern but observed that the National Assembly conducts public participation in accordance with Article 118 of the Constitution and in strict compliance with statutory timelines aimed at ensuring a balance between timely legislation and meaningful public involvement.

BOMET COUNTY

83. The Committee engaged residents of Bomet County on 5th June 2026 at the St. Bakhita Youth Training Hall in Bomet. The public was sensitized on the clauses of the Bill and thereafter allowed to give their views on the Bill.

84. The residents proposed amending the Bill further to extend the loan repayment periods to individual borrowers in addition to commercial banks. They also proposed an amendment to provide for adequate measures to protect taxpayers from potential losses that could arise from non-payment of the loans extended to commercial banks by the Central Bank of Kenya and any other resultant exposure to the CBK.

TAITA TAVETA COUNTY

85. The Committee engaged the residents of Taita Taveta County on 5th June at the NGCDF Mwatate Hall. The public was sensitized on the bill and thereafter allowed to give their views.
86. Residents expressed support for the Bill, acknowledging its role in strengthening the Central Bank of Kenya's capacity to safeguard financial sector stability through an enhanced emergency liquidity assistance framework. However, they emphasized the need for the Central Bank to intensify its oversight and enforcement efforts against non-compliant and predatory lending institutions that engage in exploitative practices detrimental to borrowers. They urged the Bank to make full use of its regulatory and supervisory powers under existing laws to promote consumer protection and responsible lending. Additionally, participants underscored the importance of transparency and accountability in governance, calling for the appointment of senior officials to remain subject to a transparent process and parliamentary vetting and approval.

TURKANA COUNTY

87. The Committee engaged the residents of Turkana County on 5th June 2026 at the Turkana University in Lodwar. The public were sensitized on the bill and thereafter allowed to give their views.
88. The majority of the residents supported the Bill; however, the residents called for a serious crackdown on money lending agencies that charge interest that is higher than the principal loan amount. The residents urged the CBK to intensify their crackdown on the rogue agencies using existing laws and regulations to protect borrowers from exploitative lending practices. They also urged the Committee to ensure that appointments of senior officials should remain transparent and subject to parliamentary approval.

TANA RIVER COUNTY

89. The Committee engaged the residents of Tana River County on 6th June at the County Hall, where the public was sensitized on the bill and thereafter allowed to give their views.
90. The residents supported the amendments on the Bill citing that it will enhance operational efficiency in the running of the Central Bank. Further, the residents supported the proposal that require the approval by the National Assembly of Persons nominated for appointment as Deputy Governors of the CBK.

KILIFI COUNTY

91. The Committee engaged residents of Kilifi County on 8th June 2026 at Coast Development Authority Hall, Kilifi. The public was sensitized on the clauses of the Bill and thereafter allowed to give their views on the Bill. They submitted as follows:
92. Support the proposal noting that it introduces measures aimed at modernizing the financial sector and improving financial regulation.

MOMBASA COUNTY

93. The Committee engaged the residents of Mombasa County on 8th June 2026 at the Tononoka Hall in Mombasa town. The public was sensitised to the bill and thereafter allowed to give their views.

94. The majority of the residents supported the Bill, but there were a few concerns noted. The residents noted that strengthening the Central Bank's emergency liquidity framework could enhance financial sector stability, but emphasized that appointments of senior officials should remain transparent and subject to parliamentary approval. The residents further urged the Committee to ensure that any future proposals should dwell on reducing the cost of living for citizens.

CHAPTER FOUR

4 COMMITTEE OBSERVATIONS

The Committee made the following observations:

(1) Clarification on the mandate of the Bank

95. The Bill seeks to amend the Central Bank of Kenya Act, Cap. 491, to expressly articulate financial system stability and sound banking regulation as secondary objectives of the Central Bank, without derogating from the primary objective of price stability.
96. While the primary objective of the Bank, price stability, remains paramount, it is necessary to codify the complementary role the Bank plays in promoting integrity, resilience, and proper functioning of the financial system.

(2) Amendment to provide clarity between CBK's liquidity operations and Emergency Liquidity Assistance (ELA)

97. The Bill seeks to amend the Central Bank of Kenya Act to provide clear statutory separation between liquidity operations undertaken by the CBK for routine monetary policy implementation and Emergency Liquidity Assistance (ELA) provided in exceptional circumstances to preserve financial stability.
98. The amendment therefore averts interpretive ambiguity that may arise particularly in periods of financial stress, provides a clearer statutory separation between these distinct functions, reinforces appropriate safeguards, and aligns the framework with evolving financial stability imperatives and international best practice.

(3) Training and capacity building mandate for the Bank

99. Training or capacity building by the Central Bank of Kenya is not anchored in the Central Bank of Kenya Act, even though the Bank has been offering capacity building and training through the Central Bank of Kenya Institute of Monetary Studies (CBK-IMS).
100. The amendment therefore provides for internal, national and regional capacity building as well as collaboration, enhancing knowledge dissemination as well as legal clarity and accountability.
101. The Central Bank's functions have evolved to include oversight of complex financial systems, digital infrastructure, cybersecurity, innovation in fintechs, AML/CFT frameworks, as well as cross-border regulatory co-operation. These, in addition to the regulatory mandate, require capacity building within the financial sector, public institutions and other relevant external stakeholders.

102. The amendment also provides legal clarity for inter-governmental and cross-border cooperation as an official function of the Bank.

(4) Clean-up of section 46A of the Act

103. The Bill seeks to amend section 46A of the Act by replacing the term “Deposit Protection Fund Board” with “Kenya Deposit Insurance Corporation” to align the Act with the current institutional framework. The Kenya Deposit Insurance Act established the Kenya Deposit Insurance Corporation, thereby replacing the defunct Deposit Protection Fund Board.

(5) Legal clarity on the powers of the Bank on dealing in gold and other precious metals

104. The Bill seeks to amend section 27 of the Act to ensure effective implementation of the powers of the Bank to deal in gold, bullion, precious metals and foreign exchange as part of its reserve and market operations functions. The amendment will boost the local mining sector, align with regional counterparts’ practices in Tanzania, Ghana, DRC, and South Africa, and align with international best practices.

(6) Approval process of the Deputy Governors of the Central Bank of Kenya

105. The Bill seeks to amend the Central Bank of Kenya Act to require the approval by the National Assembly of persons nominated for appointment as Deputy Governors of the Central Bank of Kenya.
106. The amendment seeks to align the process to Paragraph 10 of Part I of the Fourth Schedule to the Constitution, which assigns the national government the function of “*monetary policy, currency, banking (including central banking), the incorporation and regulation of banking, insurance and financial corporations*”. Further, it seeks to align the approval process for the Deputy Governor with that of the Governor of the Central Bank of Kenya, whose appointment is subject to approval by the National Assembly.

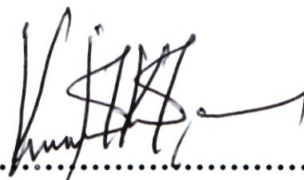
Amendments to the Bill

107. The Committee will propose amendments to the Bill to incorporate agreed proposals from stakeholders received during public participation.

CHAPTER FIVE

5 COMMITTEE RECOMMENDATION

108. The Committee, having considered the Central Bank of Kenya (Amendment) Bill (National Assembly Bill No. 27 of 2026), recommends that the House **approves the Bill with the amendments contained in the Schedule of Amendments forming Chapter Six of this Report.**

SIGNED..........DATE ²⁴ June, 2026

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUN 2026	
DAY: WEDNESDAY	
TABLED BY:	HON. KIMANI KURIA, MP CHAIR, FINANCE COMMITTEE
CLERK-AT THE-TABLE:	ESTHER NGINTO

CHAPTER SIX

6. SCHEDULE OF PROPOSED AMENDMENTS

109. The Committee will propose the following amendments at the Committee Stage—

CLAUSE 2

THAT, clause 2 of the Bill be amended in the proposed new subsection (2)—

- (a) by deleting the words “promote and” appearing immediately the words “The Bank”;
- (b) by deleting paragraph (a) and substituting therefor the following new paragraph—
“(a) the stability, resilience, liquidity, solvency, integrity and proper functioning of a market-based financial system; and”

Justification

The words “promote” and “foster” creates ambiguity as to which of the two is the object of the Bank. The proposed amendment therefore seeks to provide clarity on the object of the Bank. Further, the amendment seeks to strengthen CBK’s contribution to financial system stability, with express legal provision; clarify and add coherence to CBK’s statutory mandate and maintain consistency with international practice, evolving complexity banking regulation and financial markets oversight.

NEW CLAUSE 4A

THAT, the Bill be amended by inserting the following new clause immediately after clause 4—

Amendment of section 26
of Cap. 491.

4A. Section 26 of the principal Act is amended in subsection (1)(a) by inserting the words “and any other precious metals” immediately after the word “gold”.

Justification

The proposed amendment seeks to introduces the term “and any other precious metals” for harmony, complete alignment, and to align it with proposed amendments to clause 5 where “precious metals” includes silver and platinum under the Mining Act.

CLAUSE 5

THAT, clause 5 of the Bill be amended in the proposed new subsection (1)—

- (a) by deleting the word “refine” appearing immediately after the word “hold,”;

- (b) by deleting the words “gold coins and bullion, silver, platinum,” appearing immediately after the words “deal in gold,”.

Justification

The proposed amendment seeks to align the provision with the policy intention that CBK itself will not do any refining but may get into arrangements with licensed refiners to refine the gold doré that may be purchased. This will boost the local mining sector and is aligned with practice in Tanzania, Ghana, DRC, South Africa.

CLAUSE 6

THAT, clause 5 of the Bill be amended in the proposed new section 36—

- (a) in the proposed new subsection (5) by inserting the words “not exceeding five years” immediately after the words “or periods”;
- (b) by inserting the following new subsections immediately after the proposed new subsection (6)—
 - “(7) All loans or advances to Banks and microfinance institutions that were granted immediately before the commencement of this Act shall be deemed to have been granted under this Act.”

Justification

The proposed amendment seeks to provide CBK with flexibility that does not constrain its legal ability to determine how and when liquidity support can be extended to restore viability and protect stability of the banking system. Further, the amendment seeks to provide for a transitional provision for loans or advances granted immediately before the commencement of the Act to provide legal certainty.

CLAUSE 7

THAT, clause 7 of the Bill be amended in the proposed new section 46A by deleting the words “Subject to section 37(1) of the Banking Act,” appearing at the beginning of the proposed new section.

Justification

Section 37(1) of the Banking Act was repealed hence the amendment seeks to delete its reference in the Bill.

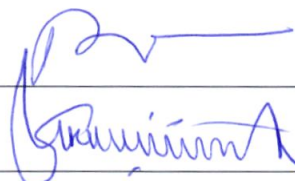
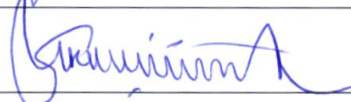
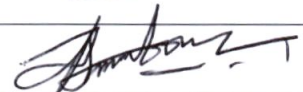
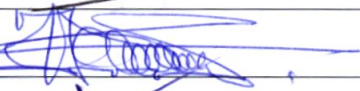


THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FIFTH SESSION - 2026
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

ADOPTION LIST

REPORT ON THE CENTRAL BANK OF KENYA (AMENDMENT) BILL
(NATIONAL ASSEMBLY NO.27 OF 2026)

*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, **Wednesday, 24th June 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. GATHONI WA MUCHOMBA, HSC, MP	
10.	HON. (CPA) JULIUS KIPLETING 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	



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FIFTH SESSION-2026
DIRECTORATE OF DEPARTMENTAL COMMITTEES

**MINUTES OF THE 71ST SITTING OF DEPARTMENTAL COMMITTEE ON FINANCE AND
NATIONAL PLANNING HELD ON WEDNESDAY, 24TH JUNE 2026 AT COMMITTEE ROOM
18 & 19, 3RD FLOOR, BUNGE TOWER AT 10.00 A.M.**

PRESENT

- | | | |
|---------------------------------------|---|--------------------|
| 1. Hon. FCPA. Kuria Kimani, CBS, MP | - | Chairperson |
| 2. Hon. Kaluma Peter Opondo, CBS MP | | |
| 3. Hon. David Mwalika Mboni, MP | | |
| 4. Hon. George Sunkuyia Risa, MP | | |
| 5. Hon. Paul Kibichiy Biego, MP | | |
| 6. Hon. (Dr.) John Ariko Namoit, MP | | |
| 7. Hon. Chiforomodo Mangale Munga, MP | | |
| 8. Hon. Mohamed Soud Machele, MP | | |

ABSENT WITH APOLOGY

- | | | |
|--|---|-------------------------|
| 1. Hon. (Amb.) Benjamin Kipkirui Langat, CBS, MP | - | Vice-Chairperson |
| 2. Hon. Andrew Adipo Okuome, MP | | |
| 3. Hon. (Dr.) Shadrack Mwiti Ithinji, MP | | |
| 4. Hon. Gathoni Wamuchomba, MP | | |
| 5. Hon. Umul Ker Sheikh Kassim, MP | | |
| 6. Hon. FCPA. Joseph Maero Oyula, MP | | |
| 7. Hon. CPA Julius Kipletting Rutto, MP | | |

COMMITTEE SECRETARIAT

- | | | |
|-------------------------|---|-----------------------------------|
| 1. Ms. Tracy Chebet | - | Principal Clerk Assistant II |
| 2. Mr. Salem Lorot | - | Clerk Assistant III |
| 3. Mr. Benson Kamande | - | Clerk Assistant III |
| 4. Ms. Nelly Ondieki | - | Research Officer III |
| 5. Ms. Joyce Wachera | - | Hansard Reporter III |
| 6. Mr. Jared Onyancha | - | Public Communications Officer III |
| 7. Ms. Penninah Simiren | - | Legal Counsel II |
| 8. Mr. Luteshi Eugene | - | Audio officer |
| 9. Mr. Allan Kimani | - | Administrative officer II |
| 10. Ms. Anne Kang'ethe | - | Administrative Officer |
| 11. Mr. Stephen Kamau | - | Intern |

AGENDA

- I. Prayers

2. Preliminaries;
3. Confirmation of Minutes/Matters Arising;
4. **Consideration and adoption of the report on The Central Bank of Kenya (Amendment) Bill (National Assembly Bill No. 27 of 2026) and Consideration and adoption of the report on The Sovereign Wealth Fund Bill (National Assembly Bill No. 7 of 2026)**
5. Any Other Business
6. Adjournment

MIN No. NA/F & NP/2026/285: PRELIMINARIES

The Chairperson called the meeting to order at 10.28 a.m and welcomed Members to the sitting. He thanked Members for availing themselves for the consideration and adoption of the Reports on the Central Bank of Kenya (Amendment) Bill (National Assembly Bill No. 27 of 2026) and the Sovereign Wealth Fund Bill (National Assembly Bill No. 7 of 2026).

MIN No. NA/F & NP/2026/286: CONFIRMATION OF MINUTES

Agenda was deferred.

MIN No. NA/F & NP/2026/287: CONSIDERATION AND ADOPTION OF THE CENTRAL BANK OF KENYA (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 27 OF 2026)

The meeting deliberated at length on the Report on the Central Bank of Kenya (Amendment) Bill (National Assembly Bill No. 27 of 2026) and agreed on the observations and recommendations contained in Chapter Four and Five of the Report.

The Committee noted that the Bill seeks to strengthen the statutory framework governing liquidity support by the Central Bank of Kenya by distinguishing routine monetary policy operations from emergency liquidity assistance, provide legal clarity on the Bank's intervention powers and enhance transparency and accountability in the appointment of Deputy Governors of the Central Bank of Kenya.

The Report was thereafter adopted with amendments having been proposed by Hon. George Sunkuya Risa, MP and seconded by Hon. David Mwalika Mboni, MP.

MIN No. NA/F & NP/2026/288: CONSIDERATION AND ADOPTION OF THE SOVEREIGN WEALTH FUND BILL (NATIONAL ASSEMBLY BILL NO. 7 OF 2026)

The meeting deliberated at length on the Report on the Sovereign Wealth Fund Bill (National Assembly Bill No. 7 of 2026) and agreed on the observations and recommendations contained in Chapter Four and Five of the Report.

The Committee noted that the Bill seeks to provide a legal framework for the establishment of the Sovereign Wealth Fund to achieve long-term fiscal sustainability and intergenerational

wealth-sharing, provide a buffer from fluctuations in resource revenues or extraordinary shocks, finance strategic infrastructure investment priorities and build a savings base for future generations.

The Report was thereafter adopted with amendments having been proposed by Hon. David Mwalika Mboni, MP and seconded by Hon. Mohamed Soud Machele, MP.

MIN No. NA/F & NP/2026/289: ADJOURNMENT/DATE OF THE NEXT MEETING

The meeting was adjourned at 1.38 p.m. The next meeting will be held on notice.

SIGNED: DATE:

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



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FIFTH SESSION (2026)

IN THE MATTER OF ARTICLE 118(1)(b) OF THE CONSTITUTION
AND

IN THE MATTER OF CONSIDERATION BY THE NATIONAL ASSEMBLY OF:

- (1) THE SOVEREIGN WEALTH FUND BILL (NATIONAL ASSEMBLY BILL NO. 7 OF 2026);
- (2) THE FINANCE BILL (NATIONAL ASSEMBLY BILL NO. 26 OF 2026);
- (3) THE CENTRAL BANK (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 27 OF 2026); AND
- (4) THE KENYA REVENUE AUTHORITY (AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 28 OF 2026).

INVITATION TO SUBMIT MEMORANDA AND
NOTIFICATION OF PUBLIC HEARINGS

WHEREAS, Article 118(1)(b) of the Constitution requires Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees and Standing Order 127(3) of the National Assembly Standing Orders requires House Committees considering Bills to facilitate public participation;

AND WHEREAS, the Central Bank (Amendment) Bill (National Assembly Bill No. 27 of 2026) and the Kenya Revenue Authority (Amendment) Bill (National Assembly Bill No. 28 of 2026) were read a First Time and referred to the Departmental Committee on Finance and National Planning for consideration and reporting back to the House.

IT IS NOTIFIED that—

- (1) The Central Bank (Amendment) Bill (National Assembly Bill No. 27 of 2026) is a Bill sponsored by the Hon. Kuria Kimani, MP, that seeks to amend the Central Bank of Kenya Act, Cap. 491 to provide for the approval of the Deputy Governors of the Central Bank by the National Assembly; to allow the Central Bank to buy, sell, import and export additional precious metals including bullion, silver, and platinum; and to empower the Central Bank to lend to banks or microfinance institutions for the purpose of financial stability and emergency liquidity.
- (2) The Kenya Revenue Authority (Amendment) Bill (National Assembly Bill No. 28 of 2026) is a Bill sponsored by the Leader of Majority Party, which seeks to amend the Kenya Revenue Authority Act, Cap. 469 to delete references to the term "ex-officio" and to update the laws relating to revenue under the First Schedule to the Act.

NOW THEREFORE, in compliance with Article 118(1)(b) of the Constitution and Standing Order 127(3), the Clerk of the National Assembly hereby invites the public and stakeholders to submit memoranda on the Central Bank (Amendment) Bill (National Assembly Bill No. 27 of 2026) and the Kenya Revenue Authority (Amendment) Bill (National Assembly Bill No. 28 of 2026) to the Departmental Committee on Finance and National Planning.

The memoranda may be forwarded to the Clerk of the National Assembly, P.O. Box 41842-00100, Nairobi; hand-delivered to the Office of the Clerk, Main Parliament Building, Nairobi; or emailed to financecommittee@parliament.go.ke to be received on or before Monday, 8th June 2026 at 5.00 p.m.

IT IS ALSO NOTIFIED that, in addition to receipt of written memoranda, engaging relevant stakeholders and consulting experts, the Departmental Committee on Finance and National Planning has resolved to hold Public Hearings on the Sovereign Wealth Fund Bill (National Assembly Bill No. 7 of 2026); the Finance Bill (National Assembly Bill No. 26 of 2026); the Central Bank (Amendment) Bill (National Assembly Bill No. 27 of 2026); and the Kenya Revenue Authority (Amendment) Bill (National Assembly Bill No. 28 of 2026) in the Counties as per the schedule below—

S/N	COUNTY	DATE	VENUE	TIME
1.	Vihiga County	Tuesday, 2 nd June 2026	Praise Centre Church, Mbale	10.00 am
2.	Wajir County	Tuesday, 2 nd June 2026	ICT Hall, Wajir Town	10.00 am
3.	Kiambu County	Tuesday, 2 nd June 2026	Kiambu National Polytechnic (KINAP)	10.00 am
4.	Nairobi County	Wednesday, 3 rd June 2026	The College of Insurance South C	10.00 am
5.	Siaya County	Wednesday, 3 rd June 2026	Siaya Institute of Technology	10.00 am
6.	Makueni County	Wednesday, 3 rd June 2026	Wote Greenpark Gardens	10.00 am
7.	Nyamira County	Thursday, 4 th June 2026	West Mugirango NGCDF Hall	10.00 am
8.	Bomet County	Friday, 5 th June 2026	St. Bakhita Youth Training Hall	10.00 am
9.	Taita Taveta County	Friday, 5 th June 2026	Mwatate CDF Hall	10.00 am
10.	Turkana County	Friday, 5 th June 2026	Turkana University, Lodwar	10.00 am
11.	Tana River County	Saturday, 6 th June 2026	County Hall, Hola	10.00 am
12.	Kilifi County	Monday, 8 th June 2026	Coast Development Authority Hall	10.00 am
13.	Mombasa County	Monday, 8 th June 2026	Tononoka Social Hall	10.00 am

Members of the public and stakeholders are invited to attend and make oral representations and submit written memoranda on the four (4) Bills to the Departmental Committee on Finance and National Planning during the Public Hearings. Views on any of the Bills may also be submitted by scanning the QR code below.



Copies of the Bills are available at the National Assembly Table Office and the Parliament Website <http://www.parliament.go.ke/the-national-assembly/house-business/bills>.

S. NJOROGE, CBS
CLERK OF THE NATIONAL ASSEMBLY
30th May, 2026

"For the Welfare of Society and the Just Government of the People"

Madaraka Day Crop farming now booming in region

Lake Yahud: Wonder of nature in Wajir

Lake attracts several species of birds, including marabou stork

BY MANASE OTSIALO

About five kilometres from Wajir town is a lake that is considered a miracle by locals.

It is recorded in the local history that Yahud, a Jewish man contracted by the government of Kenya to build an airport in Wajir, dug this place for construction materials, only for the pit to get filled up with water.

"We all liked Yahud because he was friendly," Mr Adan Hassan, a long-time resident of the area, told the Saturday Nation.

Yahud is also the Arabic name for "Jew".

"After Yahud finished his work, it rained and the pit was filled with water. Since then, the place has never dried. We see it as a miracle," Mr Hassan added.

Today, Lake Yahud – known as Yahut locally – is a popular leisure spot. Residents and visitors swim in its saline waters.

Mr Hassan, however, added that the lake is as treacherous as it is beautiful.

"Many people have died here. No one knows the depth of Lake Yahud. Some people who come to swim end up drowning. We need proper lifesaving services here," he said.

"Many of the bodies are recovered days later upon decomposition as they float."

As visitors start arriving in Wajir for Madaraka Day celebrations on Monday, Mr Hassan has a piece of advice.

"Only expert swimmers and the resident birds know Lake Yahud well. Be careful as you enjoy the spectacular scenery," the elderly man said.

The hazard appears not to have deterred many locals from taking a plunge into the lake, with Mr Hassan saying jokingly that the risk of drowning "outweighs the pleasure of swimming".

Apart from the scenery, Lake Yahud is a source of water for farms and livestock. It also provides residents with fish.

Wajir experiences downpours and floods at least once every year.

When that happens, Lake Yahud overflows, making access to and from the town a challenge.

From a distance, one may confuse Lake Yahud with coastal corals due to creamy rocks with spell binding features.

If visitors stick around long enough, they might catch a glimpse of giraffes.

The huge animals amble in to quench thirst from around 9pm.

Many people express shock on discovering that there exists a permanent water body on the outskirts of Wajir town and that it is actually man-made.



Young men after a swim at Lake Yahud in Wajir County. Locals want the devolved government of Wajir to make the site more attractive and market it to areas outside the county. FILE IN A-TION

The appearance of the lake water changes from pale blue to sapphire as hours pass during daytime.

Lake Yahud attracts local and migratory birds and serves as a watering spot for livestock and wildlife, especially during dry spells.

Simply put, the lake is an oasis that symbolises life in the arid region.

Bird species found in and around Lake Yahud include the Egyptian duck, marabou stork, gull, ibis and avocets.

Wajir and neighbouring counties are known for pastoralism though some residents have embraced crop husbandry.

Among them is Mr Hassan Mohamed, who has converted his once dry piece of land to model crop farm.

"Without the lake, I would not

IN NUMBERS

June 1

A When Kenya marks Madaraka Day. The main celebrations for this year will be in Wajir County

1978

The year construction of Wajir airport began. It was initially to be used by the military, owing to security challenges in the northeast of Kenya

be a crop producer. I now grow spinach, sukuma wiki, pawpaw watermelon and onions on the four acres. My household consumes some but I sell the rest, he said.

While the lake is a tourist attraction, locals urge the devolved government to maximise its potential.

"This can be a huge source of revenue to our county but leaders have not given it the attention it deserves. The county government can make a lot of money from tourism if the site is made more attractive and marketed to areas outside Wajir," Mr Adan Hussein, a resident, said.

Wajir airport was initially built by the Kenyan government in 1978 as a military base to bolster security.

It was expanded to serve as checkpoint for flights from Somalia in 2007. The airport at the moment supports humanitarian cargo, commercial transport and exports.

In 2007, the government decreed that flights to and from Somalia land in Wajir for rigorous customs, immigration and security checks.

The decision was taken to prevent illegal cargo from getting into and leaving the country track movement and curb potential threats from extremist groups based in the neighbouring country.

The airport was used for humanitarian operations in the 1990s, including "Operation Restore Hope" when the United Nations and international organisations used it to fly food and medical supplies to the region and Somalia.



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5th June, 2026

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Principal Secretary
The National Treasury
Treasury Buildings
NAIROBI

Hon. Shadrack John Mose, CBS
Solicitor General
Office of the Attorney-General and Department
of Justice, Sheria House, Harambee Avenue
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Dr Kamau Thugge, CBS
Governor
Central Bank of Kenya
Haile Selassie Avenue
NAIROBI

Mr. Adan Abdulla Mohamed, EGH
Commissioner General
Kenya Revenue Authority
Times Tower, Haile Selassie Avenue
NAIROBI

Dear

Dr. Kiptoo

**RE: STAKEHOLDER ENGAGEMENT ON THE CENTRAL BANK
(AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 27 OF 2026) AND
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Yours



JEREMIAH W. NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY

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Dear *Hon Mose*

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Dear

D. Thugge

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Mr. Adan Abdulla Mohamed, EGH
Commissioner General
Kenya Revenue Authority
Times Tower, Haile Selassie Avenue
NAIROBI

Dear *M. Mohamed*

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When replying, please quote

REF: NA/DDC/F&NP/2026/092

5th June, 2026

Dr. Chris K. Kiptoo, CBS

Principal Secretary
The National Treasury
Treasury Buildings
NAIROBI

Hon. Shadrack John Mose, CBS

Solicitor General
Office of the Attorney-General and Department
of Justice, Sheria House, Harambee Avenue
NAIROBI

Dr Kamau Thugge, CBS

Governor
Central Bank of Kenya
Haile Selassie Avenue
NAIROBI

Mr. Adan Abdulla Mohamed, EGH

Commissioner General
Kenya Revenue Authority
Times Tower, Haile Selassie Avenue
NAIROBI

Dear

**RE: STAKEHOLDER ENGAGEMENT ON THE CENTRAL BANK
(AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 27 OF 2026) AND
THE KENYA REVENUE AUTHORITY (AMENDMENT) BILL (NATIONAL
ASSEMBLY BILL NO. 28 OF 2026)**

The Departmental Committee on Finance and National Planning is established pursuant to National Assembly Standing Order 216 which mandates it inter alia, to ***study and review all the legislation referred to it.***

The Committee is considering the Central Bank (Amendment) Bill (National Assembly Bill No. 27 of 2026) and the Kenya Revenue Authority (Amendment) Bill (National Assembly Bill No. 28 of 2026), which were read a First Time and referred to the Committee for consideration and reporting back to the House.

The Central Bank (Amendment) Bill (National Assembly Bill No. 27 of 2026) seeks to amend the Central Bank of Kenya Act, Cap. 491 to provide for the approval of the Deputy Governors of the Central Bank by the National Assembly; to allow the Central Bank to buy, sell, import and export additional precious metals, including bullion, silver, and platinum; and to empower the Central Bank to lend to banks or microfinance institutions for the purpose of financial stability and emergency liquidity.

The Kenya Revenue Authority (Amendment) Bill (National Assembly Bill No. 28 of 2026) seeks to amend the Kenya Revenue Authority Act, Cap. 469 to delete references to the term "ex-officio" and to update the laws relating to revenue under the First Schedule to the Act.

The Committee hereby invites you to make submissions on the Bills, depending on your area of interest, expertise, or concern, alongside the Finance Bill (National Assembly Bill No. 26 of 2026). The meetings will be held on **Tuesday, 9th June, 2026 at 10.00 am at the Serena Beach Resort & Spa in Mombasa County**. The schedule of appearance remains as earlier communicated in our letters Ref. NA/DDC/F&NP/2026/083 and NA/DDC/F&NP/2026/083.

We request that you send your submissions to cna@parliament.go.ke and financecommittee@parliament.go.ke and copy the liaison officers indicated below, prior to the meeting.

The Committee's Liaison Officers for the meetings are Ms. Tracy Chebet, Principal Clerk Assistant, who may be contacted on Tel. No. **0726416794** or email address: tracy.koskei@parliament.go.ke, Mr. Benson Kamande of Tel. No. **0723972670** or email address benson.kamande@parliament.go.ke and ddc@parliament.go.ke, and Ms. Winfred Kambua Kilonzo of Tel. No. **0720571777** or email address winfred.kilonzo@parliament.go.ke.

Yours

JEREMIAH W. NDOMBI, MBS
For: CLERK OF THE NATIONAL ASSEMBLY

Copy to: **Hon. FCPA John Mbadi Ng'ongo, EGH**
Cabinet Secretary
Ministry of National Treasury and Economic Planning
Treasury Buildings
NAIROBI

Hon. Dorcas Oduor, OGW, EBS, SC
Attorney General of the Republic of Kenya
Office of the Attorney General and Department of Justice
State Law Office
Sheria House, Harambee Avenue
NAIROBI

Hon. Ndiritu Muriithi
Chairperson
Kenya Revenue Authority Board of Directors
Times Tower, Haile Selassie Avenue
NAIROBI





Central Bank of Kenya

**PRESENTATION TO THE DEPARTMENTAL COMMITTEE ON
FINANCE AND PLANNING OF THE NATIONAL ASSEMBLY ON
THE CENTRAL BANK OF KENYA (AMENDMENT) BILL, 2026**

Mr. Gerald Nyaoma, Deputy Governor

Central Bank of Kenya

Wednesday, June 10, 2026
Glee Hotel, Nairobi

WWW.CENTRALBANK.GO.KE

1. Introduction.
2. CBK (Amendment) Bill, 2026 and Proposed Refinements.
3. Justification for Respective Amendments and Refinements.
4. Expected Outcomes and Request for Support.

- The proposed amendments will strengthen CBK's mandate and statutory framework on critical areas:
 - Financial system stability and sound banking regulation.
 - Liquidity operations and emergency liquidity assistance.
 - Anchor the Domestic Gold Purchase Programme.
 - Improve legal certainty.
 - Capacity building and training.
 - Address outdated clauses not in line with current statutory provisions.

- Overall, Amendment Bill enhances CBK mandate and functions in view of:
 - Increasing complexity of financial system; systemic risks; need to mitigate moral hazard; protect CBK balance sheet; improve financial resilience; and align to international standards and global best practice.

Section 4(2) – Financial system stability

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
<u>Section 4(2)</u> “The Bank shall foster the liquidity, solvency and proper functioning of a stable market-based financial system.”	<u>Section 2:</u> “(2) The Bank shall promote and foster— (a) the liquidity, solvency, proper functioning and integrity of a market-based financial system; and (b) the soundness, safety, and effective regulation of the banking system.”	<u>Section 2:</u> “4(2) The Bank shall promote and foster— (a) the stability, resilience, liquidity, solvency, integrity and proper functioning of a market-based financial system; and (b) the soundness, safety, and effective regulation of the banking system.”	<u>In brief:</u> - Strengthen CBK’s contribution to financial system stability, with express legal provision - Clarify and add coherence to CBK statutory mandate - Consistency with international practice, evolving complexity banking regulation and financial markets oversight.

Section 4A – Capacity building and training

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
<u>Section 4A:</u> No provision relating to capacity building and training.	<u>Section 3:</u> “4A(1)(i) provide capacity building and training to the staff of the Bank, the general public, government institutions and persons from other jurisdictions.”	<u>Section 3:</u> No proposed refinement.	<u>In brief:</u> - Current Amendment grants CBK mandate to provide training, capacity building and aligns with expanding mandate - Completes reform of Kenya School of Monetary Studies, to the CBK Institute of Monetary Studies (now a Department at CBK) - Reduces operational, institutional risks - Boosts regional collaboration - Positions Kenya as a leader in training and skills development



Section 13B – Deputy Governor appointment

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
<u>Section 13(B):</u> “There shall be two Deputy Governors who shall be appointed by the President through a transparent and competitive process and with the approval of Parliament.”	<u>Section 4:</u> “Section 13B of the principal Act is amended in subsection (1) by deleting the word “Parliament” and substituting therefor the words “the National Assembly”.	<u>Section 4:</u> No proposed refinement.	<u>In brief:</u> Replaces the word “Parliament” with “the National Assembly” to align the CBK Act and procedure of Deputy Governor appointment to the current constitutional approval framework.



Section 27 – Dealings in gold and foreign exchange

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
Section 27(1): “The Bank may buy, sell, import, export, hold or otherwise deal in gold or foreign exchange under such terms and conditions as it shall determine: Provided that the buying and selling rates involved in such transactions shall be in accordance with international agreements to which Kenya is a party, or with which Kenya is associated.”	Section 5: “The Bank may buy, sell, import, export, transfer, hold, refine, or otherwise deal in gold, gold coins and bullion, silver, platinum, any other precious metals or foreign exchange under such terms and conditions as it shall determine.”	Section 5: “The Bank may buy, sell, import, export, transfer, hold, refine, or otherwise deal in gold, gold coins and bullion, silver, platinum, any other precious metals or foreign exchange under such terms and conditions as it shall determine.”	in brief: - Term “any other precious metals” is all encompassing and captures the silver and platinum that is the by-product of the gold-refining process. - CBK itself will not do any refining but may get into arrangements with licensed refiners to refine the gold doré that may be purchased. - Deletion of reference to ‘international agreement’ since Kenya no longer uses fixed-exchange rate system that needed such agreements. - Boost local mining sector. - Aligns with practice in Tanzania, Ghana, DRC, South Africa.



Section 26(1)(a) – Any other precious metals

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED ADDITION TO AMENDMENT BILL	JUSTIFICATION
<u>Section 26(1)(a):</u> “The Bank shall at all times use its best endeavours to maintain a reserve of external assets at an aggregate amount of not less than the value of four months imports as recorded and averaged for the last three preceding years; and subject to subsection (3) the reserve shall consist of any or all of the following— (a) gold;”	<u>Section 5:</u> No proposed clause in Amendment Bill.	<u>Section 5:</u> “The Bank shall at all times use its best endeavours to maintain a reserve of external assets at an aggregate amount of not less than the value of four months imports as recorded and averaged for the last three preceding years; and subject to subsection (3) the reserve shall consist of any or all of the following— (a) gold and any other precious metals;”	<u>In brief:</u> - Introduces the term “and any other precious metals” for harmony and complete alignment - Provide a holistic framework that allows CBK to establish Domestic Gold Purchase Programme (DGPP) - Align with proposed Amendment of Section 27(1) that establishes the DGPP “Precious Metals” includes Silver and platinum under the Mining Act.



Section 36 – Loans (liquidity and emergency lending)

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
<u>Section 36(1) – (4):</u> “(1) The Bank may grant loans or advances for fixed periods not exceeding six months to specified banks and specified microfinance banks which pledge treasury bills or other Government securities specified by the Bank.”	<u>Section 6:</u> “(1) The Bank may, for purposes of implementing monetary policy and maintaining orderly market conditions, grant loans or advances to Banks and microfinance institutions on such terms as may be determined by the Bank from time to time.”	<u>Section 6:</u> No proposed refinement.	<u>In brief (for entire s.36):</u> - Provide CBK with enhanced and clearer legal powers to safeguard financial stability - Legal certainty for liquidity support and emergency lending - Reinforce discipline among banks - Ensure no fiscal reliance or impact - Align with best practice and BIS principles



CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
<u>Section 36(1) – (4):</u> “(2) Except as provided in this section, the Bank shall not extend credit directly, or indirectly to specified banks or specified microfinance banks.”	<u>Section 6:</u> “(2) The Bank may, where it considers it necessary for the preservation of financial stability, provide emergency liquidity assistance to banks or microfinance institutions that — (a) meet the Bank’s criteria of solvency and viability;”	<u>Section 6:</u> “(2) The Bank may, where it considers it necessary for the preservation of financial stability, provide emergency liquidity assistance to banks or microfinance institutions that: — (a) meets the Bank’s criteria of viability;”	<u>In brief:</u> - As in slide 9 above. - To provide forward-looking assessment - In addition, provide CBK with flexibility that does not constrain its legal ability to determine how and when liquidity support can be extended to restore viability and protect stability of the banking system.

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
Section 36(1) – (4): “(3) The Bank may determine the general terms and conditions under which it extends credit to specified banks and specified microfinance banks, and in particular, the Bank shall determine and announce the rates of interest or return it shall charge for granting loans or advances to specified banks and specified microfinance banks in accordance with this section, and may determine different rates of interest or return for different classes of transactions or maturities.”	Section 6: “(3) The emergency liquidity assistance granted under subsection (2) shall be discretionary in nature, temporary, and subject to such terms and conditions as may be determined by the Bank. (4) Any loan or advance granted under subsection (2) shall be for a period of up to twelve months. (5) The Bank may extend the period specified under subsection (4) for such period or periods and under such terms and conditions as the Bank may specify.”	Section 3: No proposed refinement.	In brief: As in slide 9 above.

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
Section 36(1) – (4): “(4) The Bank shall publish the lowest rate of interest it charges on loans to banks and microfinance banks, and that rate shall be known as the central bank rate.”	Section 6: “(6) All loans or advances granted under this section shall be secured by collateral acceptable to the Bank and subject to valuation, margin and risk management requirements determined by the Bank.”	Section 6: No proposed refinement.	In brief: As in slide 9 above.

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
Section 46A: “Subject to section 37(1) of the Banking Act (Cap. 488), the Bank may grant loans or advances for fixed periods, not exceeding three years, to the Deposit Protection Fund Board on the security of Treasury Bills or other Government securities specified by the Bank.”	Section 7: “Subject to section 37(1) of the Banking Act, the Bank may grant loans or advances for fixed periods, not exceeding three years, to the Kenya Deposit Insurance Corporation on the security of Treasury Bills or other Government securities specified by the Bank.”	Section 7: “The Bank may grant loans or advances for fixed periods, not exceeding three years, to the Kenya Deposit Insurance Corporation on the security of Treasury Bills or other Government securities specified by the Bank”	In brief: - Section 37(1) of the Banking Act was repealed rendering reference to it misleading. - Replace reference to the now defunct “Deposit Protection Fund Board” with the ‘Kenya Deposit Insurance Corporation’

Section 57 – Regulations by the Bank

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED REFINEMENT	JUSTIFICATION
<u>Section 57(3)(i):</u> “dispute resolution mechanisms; and”	<u>Section 7:</u> “dispute resolution mechanisms; and capacity building and training.”	<u>Section 7:</u> No proposed refinement.	<u>In brief:</u> - Similar to Section 4A Amendment. - Grant CBK mandate to provide training, capacity building. - Reduces operational, institutional risks. - Boosts regional collaboration. - Positions Kenya as a leader in training and skills development.



Section 4D – Monetary Policy Advisory Committee

CURRENT CBK ACT	AMENDMENT BILL, 2026	PROPOSED ADDITION TO AMENDMENT BILL	JUSTIFICATION
<u>Section 4D:</u> “Monetary Policy Advisory Committee”	<u>Section 4D:</u> No provision in the Amendment Bill.	<u>Section 4D:</u> Delete the term ‘Advisory’ at heading of Section 4D for the Heading at Section 4D to read “4D Monetary Policy Committee”.	<u>In brief:</u> To align with the respective Section that names it as ‘Monetary Policy Committee’.

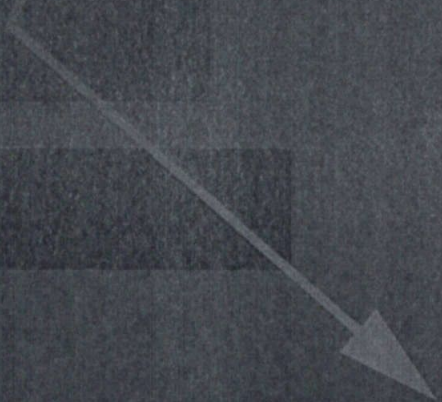


Together with the proposed refinements, the Central Bank of Kenya (Amendment) Bill, 2026, will:

1. Strengthen Kenya's financial stability framework and oversight.
2. Proactively enhance crisis preparedness and boost systemic stability to protect the financial system and Kenyans in general.
3. Improve legal certainty of CBK functions and operations to enhance CBK's support to robust economic performance.
4. Protect the Central Bank of Kenya balance sheet and resources.
5. Diversify Kenya's foreign reserves and holdings thereby cushion the economy in light of global shocks and increasing geopolitical risks.
6. Enable Kenya align with international standards and global best practice, and maintain our position as a global leader in financial services.

1. Central Bank of Kenya (CBK) appreciates the National Assembly Committee on Finance and Planning for its support to various CBK legislative proposals.
2. CBK requests the Committee's kind consideration and approval of the Amendment Bill and the proposed refinements outlined in this presentation and submission.
3. CBK stands ready to provide the Committee with more information or clarifications where needed.

THANK YOU



MEMORANDUM ON THE CENTRAL BANK OF KENYA (AMENDMENT) BILL, 2026

To the Clerk of the National Assembly/ Departmental Committee on Finance and National Planning in line with Article 118(1)(b) of the Constitution of Kenya.

Submitted by: Wanjiru Gikonyo

Email: cirug2012@gmail.com

Date: 03/06/2026

Subject: Public Submission on the Central Bank of Kenya (Amendment) Bill, 2026

I. BACKGROUND

The CBK Amendment Bill 2026 comes at a time when Kenya is increasingly using financial instruments and market-based mechanisms to address development and fiscal challenges. This includes infrastructure funds, housing levies, carbon markets, pension capital, public-private partnerships, and public debt market deepening.

The concern is not financial innovation itself, but rather that public policy is increasingly being reorganised around investor needs, whereby public goods and social needs are treated as financial products, revenue streams and collateral. The concern is that citizens are increasingly locked out of meaningful debate, oversight by parliament is weakened, and risk shifted downward to citizens, workers, borrowers, taxpayers, pensioners and future budgets.

The submitter registers a strong objection to the current structure of the Central Bank of Kenya (Amendment) Bill, 2026. By doubling the Lender of Last Resort (LOLR) window to 12 months for commercial banks and legalizing 3-year crisis lending to the Kenya Deposit Insurance Corporation (KDIC), this Bill fundamentally alters the financial safety architecture of Kenya.

While presented as an emergency stability mechanism, the Bill introduces a severe moral hazard. It establishes an unconditional, long-term state fallback for commercial lenders and their private public-investment consortiums. Without explicit statutory guardrails, this structural expansion shifts market failures directly onto the Kenyan taxpayer, distorts credit distribution, shelters corporate mismanagement, and creates long-term sovereign debt traps.

The Submitter urges the National Assembly Departmental Committee on Finance and National Planning to protect public interest by infusing strict fiduciary guardrails in the proposed amendment.

II. SUBSTANTIVE MATTERS AND PROPOSED TEXTUAL AMENDMENTS

1. Preventing the Transfer of Risk Burdens onto Producers and Citizens

The current design of the Bill permits commercial banks to finance speculative, high-risk private public-investment projects (such as large infrastructure consortia or private energy ventures) with the implicit assurance that a long-term liquidity cushion awaits them if those ventures collapse. When a mega-project defaults, the financing bank faces systemic stress, and under this amendment, the Central Bank will use public reserves to insulate that lender for a

full year. This effectively socializes corporate losses while privatizing infrastructure profits. It forces ordinary citizens and primary producers to underwrite commercial investment risks without their consent.

To remedy this systemic unfairness, the Submitter proposes adding the following legislative wording to the Bill's emergency liquidity sections:

Proposed Amendment: *"The Bank shall not extend emergency liquidity support to any financial institution whose distress arises from exposures to a defaulted public investment project, unless the private equity holders of that project have first undergone a court-sanctioned equity write-down to zero value.*

Furthermore, to qualify as an eligible counterparty for such emergency facilities, the applicant financial institution must bear the burden of proof to demonstrate absolute fiduciary prudence and statutory compliance to the Bank. This shall be verified through an independent pre-eligibility audit proving that:

(a) the institution's exposure to the project did not violate single-obligor concentration limits at the time of underwriting,

(b) the credit risk assessment did not rely on unbacked sovereign comfort letters, and

(c) the institution maintained its mandatory core capital adequacy and statutory liquidity ratios natively for the twenty-four (24) months preceding the project's default.

Any institution found to have relaxed its standard underwriting prudence or bypassed macro-prudential guidelines in financing the underlying public investment shall be permanently barred from accessing the facility and placed under immediate statutory receivership."

2: Reversing the Diversion of Investment from the Productive Economy

By offering a prolonged, risk-free statutory safety net of up to 36 months for banking institutions heavily involved in large-scale state investments, the Bill creates a deeply skewed incentive framework. Commercial banks will naturally prioritize lending to heavily leveraged, government-backed infrastructure syndicates because those loans carry an implicit central bank rescue policy. Consequently, this artificial incentive framework will actively drain credit away from the true, productive real economy, specifically agriculture, localized manufacturing, and small-to-medium enterprises (SMEs) which enjoy no such central bank safety nets.

To shield critical sectors from credit starvation, the Submitter proposes the inclusion of the following operational restriction within the Bill:

"Any financial institution that accesses the extended 12-month emergency liquidity window shall statutorily maintain its credit allocation to the domestic agricultural and manufacturing sectors at a minimum aggregate of 15% of its total net loan portfolio, or at the nominal shilling baseline value recorded in the quarter immediately preceding the liquidity distress adjusted for the prevailing inflation rate, whichever is higher, throughout the entire tenure of the liquidity support.

For the purposes of this section, compliance shall only be certified by the Bank upon proof that such credit consists of newly originated or actively performing credit lines, explicitly excluding the restructuring or rolling over of non-performing loans."

3: Eliminating the Underwriting of Corruption, Asset Stripping, and Mismanagement

A tight 6-month liquidity window historically forces instant corporate discipline, compelling failing bank boards to rapidly correct management flaws or face liquidation. Extending this emergency window to a massive 12 months, and stretching KDIC crisis capabilities to 3 years, provides a dangerous operational hideout for corrupt directors and negligent executives. This expanded timeline allows bad actors to quietly strip corporate assets, transfer insider wealth, and prolong institutional insolvency while the Central Bank continuously infuses public liquidity into the failing bank under the banner of "systemic market safety."

To ensure individual accountability and halt corporate asset stripping during an active bailout lifecycle, the Submitter proposes inserting the following statutory trigger:

Proposed Amendment: "Upon the activation of the 12-month emergency liquidity facility, the Bank shall within seven (7) days publish in at least two daily newspapers of nationwide circulation and on its official website, a comprehensive schedule detailing the natural names and national identity/passport numbers of the top twenty (20) Ultimate Beneficial Owners (UBOs) of both the beneficiary institution's corporate shareholders and its top twenty (20) corporate debtors, notwithstanding any nominee or offshore structures.

Simultaneously, the Bank shall petition the High Court for an ex-parte conservatory order to place an immediate temporary freeze on all global and domestic assets, bank accounts, and properties held directly, indirectly, or through proxies, by all current and preceding board directors (both executive and non-executive), executive management, and their immediate family members (spouses and children), pending a comprehensive, independent forensic risk audit to be concluded within ninety (90) days."

4: Mitigating Sovereign Debt Burdens and Intergenerational Strain

Authorizing the Central Bank of Kenya to issue long-term, 3-year crisis loans to the KDIC backed by government securities effectively converts private banking failures into sovereign public debt. This mechanism locks future generations into repaying commercial financial shortfalls. By bloating the national debt stock through backdoor financial rescues, this provision directly compromises the state's capacity to fund essential public goods such as healthcare, clean water, and basic education, creating an unjust intergenerational burden.

To preserve the fiscal sovereignty of future generations, the Submitter proposes placing a strict, unyielding statutory ceiling on this crisis window:

Proposed Amendment: *"The aggregate value of loans extended to the Kenya Deposit Insurance Corporation backed by government securities under this section shall not exceed 1.5% of the total audited ordinary revenue of the national government in the preceding financial year and shall require prior explicit approval by a two-thirds majority resolution of the National Assembly."*

5: Giving Absolute Force to Existing Administrative and Vetting Safeguards

The Central Bank and the Executive routinely bypass the Statutory Instruments Act by labelling their decrees as "Prudential Guidelines" or "Administrative Notices" rather than "Subsidiary Legislation," thereby avoiding mandatory Regulatory Impact Assessments (RIAs) and parliamentary committee vetting. Furthermore, RIAs are often treated as abstract narrative essays rather than empirical, mathematical proof of public benefit. Finally, agencies frequently enforce rules immediately upon gazettelement before the Committee on Delegated Legislation can exercise its constitutional veto power.

To enforce institutional transparency and give binding teeth to sections 6 and 7 of the Statutory Instruments Act, the Submitter proposes inserting the following omnibus administrative safeguard:

"Any prudential guideline, directive, circular, manual, or policy issued by the Bank to financial institutions regarding the implementation, management, or risk pooling of the extended 12-month emergency liquidity facility or 3-year KDIC lending mechanism shall be legally deemed a Statutory Instrument under Section 2 of the Statutory Instruments Act. No such directive shall have the force of law or be enforceable unless its accompanying Regulatory Impact Statement mathematically demonstrates a Net Present Value (NPV) greater than zero ($NPV > 0$) and a Benefit-Cost Ratio exceeding one ($BCR > 1$), explicitly factoring in taxpayer credit crowding-out and long-term sovereign debt risks. No subsidiary legislation or rule made under this Amendment Act shall take effect, be published in the Kenya Gazette, or be enforced by the Bank until it has been formally laid before the National Assembly and received an explicit resolution of approval from the Committee on Delegated Legislation."

6: Halting the private – public debt cycle trap

The proposed expansion of the Lender of Last Resort (LOLR) facilities to 12 months for distressed banks, alongside a 3-year funding loop to the Kenya Deposit Insurance Corporation (KDIC) backed by government securities, deepens the hazardous private – public debt cycle trap. Local commercial banks already heavily hold sovereign debt. By expanding central bank interventions backed by government debt paper, the state intertwines bank insolvency directly with sovereign default risks. If commercial banks fail due to bad private infrastructure loans, the state issues more securities to fund the bailouts, bloating the national debt and exposing the entire financial system to an accumulated balance-sheet collapse.

To break this cycle, the Submitter proposes adding a structural segregation clause:

Proposed Amendment: *"The Bank shall be statutorily prohibited from extending any emergency liquidity facility or long-term loan to the Kenya Deposit Insurance Corporation (KDIC) if the underlying security provided consists of government bonds or bills that exceed a cumulative 10% exposure of the domestic banking sector's total tier-1 capital, unless an explicit Fiscal Sustainability Audit has been approved by the National Assembly."*

7: Exposing Hidden Contingent Liabilities and Secret Indemnities

A critical institutional loophole in the CBK amendment Bill is the complete absence of a registration framework for contingent liabilities. When the Central Bank or the Executive offers letters of support, liquidity guarantees, or secret credit comfort indemnities to tier-1 banks or private-public infrastructure investors, these instruments do not appear on the official national debt ledger. These hidden contingent liabilities build up off-balance-sheet, leaving Parliament blind to the state's total emergency financial exposure until a sudden default forces an immediate, un-budgeted emergency bailout using public funds.

To enforce absolute visibility on off-balance-sheet exposure, the Submitter proposes the inclusion of a comprehensive tracking mechanism:

Proposed Amendment: *"Any letter of comfort, indemnity, liquidity guarantee, or financial commitment issued by the Bank or the National Treasury to a commercial lender or public-private investor under this crisis management framework shall be null and void unless it is entered into a public 'National Repository of Contingent Liabilities' within forty-eight (48) hours of execution, and accompanied by a detailed risk-quantification profile published on the Bank's official portal."*

8: Safeguarding Against Opaque Reserve-Asset and Precious-Metal Expansion

The Bill contains a highly irregular clause empowering the Central Bank to directly acquire, refine, hold, and trade precious metals, including gold coins, bullion, silver, and platinum. While framed as a diversification strategy against foreign exchange inflation, doing so without rigid accounting standards allows the bank to mask emergency asset swaps. Crucially, it allows the bank to secretly accept unverified commodity collaterals from failing institutions in exchange for liquid cash, turning the apex bank's national reserves into a repository for over-valued or un-audited private assets.

To enforce maximum asset-backing transparency, the Submitter proposes placing a strict statutory guardrail:

Proposed Amendment: *"The Bank shall not accept, store, or refine gold, silver, platinum, or any other precious metal as collateral for emergency liquidity or crisis-lending facilities unless such commodity has been independently verified, assayed, and valued by an internationally accredited, third-party certifying body. The complete inventory, valuation notes, and transaction histories of all precious metal holdings shall be published in the Kenya Gazette and on the Bank's portal on a monthly basis."*

3. INADEQUACY OF PUBLIC PARTICIPATION AND SENSITIZATION

The Submitter strongly protests the deeply flawed, rushed administrative process used to push the Central Bank of Kenya (Amendment) Bill, 2026. This process violates both the spirit of Article 118 of the Constitution and the binding judicial standards set by the Supreme Court of Kenya:

- **Rushed Public Participation Window:** Giving stakeholders and citizens a tiny window to evaluate, mathematically analyze, and submit written memoranda on complex, technical fiscal legislation is highly punitive. A multi-layered banking reform bill cannot be properly digested by the public in a handful of days. This treats a core constitutional requirement as a mere rubber-stamping cosmetic exercise.
- **Complete Lack of Public Sensitisation:** The National Assembly and the Central Bank have completely failed to provide simplified, accessible, translated summaries of this Bill. Expecting ordinary primary producers, micro-retailers, and citizens across the 13 targeted counties to debate complex concepts like *Lender of Last Resort extensions*, *KDIC long-term distress debt capitalization*, and *precious metal reserves* without prior citizen sensitisation is a structural barrier to genuine public participation.

To correct these administrative law violations before the Bill proceeds to its Second Reading, the Submitter calls for the insertion of a mandatory **Procedural Enforceability Clause**:

Proposed Procedural Relief Wording:

"The National Assembly Departmental Committee on Finance and National Planning shall immediately freeze further debate on the Central Bank of Kenya (Amendment) Bill, 2026, for a mandatory minimum period of forty-five (45) days. During this extension, the parliamentary secretariat, in coordination with the Bank, shall publish and distribute simplified citizen-guide handbooks translated into Kiswahili across all 47 counties, alongside running clear public sensitization workshops, ensuring that the constitutional threshold for informed, qualitative public participation is fully attained."

CONCLUSION

Any legislative expansion of state financial rescue mechanisms should be bound by law. As presently drafted the proposed amendments threaten to transform the Central Bank of Kenya into an unhedged insurance agency for reckless financial speculation. The Submitter urges the National Assembly to protect state fiduciary accountability and place the public interest above commercial convenience by adopting these amendments in full.

Dated this 3rd day of June 2026.

Signed By:

Wanjiru Gikonyo

Wanjiru Gikonyo- ID no 9089030

Our Reference: TBA
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nairuko.kantai@bowmanslaw.com

Your Reference: TBA
Date: 8 June 2026

The Clerk of the National Assembly
P. O. Box 41842-00100
Nairobi

"by email to: financecommittee@parliament.go.ke"

Dear Sirs

COMMENTS ON THE DRAFT CENTRAL BANK OF KENYA (AMENDMENT) BILL, 2026

We refer to the public notice dated 30 May 2026 inviting submissions on the Central Bank of Kenya (Amendment) Bill, 2026 (the **Bill**). We are generally supportive of the Bill's policy objectives, particularly in relation to the promotion of financial stability and the soundness of the banking system.

Our comments are set out below:

Comments on the Bill

1. Background

The Central Bank of Kenya Act (Cap. 491) (the **CBK Act**) was amended by the Business Laws (Amendment) Act, 2024 with effect from 27 December 2024 to introduce: (a) Part VIC, establishing the regulatory framework for non-deposit-taking credit providers (the **NDTCP Framework**); and (b) Part VID, establishing the regulatory framework for credit guarantee providers (the **CGP Framework**). The Central Bank of Kenya (the **CBK**) is empowered to license, regulate and supervise entities under both frameworks.

While the Bill does not directly address these frameworks, the proposed amendments to the CBK's mandate have a direct bearing on their development. We take this opportunity to highlight concerns with the current scope of both frameworks and to request targeted amendments.

The NDTCP Framework and CGP Framework do not distinguish between: (a) cross-border credit or guarantee arrangements with the Government, state-owned entities and sophisticated corporates; and (b) domestic credit to retail consumers. As a result, the frameworks may inadvertently capture low-risk, non-consumer-facing activities such as cross-border lending, intra-group financing and wholesale funding structures.

This creates legal uncertainty for foreign syndicated loans, shareholder and inter-group lending, DFI facilities, and credit guarantees provided by foreign entities already regulated in their home jurisdictions.

The current approach is inconsistent with international practice, which regulates entities by activity and risk. Unless addressed, the overbroad definitional scope will curtail foreign capital flows, impede intra-group funding, render syndicated and developmental lending impracticable, and create barriers to capital mobilisation.

We submit that the regulatory treatment of NDTCPs and credit guarantee providers should remain proportionate, risk-based and aligned with international best practice.

Partners RT St A Harney, SC | JSP Coulson | JW Karanja | JN Syekei | AG Njage | CK Kigera | PV Shah | TA Mwango | AN Mathini | J Mbui | DO Indokhomi | VS Shah | CL Kuyo | AA Tharani | A Oduor | CN Banja | WM Gituro | D Mwathe | SN Kiriba | E Baru | D Opijah | KO Evans | A Deya | SM Githanda |
Directors R Field | A Issaia

KENYA MAURITIUS NAMIBIA SOUTH AFRICA TANZANIA ZAMBIA
ALLIANCE FIRMS ETHIOPIA | NIGERIA

2. **Proposed Amendments to the CBK Act**

We request that the Bill include targeted amendments to the definitions of "non-deposit-taking credit provider" and "credit guarantee provider" under the CBK Act, which currently capture foreign and international entities operating primarily outside Kenya.

Section 33X(2) of the CBK Act provides limited exemptions from the licensing requirement for certain credit guarantee providers. However, these exemptions are narrow: exempted entities remain subject to registration under section 33W and ongoing CBK supervision under Part VID. We submit that foreign credit guarantee providers should be exempted from registration, licensing, supervision and compliance requirements under the CGP Framework.

We recommend the following carve-outs:

(i) **Non-Deposit-Taking Credit Providers**

We recommend amending section 2 of the CBK Act to revise the definition of "non-deposit-taking credit provider" as follows:

"non-deposit-taking credit provider" means a person licensed by the Bank to carry on non-deposit taking credit business using own funds and assets but does not include—

- (a) the national government or county government;
- (b) a bank licensed in a jurisdiction outside Kenya;
- (c) a government-backed development or international finance institution;
- (d) a multilateral or bilateral financial institution;
- (e) a private equity fund, venture capital fund, investment bank or similar pooled investment vehicle;
- (f) a person operating from outside Kenya whose engagement in Kenya is limited to the provision of credit, loans or other facilities to corporates, partnerships, trusts or Government entities, provided such person does not solicit or take deposits from the public or a section of it in Kenya; or
- (g) any other person specified by the Bank from time to time.

(ii) **Credit Guarantee Providers**

We recommend amending sections 33V, 33W, 33X and 33Y of the CBK Act to exclude from registration, licensing, supervision and compliance requirements under Part VID the following categories of foreign credit guarantee providers:

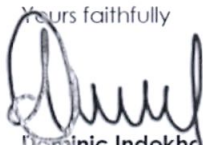
- (a) banks licensed in a jurisdiction outside Kenya;
- (b) government-backed development or international finance institutions;
- (c) multilateral or bilateral financial institutions;
- (d) private equity funds, venture capital funds, investment banks and similar pooled investment vehicles;

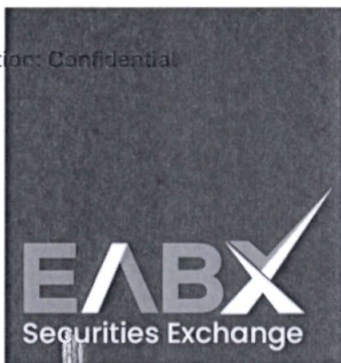
- (e) credit guarantee companies registered outside Kenya that provide credit guarantees to lenders in respect of credit facilities extended to persons in Kenya; and
- (f) any other person specified by the Bank from time to time.

This approach would align the CBK Act with international best practice and ensure that the regulatory treatment of NDTCPs and credit guarantee providers remains proportionate and risk-based.

We would welcome the opportunity to engage further on these issues.

Yours faithfully


Dominic Indokhomi
Coulson Harney LLP



Our Ref: EABX/CE/TA/03.06.2026

03 June 2026

**The Clerk,
The National Assembly,
Parliament Buildings,
Parliament Road,
Nairobi, KENYA.**

cc.

HON.(CPA) KIMANI FRANCIS KURIA

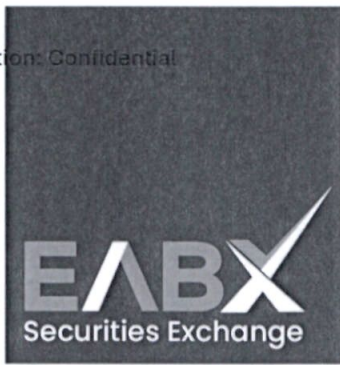
**Chairperson,
Departmental Committee on Finance & National Planning,
The National Assembly,**

Dear Sir,

**RE: PUBLIC PARTICIPATION AND INVOLVEMENT IN THE AMENDMENT OF THE
CENTRAL BANK ACT**

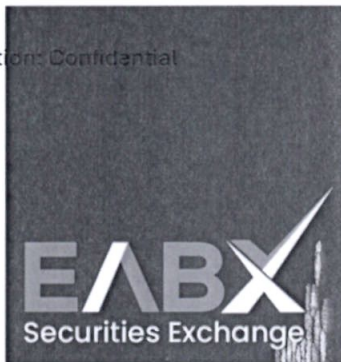
We write in response to Article 118(1) (b) of the Constitution requiring Parliament to facilitate public participation and involvement in the legislative and other business of Parliament and its Committees and Standing Order 127(3) of the National Assembly.

EABX Public Limited Company (EABX) is licensed by the Capital Markets Authority (CMA) as an Over the Counter Securities Exchange whose purpose is to serve the dual roles of a self-regulatory organization, providing frontline regulation of market conduct, and provision of a trading and trade reporting platform that will enhance transparency, safety, liquidity, and the deepening of the domestic securities market. EABX is sponsored by the Kenya Bankers Association (KBA) with technical support of Financial Sector Deepening (FSD) Africa.



The Central Bank (Amendment) Bill (National Assembly Bill No. 27 of 2026), is seeking to amend the Central Bank Act to grant it a mandate to promote and foster "the liquidity, solvency, proper functioning and integrity of a market-based financial system" and "the soundness, safety, and effective regulation of the banking system." Our reading of this amendment is the central bank's intent to codify a "Financial Stability" Mandate. The central bank wishes to formally expand its mandate beyond traditional monetary policy (e.g., price stability) into explicit, proactive responsibilities for financial system stability and market integrity. Specifically, our reading of the clause is that:

- A. The amendment gives legal cover to the central bank to not only act as a market maker of last resort, but to fix/mandate trading/settlement systems including any disruptions to the same (e.g., trading system mandates, CSD access and payment system outages). The implication of this is that capital market intermediary licensees specifically Exchanges must then satisfy two masters. The central bank may demand data, impose reporting, or require system mandates that go beyond the CMA's rules. Contradictory demands for normal day-to-day exchange operations are possible (e.g., CMA wants maximum trading continuity; central bank may want a halt to preserve system integrity).
- B. To emphasize "effective regulation": This signals a shift from passive rule-setting to active supervision (e.g., stress tests, on-site inspections, enforcing corrective actions). It also allows the bank to push back against deregulatory pressures. The amendment read together with Clauses 4A (1)d) and Clause 57 (1) of the existing Act would be used to anchor intrusive regulations, guidelines or directives that would be detrimental to the business of existing capital markets intermediary licensees.



The bottom line is that a capital market intermediary like an exchange (EABX) will lose its exclusive relationship with the capital markets regulator. The central bank achieves a mandate to override exchange rules and operations whenever "liquidity, solvency, proper functioning, or integrity" and "soundness, safety and effective regulation" of the broader systems are deemed at risk. The existence of a separate capital markets law will not shield the exchange; the amendment merely creates a two-regulator system that requires careful coordination to avoid paralysis.

Further, it is our humble belief that the amendment violates key international standards (IOSCO Principles for Securities Regulation and the BIS-IOSCO PFMI (Principles for Financial Market Infrastructures)). Neither standard recommends unqualified dual authority over exchanges without hierarchical or coordinative mechanisms.

While we do not oppose the CBK's role in systemic stability, we respectfully request that the Committee ensure that the drafted amendment does not harm the market, investors, and the government itself.

We kindly propose replacement text, which would read as such:

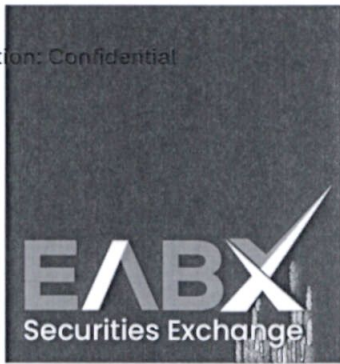
(2) The Bank shall promote and foster the stability of the financial system as a whole, including by:

(a) exercising its existing powers over banking institutions and payment systems; and

(b) coordinating with the Capital Markets Authority (CMA) to identify and mitigate systemic risks arising from capital market activities.

(3) For the avoidance of doubt:

(a) The Bank shall not exercise direct supervisory, regulatory, or enforcement powers over any capital market intermediary licensed under the Capital Markets Act, including but not limited to exchanges, clearing houses (except as expressly provided in separate CCP legislation), broker-dealers, asset managers, or securities depositories.



(b) The Bank's authority with respect to the liquidity, solvency, proper functioning, or integrity of the market-based financial system shall be exercised exclusively through:

- (i) information-sharing arrangements with the CMA;
- (ii) non-binding recommendations to the CMA; and
- (iii) participation in an interagency Financial Stability Committee chaired by the Bank, with the CMA and exchange representatives as voting members.

We welcome the opportunity to appear before the committee to provide technical testimony.

We trust that you will consider our request favorably.

Yours Sincerely,

For and behalf of EABX PLC

A handwritten signature in black ink, appearing to read 'Kihara Maina'.

Kihara Maina
CHAIRMAN

cc.

Cabinet Secretary – National Treasury and Planning, GOK
Chief Executive – Capital Markets Authority

MEMORANDA SUBMITTED TO THE DEPARTMENTAL

COMMITTEE ON FINANCE AND NATIONAL

PLANNING ON;

1. THE SOVEREIGN WEALTH FUND BILL, 2026,

2. THE FINANCE BILL, 2026,

3. THE CENTRAL BANK (AMENDMENT) BILL,

2026 AND;

4. THE KENYA REVENUE AUTHORITY

(AMENDMENT) BILL, 2026

SUBMITTED BY:

YOUTH FOR SUSTAINABLE DEVELOPMENT (YSD)

– MAKUENI CHAPTER CBO

DATE: 3RD JUNE 2026

VENUE: WOTE GREENPARK, MAKUENI COUNTY

1.0 EXECUTIVE SUMMARY

Youth for Sustainable Development (YSD) – Makueni Chapter welcomes the opportunity provided by National Assembly under **Articles 10, 118, 174, 201 and 232** of the **Constitution of Kenya 2010** to participate in the consideration of **The Finance Bill, 2026, The Sovereign Wealth Fund Bill, 2026, The Central Bank (Amendment) Bill, 2026** and **The Kenya Revenue Authority (Amendment) Bill, 2026**.

Our submission is informed by consultations conducted across Makueni County among farmers, youth groups, cooperatives, traders, entrepreneurs, civil society actors, professionals, climate action champions, creatives and community leaders.

While we recognize the need for domestic revenue mobilization, fiscal sustainability and sound macroeconomic management, we submit that legislation must be assessed not only against revenue targets but also against its ability to improve livelihoods, stimulate production, create jobs, strengthen county economies and restore public confidence in governance. Kenya enters the 2026 fiscal year amidst significant socio-economic challenges including rising public debt obligations, high youth unemployment, climate vulnerability, constrained household purchasing power and growing public concern regarding accountability in the use of public resources.

Makueni County continues to face recurring drought cycles, agricultural market failures, inadequate value addition infrastructure and limited access to reliable markets despite being one of Kenya's leading producers of mangoes, green grams, pigeon peas and other agricultural commodities.

Although the National Government has introduced numerous programmes including the County Aggregation and Industrial Parks (CAIPs), National Agricultural Value Chain Development Project (NAVCDP), Hustler Fund, Youth Enterprise Development Fund, Climate Smart Agriculture interventions and various youth empowerment initiatives, consultations reveal that many citizens remain unable to identify tangible improvements in incomes, employment opportunities and market access attributable to these interventions.

This memorandum therefore proposes amendments aimed at:

- i. Protecting digital financial inclusion;
- ii. Strengthening agricultural value chains;
- iii. Supporting County Aggregation and Industrial Parks
- iv. Promoting youth employment and the creative economy;
- v. Enhancing transparency and accountability in public finance;

- vi. Protecting taxpayer rights;
- vii. Strengthening Central Bank governance;
- viii. Ensuring equitable county participation in the Sovereign Wealth Fund framework;
- ix. Promoting climate resilience and food security.



2.0 INTRODUCTION

Youth for Sustainable Development (YSD) – Makueni Chapter is a registered Community Based Organization serving as a county-wide youth coordination and development platform bringing together youth leaders, youth-led organizations, community groups, innovators, entrepreneurs, farmers, climate action champions, students, professionals and development stakeholders from all thirty wards of Makueni County.

The organization works to promote civic engagement, accountability, sustainable development, youth empowerment, climate resilience, public participation, entrepreneurship and inclusive governance.

The people of Makueni continue to demonstrate remarkable resilience despite recurring droughts, climate variability, volatile agricultural markets, rising production costs, youth unemployment and economic uncertainty.

While significant national government investments have been announced in agriculture, enterprise development, industrialization, digital transformation and social protection, many residents continue to report limited improvement in household incomes, market opportunities and employment prospects.

Consequently, citizens increasingly demand measurable development outcomes, prudent financial management and stronger accountability for public resources.

3.0 THE CURRENT NATIONAL ECONOMIC CONTEXT

Kenya enters the 2025/2026 fiscal period under considerable economic pressure.

Stakeholder consultations conducted by YSD-Makueni revealed several recurring concerns:

- a) Rising cost of living;
- b) High youth unemployment;
- c) Persistent agricultural market failures;
- d) Increasing public debt burdens;
- e) Slow growth of household incomes;
- f) Limited access to affordable credit;
- g) Delayed realization of benefits from government programmes.

Participants consistently emphasized that while revenue collection efforts have intensified over recent years, visible improvements in livelihoods have not kept pace with citizens' expectations.

Many respondents expressed concern that national discourse has increasingly focused on taxation and revenue collection while insufficient attention is directed toward expenditure efficiency, corruption prevention, project completion and productive investment.

Citizens repeatedly emphasized that public trust in taxation depends on visible development outcomes.

4.0 ASSESSMENT OF NATIONAL GOVERNMENT INTERVENTIONS

YSD Makueni acknowledges the National Government's efforts through:

- i. National Agricultural Value Chain Development Project (NAVCDP);
- ii. Fertilizer Subsidy Programme;
- iii. Climate Smart Agriculture Programmes;
- iv. Hustler Fund;
- v. Youth Enterprise Development Fund;
- vi. Uwezo Fund;
- vii. Women Enterprise Fund
- viii. Affordable Housing Programme;
- ix. Ajira Digital Programme;
- x. Digital Superhighway Programme;
- xi. Climate WorX Programme (which was never implemented in Makueni, despite the huge expectations and readiness)

However, consultations across Makueni County reveal that significant implementation gaps remain.

Common concerns include:

- a) Low awareness levels;
- b) Unequal access;
- c) Bureaucratic barriers;
- d) Delayed implementation;
- e) Limited county-level visibility;
- f) Weak monitoring and evaluation mechanisms.

National Assembly should therefore require annual county-specific impact reports detailing beneficiaries, jobs created, enterprise growth, farmer income improvements and value-for-money assessments.

5.0 MAKUENI COUNTY DEVELOPMENT REALITIES

5.1 Agriculture

Agriculture remains the backbone of Makueni's economy. Over 70% of households depend directly or indirectly on agriculture.

However, farmers continue facing:

- ⊖ Drought risks;
- ⊖ Erratic rainfall;
- ⊖ Market volatility;
- ⊖ Exploitative brokerage systems;
- ⊖ Inadequate aggregation;
- ⊖ Post-harvest losses;
- ⊖ Limited irrigation coverage.

5.2 Mango Value Chain

Makueni remains one of Kenya's leading mango-producing counties.

Despite this strategic position, substantial losses continue occurring annually due to:

- Inadequate processing facilities;
- Limited cold chain infrastructure;
- Weak export linkages;
- Market concentration among intermediaries.

National Government should introduce tax incentives and investment support for mango processing, cold storage infrastructure, export certification and agro-industrial development.

5.3 Green Gram (Ndengu) Value Chain

Green grams remain among the county's most important drought-resilient crops.

However, farmers frequently experience severe farm-gate price fluctuations and weak market organization.

National Government should establish structured marketing systems, strategic reserves and export facilitation mechanisms for pulses.

6.0 SUBMISSIONS ON THE FINANCE BILL, 2026

6.1 The Finance Bill, 2026 and its implications for Makueni County's productive economy

YSD Makueni submits that the Finance Bill, 2026 should be assessed not only from the perspective of revenue generation but also from its likely impact on production, employment, enterprise growth, agricultural competitiveness and household welfare. Makueni County's economy is primarily driven by agriculture, small-scale trade, transport services, cooperatives, informal enterprises and emerging digital businesses. Consequently, any fiscal measure affecting transaction costs, production costs, market access, digital services or enterprise operations has direct implications for livelihoods.

The Committee should therefore evaluate the Bill against the constitutional principles of equity, economic inclusion, sustainable development and protection of vulnerable groups.

6.2 Digital financial services: protecting financial inclusion

YSD Makueni **opposes** the proposal to subject commissions charged by digital payment service providers to VAT.

Makueni is a predominantly rural county where mobile money services have become the backbone of economic transactions;

- Farmers receive payments through mobile platforms.
- Parents pay school fees through mobile money.
- Women groups and table-banking groups transact digitally.
- Youth enterprises receive customer payments through mobile channels.

The proposed VAT would likely increase transaction costs across the economy and ultimately be passed on to consumers and small businesses. Business associations have similarly warned that a 16% VAT on digital financial services could undermine financial inclusion, increase the cost of doing business and drive users back to cash-based transactions.

The Committee should **retain the current VAT exemption on essential digital financial services**.

If the National Assembly considers taxation necessary, a lower transitional rate should be considered alongside a comprehensive impact assessment.

6.3 Mobile phone taxation and the digital economy

The Finance Bill proposes measures that may increase the cost of mobile phones and digital devices. Public analyses of the Bill indicate that excise duty proposals on mobile phones could significantly raise acquisition costs for ordinary citizens.

In Makueni, mobile phones are no longer luxury items. They are essential tools for:

- Accessing markets;
- Mobile banking;
- Government services;
- Online learning;
- Climate information;
- Telemedicine;
- Digital entrepreneurship;
- Content creation.

Young people increasingly rely on smartphones for employment opportunities through digital platforms.

The Committee **should exempt entry-level smartphones and educational devices** from any tax measures that would significantly increase consumer prices. Such an approach would support digital inclusion while protecting low-income households.

6.4 Agriculture and value addition: the case of mangoes

Agriculture remains the backbone of Makueni's economy. Makueni harvested approximately 183,891 metric tonnes of mangoes during the 2024 season, making it one of Kenya's leading mango-producing counties. County records indicate that mangoes remain among the county's most important agricultural commodities.

Further county data shows that over 70,000 households rely on mango farming and that mango production contributes billions of shillings annually to the local economy. Despite this potential, farmers continue to face post-harvest losses, price fluctuations, market concentration among intermediaries, limited processing capacity, export barriers among others

The Committee should therefore strengthen tax incentives supporting:

- a) Agro-processing equipment;
- b) Cold-chain infrastructure;
- c) Export certification systems;
- d) Fruit packaging facilities;
- e) Irrigation technologies;
- f) Solar-powered agricultural equipment.

The objective should be to reduce losses, increase farmer incomes and expand value addition rather than merely taxing agricultural production.

6.5 Supporting National Agricultural Value Chain Development Project (NAVCDP)

Makueni is currently implementing the National Agricultural Value Chain Development Project (NAVCDP) across all thirty wards, focusing on mangoes, poultry, dairy, tomatoes and apiculture. The programme includes farmer capacity building, irrigation development, market access initiatives, digital investments and farmer producer organization support.

Rather than creating additional agricultural funds, the National Assembly should strengthen oversight and performance reporting of existing programmes. YSD Makueni recommends that the Finance Bill 2026 require annual county-level impact reporting on farmer incomes, jobs created, irrigation expansion, cooperative growth, market access improvements and reduction in post-harvest losses.

The challenge facing many citizens is not the absence of programmes but uncertainty regarding measurable outcomes.

6.6 County Aggregation and Industrial Parks (CAIPs)

Realizing the County has zero CAIP as of 2026, we, the young people of Makueni, through this memorandum, strongly recommend adequate support for establishment of County Aggregation and Industrial Parks (CAIPs) initiative as one of the most promising instruments for agro-industrialization, value addition, rural job creation and county-level economic transformation. For Makueni County, CAIPs present a critical opportunity to transition from a predominantly raw-produce economy to a value-added economy capable of increasing farmer incomes, reducing post-harvest losses, creating manufacturing jobs and expanding export potential. However, we submit that infrastructure alone cannot deliver industrialization. A completed factory building without working value chains, reliable energy, investor attraction, market access, operational financing and transparent governance risks becoming an underutilized public asset. The primary challenge facing CAIPs is increasingly not the announcement of projects, but the sustainability, governance, operationalization and measurable economic impact of the investments already being made.

6.6.1 Makueni County context

Makueni is one of Kenya's leading producers of mangoes and a major producer of green grams (*ndengu*), pigeon peas and other drought-resilient crops. Yet farmers continue to face:

- a) Severe post-harvest losses;
- b) Price volatility;
- c) Dominance of intermediaries;

- d) Limited processing capacity;
- e) Weak aggregation systems;
- f) Inadequate export infrastructure;
- g) Limited access to quality assurance and certification services.

The CAIP should therefore be designed as an integrated value-chain ecosystem rather than merely an industrial estate.

6.6.2 Governance and oversight recommendations

We recommend that the National Assembly strengthens governance and accountability mechanisms around CAIPs through the following measures:

- a) County-level multi-stakeholder oversight committees comprising representatives of the County Government, National Government, farmer organizations, youth groups, women groups, cooperatives, private sector actors and civil society;
- b) Mandatory annual public reporting on:
 - i. Amounts allocated and spent;
 - ii. Procurement awards;
 - iii. Investor occupancy rates;
 - iv. Production volumes;
 - v. Jobs created;
 - vi. Farmer participation;
 - vii. Local enterprise participation;
 - viii. Revenue generated;
- c) Independent annual audits by the Auditor-General and publication of audit findings;
- d) Public disclosure of lease agreements, incentives and major investment contracts entered into within the CAIP;
- e) Citizen access to project information through county websites and public notice boards

These measures would significantly reduce the risk of politicization, elite capture, procurement irregularities and underutilization of public assets.

6.6.3 Funding and operational sustainability

Rather than creating a new public fund, we recommend that Government prioritize the efficient use and coordination of existing financing mechanisms. The key issue is often not the absence of money, but the fragmentation of support across multiple programmes. We therefore recommend:

- a) Integration of CAIPs with existing national programmes including agricultural value chain projects, youth enterprise financing programmes and industrial development facilities;
- b) Public-private partnership (PPP) models for processing facilities, cold storage, logistics and packaging infrastructure;
- c) Blended financing involving development partners, commercial lenders, county governments and private investors;
- d) Performance-based financing linked to actual production, jobs created, farmer participation and export performance;
- e) Access to affordable working capital for processors operating within the CAIP ecosystem. Funding should be tied to measurable economic outcomes rather than construction milestones alone.

6.6.4 Political stewardship and goodwill

Stakeholder consultations revealed concern that major public projects can become politicized, especially during election cycles. To safeguard CAIPs from short-term political interests, we recommend:

- a) Adoption of a legally binding county-level industrialization strategy with clear long-term targets;
- b) Multi-year implementation plans insulated from electoral cycles;
- c) Non-partisan management structures based on professional competence;
- d) Transparent criteria for investor selection and allocation of industrial spaces;
- e) Regular public participation forums to review progress. Political goodwill should be expressed through policy stability, infrastructure support, timely approvals and investor confidence rather than discretionary interventions or patronage-based allocations.

6.6.5 Priority value chains for Makueni CAIPs

The Makueni CAIP should prioritize value chains with demonstrated comparative advantage and strong farmer participation, including:

- a) Mango processing (juice, puree, dried fruit and concentrates);
- b) Green grams (cleaning, grading, packaging and export preparation);
- c) Pigeon peas;
- d) Poultry;
- e) Dairy;
- f) Honey and bee products;

g) Climate-smart agricultural products.

Each value chain should have a clear development plan covering production, aggregation, processing, quality assurance, marketing and export linkages.

6.7 Youth, women and local enterprise participation

Youth unemployment remains one of Kenya's most pressing socio-economic challenges. Available labour statistics indicate that Kenya's youth unemployment rate remained above 67% percent in April 2026.

Within Makueni, consultations reveal that many young people continue experiencing:

- Prolonged job searches;
- Underemployment;
- Informal employment;
- Limited access to capital;
- Weak market opportunities.

Many youth groups also report that existing financing programmes are difficult to access or inadequately linked to market opportunities. We as YSD Makueni therefore recommend that National Assembly prioritize incentives that encourage businesses to hire first-time job seekers, apprentices and interns.

Again, rather than creating new youth funds, National Assembly should strengthen transparency and performance monitoring of existing programmes such as the Youth Enterprise Development Fund and related initiatives.

Additionally, industrialization should not be limited to large external investors. We recommend that CAIPs include:

- a) Dedicated spaces for MSMEs;
- b) Youth enterprise incubation programmes;
- c) Shared processing facilities for cooperatives;
- d) Skills development and technical training centres;
- e) Preferential procurement opportunities for local enterprises.

At least 30% of service contracts and procurement opportunities within the CAIP ecosystem should be accessible to youth, women and PWD-owned enterprises, consistent with existing constitutional and procurement provisions.

6.8 Market access and export development

Processing without markets will not transform rural incomes. National Government should therefore support:

- a) Export certification and quality standards;
- b) Trade promotion for Makueni products;
- c) Linkages with supermarkets, institutional buyers and export markets;
- d) Logistics and cold-chain infrastructure;
- e) Digital market information systems.

Particular emphasis should be placed on improving export readiness for mango products and pulse crops.

6.9 Performance measurement

We propose that CAIPs be evaluated using clear public indicators, including:

- a) Tonnes of produce processed;
- b) Reduction in post-harvest losses;
- c) Increase in farm-gate prices;
- d) Jobs created;
- e) Number of participating farmers;
- f) Number of youth and women enterprises engaged;
- g) Export volumes;
- h) Revenue generated.

Success should be measured by economic transformation, not merely infrastructure completion.

6.10 Expected outcome

If properly governed, financed and integrated into local value chains, the Makueni CAIP can become:

- a) A major market stabilizer for farmers;
- b) A driver of rural industrialization;
- c) A source of quality jobs for youth;
- d) A platform for export growth;
- e) A catalyst for MSME development;
- f) A long-term contributor to county revenue and economic resilience.

We therefore urge National Assembly and the relevant ministries to strengthen governance, transparency, operational planning and value-chain integration for CAIPs, ensuring that these

investments deliver measurable benefits to farmers, workers, youth enterprises and local communities across Makueni County.

6.11 Creative Economy, digital enterprises and fair taxation of Creative Income

YSD Makueni recognizes the creative economy as one of the most important emerging sectors for youth employment, enterprise development and wealth creation in Kenya.

Across Makueni County, increasing numbers of young people are generating income through Content creation, Documentary production, Photography, Videography, Film production, Music, Graphic design, Animation, Software development, Digital marketing, Social media management, Online freelancing, Digital publishing, Influencer marketing among others.

Unlike traditional employment, many of these young people operate in a borderless digital economy where clients, audiences, advertisers and payment platforms may be located outside Kenya.

During stakeholder consultations conducted by YSD Makueni, young creatives consistently expressed concern regarding what they perceive as **multiple layers of taxation** affecting income earned through international digital platforms. Many creators reported situations where:

- a) Earnings are subjected to deductions, withholding obligations or tax-related charges in foreign jurisdictions or by international platforms;
- b) The same earnings are subsequently subjected to local taxation requirements upon remittance, declaration or withdrawal in Kenya;
- c) Transaction charges, platform fees and exchange-related deductions further reduce earnings before income reaches the creator.

As a result, many young creatives feel that the current framework lacks clarity, predictability and fairness.

While YSD-Makueni supports tax compliance and recognizes the sovereign right of Kenya to tax income generated by its residents, the National Assembly should ensure that the taxation framework does not discourage participation in the digital economy or create circumstances that may result in perceived double taxation of creative income.

Recommendation 1: Review of Digital Creative Income Taxation

The National Assembly should direct the National Treasury, Kenya Revenue Authority and relevant regulatory agencies to undertake a comprehensive review of the taxation of digital creative income. The review should specifically examine:

- Potential instances of double taxation;

- Tax treatment of income earned through foreign platforms;
- Tax treatment of digital exports;
- Tax treatment of royalties and creator earnings;
- International best practices for taxation of digital creators;
- Simplified compliance mechanisms for small-scale creators.

The objective should be to establish a transparent and harmonized taxation framework that protects government revenue while supporting growth of the sector.

Recommendation 2: Protection of small-scale digital creators

The National Assembly should consider introducing simplified tax treatment for emerging creatives and digital entrepreneurs below specified income thresholds.

Many creators in counties such as Makueni earn irregular and modest incomes that fluctuate significantly from month to month. Complex tax obligations may discourage formalization and compliance.

A simplified framework would encourage voluntary compliance while supporting enterprise growth.

Recommendation 3: Alignment with the Creative Economy Bill, 2026

YSD Makueni notes ongoing national discussions around the proposed **Creative Economy Bill, 2026**, which seeks to establish a comprehensive framework for the development, promotion and regulation of Kenya's creative economy.

We submit that any taxation measures affecting creatives should be aligned with the broader objectives of that legislation.

Tax policy should not be developed in isolation from sector development policy.

The Committee should therefore ensure that fiscal measures affecting creatives support:

- Talent development;
- Innovation;
- Intellectual property protection;
- Digital exports;
- Employment creation;
- International competitiveness.

Recommendation 4: Comprehensive National public participation on The Creative Economy

YSD Makueni recommends that the National Assembly undertake structured county-level engagement with creatives across all 47 counties before finalizing long-term fiscal and regulatory frameworks affecting the sector.

Such engagement should include Content creators, Musicians, Photographers, Writers, Film producers, Digital freelancers, Animators, Designers, Software developers, Creative associations.

The purpose should be to collect views on:

- Taxation;
- Intellectual property protection;
- Revenue sharing;
- Platform accountability;
- Monetization challenges;
- Access to financing;
- Skills development.

This engagement would ensure that future legislation reflects the realities of creatives operating both within and outside major urban centres.

Recommendation 5: Shift from taxing creativity to growing the creative economy

YSD Makueni submits that the long-term objective of public policy should be expansion of the creative economy rather than immediate revenue extraction from a still-developing sector.

The Committee should prioritize policies that:

- Increase creator incomes;
- Expand market access;
- Improve monetization opportunities;
- Protect intellectual property;
- Encourage investment in creative enterprises.

A thriving creative economy will ultimately generate greater tax revenues through growth, formalization and job creation than a framework perceived as punitive by emerging creators.

The Finance Bill, 2026 should therefore be reviewed to ensure that taxation of digital creative income is transparent, harmonized, growth-oriented and aligned with the broader national objective of building a globally competitive creative economy.

6.12 Taxation and public confidence

One of the strongest themes emerging from consultations was the relationship between taxation and accountability. Participants consistently indicated that citizens are more willing to support

taxation when they can clearly see public resources translated into Water projects, Roads, Irrigation schemes, Markets, Schools, Health facilities, Agricultural support systems.

Public discussions around the Finance Bill frequently reflect concerns about **expenditure efficiency, accountability** and **value for money**. Similar sentiments have been observed in public discourse and stakeholder responses to the Bill.

YSD Makueni therefore recommends that National Assembly strengthen expenditure oversight mechanisms by requiring:

- a) Annual expenditure efficiency reporting;
- b) Public disclosure of major development project performance;
- c) Enhanced value-for-money audits;
- d) Strengthened anti-corruption safeguards.

Revenue mobilization and expenditure accountability should be pursued simultaneously.

7.0 SUBMISSIONS ON THE SOVEREIGN WEALTH FUND BILL, 2026 (NATIONAL ASSEMBLY BILL NO. 7 OF 2026)

Introduction and statutory basis

Youth for Sustainable Development (YSD) – Makueni County presents this memorandum pursuant to **Article 118(1)(b) of the Constitution of Kenya, 2010** and **Standing Order 127(3)** of the National Assembly Standing Orders, which obligate the National Assembly to facilitate public participation in legislative processes.

We appreciate the opportunity to engage on the **Sovereign Wealth Fund Bill, 2026**. However, after detailed interrogation of Kenya's fiscal architecture, debt sustainability trajectory, and institutional landscape, we submit a **firm and reasoned opposition to the Bill in its entirety**.

Our position is anchored on three core concerns:

- 1. Structural duplication of existing public financial institutions**
- 2. Weak fiscal justification under current macroeconomic conditions**
- 3. Governance and accountability risks within Kenya's institutional environment**

At the heart of this submission lies a fundamental governance question:

In a high-debt, fiscally constrained economy with multiple underperforming public funds, what economic gap does a Sovereign Wealth Fund intend to solve?

From a grassroots perspective in Makueni County, the lived reality does not reflect a shortage of public financial instruments, but rather a **deficit in efficiency, coordination, transparency, and measurable impact**.

7.1 Existing institutional landscape: evidence of policy and institutional duplication

Kenya already operates a **densely populated ecosystem of funds and development financing mechanisms**, including:

- 1) Infrastructure and Capital Development Instruments**
 - Road Maintenance Levy Fund (RMLF)
 - Public Private Partnership Directorate (PPP Unit)
 - Kenya Infrastructure Finance / Development financing structures
 - County Government Development Budgets
 - National Government Constituencies Development Fund (NG-CDF)
- 2) Enterprise and Social Investment funds**
 - Youth Enterprise Development Fund (YEDF)
 - Women Enterprise Fund (WEF)

- Uwezo Fund
- Hustler Fund / Financial Inclusion Fund
- Constituency bursary systems and county bursaries

3) Strategic and Parastatal Investment entities

- Kenya Development Corporation (KDC)
- State-Owned Enterprises (SOEs) investment arms
- Pension schemes (NSSF and public service pension structures)

4) Stabilization and Fiscal Management Instruments

- Treasury-managed fiscal buffers and stabilization mechanisms (ad-hoc arrangements)
- Central Bank liquidity support frameworks (CBK Act provisions)

7.2 Policy concern

Despite this wide institutional ecosystem, Kenya continues to experience:

- i. Persistent infrastructure gaps
- ii. Youth unemployment above 30%
- iii. Uneven regional development
- iv. Inefficiencies in fund absorption and utilization

This raises a serious policy contradiction:

If existing funds are not delivering optimal outcomes, the problem is not absence of institutions—it is institutional inefficiency.

7.3 Kenya's macro-fiscal context: a constrained economy

7.3.1 Public debt position

Kenya's fiscal environment is characterized by high and rising indebtedness:

- Total public debt: **approximately KES 11.8 trillion**
- Debt-to-GDP ratio: **approximately 68%–70%**
- Annual debt service obligations: **over KES 1.5–1.8 trillion in recent fiscal cycles**
- Revenue absorption by debt service: **exceeding 60% of ordinary revenue in some estimates**

7.3.2 Fiscal stress indicators

- Narrowing fiscal space for development expenditure
- Increasing reliance on domestic borrowing
- Rising interest rate exposure on Treasury securities
- Persistent budget deficits averaging **4%–6% of GDP**

7.3.3 Policy implication

A sovereign wealth fund requires **consistent fiscal surplus generation or resource windfalls**. Kenya currently operates in a **deficit-financed fiscal regime** characterized by debt accumulation rather than surplus accumulation

This creates a structural contradiction:

A sovereign wealth fund is a surplus management tool, not a deficit economy expansion mechanism.

7.4 Governance and accountability risks

The proposed Bill introduces significant governance concerns:

7.4.1 Institutional overlap and mandate confusion

The Fund risks overlapping with:

- Treasury fiscal management functions
- Central Bank liquidity stabilization roles
- Kenya Development Corporation investment mandate
- Existing infrastructure financing mechanisms

This creates a **parallel fiscal authority structure**, increasing fragmentation.

7.4.2 The National Assembly oversight concerns

While The National Assembly retains oversight authority, practical risks include:

- reduced real-time visibility over investment decisions
- technical complexity limiting legislative scrutiny capacity
- potential delegation of authority to unelected investment boards

These risks shifting oversight from **ex-ante control to ex-post reporting**, weakening constitutional fiscal accountability.

7.4.3 Transparency and Public Finance integrity

Kenya's historical public finance challenges include:

- audit queries in major funds
- procurement opacity in infrastructure projects
- inconsistent reporting of fund performance outcomes

Without strong safeguards, a sovereign wealth fund risks becoming a **high-capacity capital pool with low transparency enforcement**.

7.5 Performance of existing public funds: empirical governance failure pattern

A consistent pattern emerges across Kenya's existing funds:

Fund type	Issues
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Infrastructure funds	• Delays in project completion under RMLF • Poor maintenance cycles in rural road networks • Weak linkage between allocation and measurable outcomes
Youth and Enterprise Funds	• YEDF: constrained capitalization and limited national reach • Uwezo Fund: politicization of group selection processes • Hustler Fund: high uptake but limited evidence of structural economic transformation

Systemic pattern

Across all funds:

- fragmented governance structures
- duplication of mandates
- weak outcome-based performance tracking
- limited independent evaluation frameworks

Key conclusion

The binding constraint is not absence of funds but **failure of institutional coordination, accountability enforcement, and impact evaluation.**

7.6 International benchmarking: structural incompatibility with Kenya

Country	Fund	Key features	Observations
Malaysia	Khazanah Nasional	• operates within a relatively stable fiscal environment • aligned to industrial policy and export strategy • professionally managed with reduced political interference	• still subject to periodic governance restructuring • dependent on disciplined macroeconomic management
Norway	Government Pension Fund Global	• funded entirely from oil revenue surplus • strict fiscal rule preventing domestic political spending • high transparency and global benchmarking standards	=

Structural incompatibility with Kenya

Kenya differs fundamentally:

<u>Variable</u>	<u>Sovereign wealth model Countries</u>	<u>Kenya</u>
Fiscal position	Surplus-based	Deficit-based
Revenue structure	Resource/export surplus	Tax-dependent
Debt profile	Low/moderate	High (~68% GDP)
Institutional trust	High	Moderate/strained
Fund discipline	Strict legal firewalls	Fragmented enforcement

7.7 Policy risk assessment

The Sovereign Wealth Fund Bill, 2026 introduces the following risks:

Fiscal risk

- diversion of scarce resources into capital pooling
- opportunity cost on essential services (health, education, infrastructure)

Institutional risk

- creation of overlapping financial governance structures
- weakening of Treasury centrality in fiscal management

Governance risk

- increased exposure to political economy pressures
- risk of elite capture in investment decision-making

Economic risk

- misalignment between fund structure and macroeconomic reality
- reduced fiscal flexibility during debt distress periods

7.8 Youth and grassroots perspective (makueni county)

From the lived reality of youth in Makueni County:

- Development funds exist but outcomes remain uneven
- Infrastructure gaps persist despite continuous budget allocations
- Unemployment remains structurally high
- Trust in public fund effectiveness remains low

This leads to a fundamental question: **Are we creating more financial instruments or improving the performance of existing ones?**

To citizens, institutional expansion without visible impact translates into **policy repetition without transformation**

7.9 Position of YSD Makueni

Based on comprehensive analysis, YSD Makueni

STRONGLY AND UNEQUIVOCALLY OPPOSES the Sovereign Wealth Fund Bill, 2026.

We submit that:

1. The Bill duplicates existing fiscal and investment institutions
2. Kenya lacks the macroeconomic surplus conditions required for a sovereign wealth fund
3. Existing funds demonstrate weak and inconsistent performance outcomes
4. Governance risks outweigh projected theoretical benefits
5. Comparative models are structurally incompatible with Kenya's fiscal realities

7.10 Recommendations to the National Assembly

We respectfully urge the National Assembly to:

1. **Reject** the Sovereign Wealth Fund Bill, 2026 in its entirety
2. **Engage in medium-term reform agenda**
 - i. Conduct a comprehensive audit of all national funds
 - ii. Consolidate overlapping funds into fewer, stronger institutions
 - iii. Strengthen Treasury-led fiscal coordination frameworks
3. **Intensify oversight strengthening efforts**
 - i. Enhance the National Assembly real-time audit capabilities
 - ii. Institutionalize independent fund performance evaluation frameworks
 - iii. Improve transparency and public reporting standards

Kenya's development challenge is not a shortage of institutions.

It is a shortage of institutional discipline, implementation efficiency, accountability enforcement, measurable impact

Therefore:

Creating additional funds without fixing systemic inefficiencies risks institutional layering without developmental transformation. We caution against expanding fiscal architecture in the absence of demonstrable governance reform.

8.0 SUBMISSIONS ON THE CENTRAL BANK (AMENDMENT) BILL, 2026

(NATIONAL ASSEMBLY BILL NO. 27 OF 2026)

Clause 1: Preliminary provisions (short title and commencement)

Provision:

This clause provides for the short title of the Act and commencement upon assent.

Potential impact on Makueni: Minimal direct impact; however, commencement timing affects financial sector transition, particularly microfinance institutions serving rural counties.

Risks:

Poorly phased implementation may disrupt liquidity flows in microfinance institutions serving rural populations.

Proposed amendment: Introduce a transitional implementation framework of not less than 6–12 months for affected financial institutions.

Justification:

Microfinance institutions in counties like Makueni provide essential credit to SMEs, farmers, and SACCO members. Sudden regulatory changes risk tightening credit access.

Expected outcome: Smooth regulatory transition without disrupting rural credit markets.

Clause 2: Approval of Deputy Governors of the Central Bank by National Assembly

Provision:

The Bill proposes that Deputy Governors of the Central Bank of Kenya be approved by the National Assembly.

Policy intent: To enhance accountability, transparency, and National Assembly oversight in the appointment of senior CBK leadership.

Potential impact on makueni: Indirect impact through strengthened governance of monetary policy, which influences:

- i. Interest rates on loans;
- ii. Inflation control
- iii. Credit availability for farmers and SMEs
- iv. Cost of borrowing for households.

Risks:

If politicized, the appointment process may compromise CBK independence, affecting monetary stability.

Proposed amendment:

Retain National Assembly approval but strengthen safeguards by:

- i. Clearly defining merit-based selection criteria;
- ii. Requiring publication of shortlisted candidates and CVs;
- iii. Mandating public participation or vetting hearings;
- iv. Insulating the process from partisan voting blocs.

Justification:

Central bank independence is critical for maintaining investor confidence, price stability, and predictable monetary policy. Kenya's inflation has remained moderate in the 2025–2026 period, and stability must be protected.

Expected outcome:

Balanced governance that enhances transparency without undermining institutional independence.

Clause 3: Expansion of Central Bank Reserves to include silver, platinum and other precious metals

Provision:

The Bill expands CBK reserve assets beyond gold to include silver, platinum and other precious metals.

Policy intent:

To diversify foreign exchange reserves and hedge against inflation, currency volatility and global financial shocks.

Potential impact on makueni:

Indirect macroeconomic impact through;

- Exchange rate stability affecting import prices,
- Inflation control affecting cost of food and fuel,
- Long-term investment stability affecting county development financing.

Risks

- i. Commodity price volatility may expose reserves to market fluctuations;
- ii. Lack of clear valuation frameworks may create transparency concerns;
- iii. Diversification may reduce liquidity of reserves if poorly managed.

Proposed amendment:

Include strict statutory safeguards requiring:

- i. Annual independent valuation audits of reserve assets;
- ii. Clear asset allocation thresholds for each commodity class;
- iii. National Assembly reporting on reserve performance;

- iv. Risk exposure disclosure frameworks.

Justification:

While diversification aligns with global central banking trends (including emerging market reserve strategies), it must be accompanied by strong governance and transparency frameworks to prevent speculative risk exposure.

Expected outcome:

Strengthened reserve diversification with enhanced accountability and reduced volatility risk.

Clause 4: Emergency liquidity support to banks and microfinance institutions

Provision:

The Bill empowers CBK to extend emergency lending to banks and microfinance institutions to support financial stability.

Policy intent:

To prevent systemic banking crises, ensure liquidity stability, and safeguard depositors.

Potential impact on makueni:

Highly significant due to dependence on microfinance institutions, SACCOs, digital lending platforms, rural banking agents.

Risks:

- i. Moral hazard if institutions rely excessively on CBK bailouts;
- ii. Lack of transparency in emergency lending decisions;
- iii. Potential misallocation of public funds to poorly governed institutions.

Proposed amendment:

Require that emergency liquidity interventions:

- Be publicly disclosed within 30–60 days;
- Be subject to National Assembly oversight review
- Include strict eligibility criteria for beneficiary institutions;
- Require repayment and recovery frameworks.

Justification:

Financial stability interventions must be transparent to maintain public trust and prevent misuse of public-backed liquidity support mechanisms.

Expected outcome:

Enhanced financial sector stability with accountability and reduced systemic risk exposure.

Clause 5: Central Bank lending powers for financial stability

Provision:

CBK is empowered to lend to financial institutions for emergency stability purposes.

Policy intent:

To enhance CBK's role as lender of last resort.

Potential impact on Makueni:

Stabilizes credit flows to:

- i. Farmers relying on seasonal credit;
- ii. SMEs dependent on working capital loans;
- iii. Households' dependent on micro-loans.

Risks:

- a) Overextension of CBK balance sheet;
- b) Weak supervision of beneficiary institutions;
- c) Hidden fiscal risks transferred to the public balance sheet.

Proposed amendment:

Introduce a statutory cap on CBK emergency exposure and require:

- i. Treasury guarantee backstops for systemic interventions;
- ii. Periodic stress testing reports to National Assembly.

Justification:

International central banking practice requires clear limits on lender-of-last-resort functions to avoid quasi-fiscal risks.

Expected outcome:

Controlled emergency lending with reduced systemic fiscal risk.

Clause 6: Enhanced powers in precious metal transactions and reserves management

Provision:

CBK is granted expanded authority to buy, sell, import and export precious metals for reserve management.

Policy intent:

To improve flexibility in reserve management and enhance liquidity operations.

Potential impact on Makueni

- i. Indirect impact through macroeconomic stability, particularly exchange rate stability affecting fuel and fertilizer prices,
- ii. Inflation control affecting household purchasing power.

Proposed amendment:

Mandate:

- i. Public disclosure of annual reserve transactions;
- ii. Independent audit by the Office of the Auditor-General;
- iii. National Assembly committee reporting on reserve strategy.

Justification:

Given the strategic importance of national reserves, transparency is essential for public trust and economic stability.

Expected outcome:

Efficient reserve management with strengthened institutional accountability.

8.1 Cross-cutting observations

From a macroeconomic and county development perspective, we note that the Central Bank (Amendment) Bill, 2026 is broadly aimed at strengthening financial stability, monetary governance, reserve diversification, emergency liquidity frameworks.

However, without strong safeguards, there is risk of:

- i. Reduced transparency in financial interventions;
- ii. Increased systemic exposure to commodity volatility;
- iii. Potential weakening of institutional independence if politicized.

For Makueni County, where households are highly sensitive to inflation, credit access and agricultural input prices, CBK policy credibility directly determines economic welfare outcomes.

We support reforms aimed at strengthening the Central Bank of Kenya's capacity to ensure financial stability, safeguard the banking system, and enhance resilience against economic shocks.

We submit that a strong, transparent and accountable Central Bank framework is essential for maintaining financial stability, protecting household welfare, supporting agricultural productivity, and sustaining economic resilience across all counties.

9.0 SUBMISSIONS ON THE KENYA REVENUE AUTHORITY (AMENDMENT) BILL, 2026

Clause 2 – Deletion of references to "ex-officio" board members

Provision	Clause 2 of the Bill proposes to delete references to the term " <i>ex-officio</i> " in various sections of the KRA Act relating to membership of the Board of Directors.
Policy intent	The sponsor intends to clarify that all members of the KRA Board, including those who hold public offices by virtue of their positions, shall be appointed through a formal process rather than serving automatically by virtue of their office. This aims to enhance Board cohesion, accountability, and alignment with modern corporate governance standards.
Potential impact on Makueni	Residents and businesses of Makueni County interact with KRA primarily through tax compliance, VAT registrations, customs (for traders), and dispute resolution. The governance of KRA affects the efficiency, fairness, and transparency of these interactions. A Board with clearly defined, non-ex-officio membership may improve strategic oversight and responsiveness. However, the removal of automatic seats for certain key government officials (e.g., Principal Secretary for Treasury, Attorney General) could potentially reduce inter-agency coordination on tax policy and administration.
Risks	Loss of institutional continuity: Ex-officio members bring technical expertise and institutional memory from their respective ministries. Deleting these references may disrupt seamless coordination between KRA and other government agencies. Potential politicization of appointments: If all Board members become subject to political appointment processes, there is a risk that technical competence may be compromised in favour of political patronage. Delayed decision-making: Board formation may take longer if all positions require formal appointment, potentially leading to governance gaps.
Proposed Amendment	We propose that the Bill be amended to: Option A (Preferred): Retain a limited number of <i>ex-officio</i> members for key technical positions (e.g., Principal Secretary for the National Treasury, Attorney General) while converting other <i>ex-officio</i> positions to appointed members.

	Option B: If all <i>ex-officio</i> references are deleted, the Bill should include a transitional provision and clear, merit-based criteria for appointment of all Board members, including qualification requirements (e.g., experience in tax law, economics, public finance, or corporate governance). Specific drafting: <i>"Notwithstanding the deletion of ex-officio references, the appointing authority shall ensure that at least two members of the Board possess specialized expertise in tax administration, public finance, or revenue law, and that the Principal Secretary responsible for finance shall be an ex-officio member with voting rights."</i>
Justification	1. Inter-agency coordination between KRA and the National Treasury is critical for revenue policy alignment. The Principal Secretary for Treasury should retain an ex-officio seat to facilitate seamless information flow. 2. The Attorney General's office provides essential legal guidance on tax disputes and interpretation. Automatic representation ensures timely legal advice. 3. For Makueni taxpayers, a well-governed KRA translates to faster dispute resolution, clearer tax guidelines, and reduced compliance costs. A purely appointed Board may not automatically deliver these benefits if appointments are not rigorous. 4. The Constitution (Article 232) requires public service to be efficient, effective, and responsive. Maintaining a balanced mix of ex-officio and appointed members achieves this balance.

Clause 3 – Updating the first schedule (Revenue laws)

Provision	Clause 3 proposes to amend the First Schedule to the KRA Act, which lists the revenue laws administered by KRA, to update references, remove repealed laws, and include new or amended legislation.
Policy intent	To ensure that the Schedule reflects the current legal framework governing taxation in Kenya, thereby avoiding legal ambiguities and ensuring that KRA has clear statutory mandate over all relevant revenue laws. This is a housekeeping and technical amendment.

Potential impact on Makueni	For most residents, farmers, and small traders in Makueni, the specific laws listed in the Schedule are less important than how KRA administers them. However, clarity in the legal mandate ensures that KRA does not overstep its authority or fail to collect taxes that are legally due. This has indirect benefits for public services funded by national revenue (e.g., roads, health, education, and devolved functions).
Risks	1. Omission of relevant laws: If the Schedule is not comprehensively updated, KRA may lack clear authority over certain revenue streams, leading to litigation or revenue leakage. 2. Inclusion of repealed laws: The Bill must ensure that all repealed statutes are explicitly removed to avoid confusion. 3. Lack of stakeholder consultation: Taxpayers and businesses were not consulted on which laws should be included or removed. This may lead to disputes if KRA claims mandate over a law that stakeholders believed was no longer applicable.
Proposed amendment	We propose that: 1. The Committee require the Kenya Revenue Authority to publish, within 30 days of enactment, a public notice listing all revenue laws that are being added or removed from the First Schedule, together with a brief explanation of the effect of each change. 2. The Bill includes a transitional clause that any revenue law repealed but still referenced in the Schedule shall be deemed deleted without affecting any ongoing tax assessments or disputes. 3. The First Schedule be subject to automatic annual review by the National Assembly to keep pace with legislative changes, rather than requiring a further amendment Bill each time a revenue law is amended.
Justification	1. Transparency: Taxpayers have a right to know under which laws KRA is empowered to collect taxes. A public notice ensures clarity and reduces disputes. 2. Legal certainty: Transitional provisions prevent confusion when laws are repealed but remain listed in the Schedule.

	3. Efficiency: An annual review mechanism reduces legislative backlog and ensures the Schedule is always current, benefiting both KRA and taxpayers. For Makueni businesses, especially those engaged in cross-border trade or agriculture, knowing the exact legal basis for tax assessments is essential for compliance and planning.
Expected outcome	Adoption of our proposals will result in a transparent, up-to-date, and legally certain framework for revenue administration. Taxpayers in Makueni and across Kenya will have clear information on the laws KRA administers, reducing disputes and enhancing voluntary compliance. The annual review mechanism will keep the Schedule current without requiring repeated National Assembly amendments.

9.2 ADDITIONAL OBSERVATION – OVERSIGHT AND ACCOUNTABILITY

Observation: The Bill does not address broader governance issues such as National Assembly oversight of KRA, taxpayer rights, or dispute resolution mechanisms.

Recommendation: We recommend that the Committee consider a separate legislative initiative to strengthen taxpayer protection, including:

- Establishment of an independent Tax Ombudsman;
- Mandatory publication of KRA performance reports;
- Clear timelines for dispute resolution;
- Sanctions for KRA officers who violate taxpayer rights.

Justification: While the current Bill is limited in scope, governance of KRA directly affects every taxpayer. Strengthening accountability and oversight will enhance public trust and voluntary compliance.

Expected outcome: A comprehensive review of KRA governance will lead to a more taxpayer-friendly, efficient, and accountable revenue authority, ultimately increasing revenue collection and reducing compliance costs for individuals and businesses in Makueni.

The Kenya Revenue Authority (Amendment) Bill, 2026 is a relatively technical piece of legislation aimed at improving the governance framework of KRA by deleting ex-officio references and updating the Schedule of revenue laws. While we support the policy intention of modernizing KRA's governance, we urge the Departmental Committee on Finance and

National Planning to consider these submissions and engage with other stakeholders for further clarification.

We reaffirm our commitment to constructive engagement in the legislative process and to advancing policies that promote efficient, fair, and accountable revenue administration for the benefit of all Kenyans, particularly the people of Makueni County.

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FOR & BEHALF;



YOUTH FOR SUSTAINABLE DEVELOPMENT (YSD) – MAKUENI CHAPTER CBO

MAKUENI CHAPTER

FOR SUSTAINABLE DEVELOPMENT

**MATRIX OF THE OFFICE OF THE ATTORNEY-GENERAL AND DEPARTMENT OF JUSTICE ON THE CENTRAL BANK OF KENYA
(AMENDMENT) BILL, 2026 (NA BILL NO. 27 OF 2026)**

NO	CLAUSE	ISSUE	RECOMMENDATION	RATIONALE
1.	2—Amendment of section 4—Principal object of the Bank.	The words “promote” and “foster” creates ambiguity as to which of the two is the object of the Bank.	Amend the Bill by deleting the word “promote”.	To provide clarity on the object of the Bank.
2.		The words “the banking system” in the proposed object in the new subsection (2)(b), create ambiguity.	Define the term “banking system” or use the term “market-based financial system”.	To provide for clarity in what is referred to as the “banking system” or make reference to the “market-based financial system” for consistency paragraph (a).
3.	3—Amendment of section 4A—Other objects of the Bank	The proposed object to provide training to members of the public would make the Bank, government institutions and other persons from other jurisdictions is inconsistent with section 17 of the Technical and Vocational Education and Training Act which requires the registration and licensing by the Technical and Vocational Education and Training Authority for an entity to offer training in Kenya.	Amend the Bill to delete the proposed paragraph (i) and substitute therefor the following paragraphs— (i) provide capacity building to the members of staff of the Bank; and (ii) establish an institution to offer training to members of the public in accordance with the Technical and Vocational Education and Training Act.	To provide clarity on the scope of capacity building that may be undertaken by the Bank. To provide for consistency with the Technical and Vocational Education and Training Act.
4.	6—Replacement of section 36—Loans	The proposal does not specify any transitional provisions that	Specify transitional provisions for loans issued by the Bank.	To specify on the status of the loans and obligations therein

		would apply to existing loans issued by the Bank.		upon commencement of the amendment.
5.	8—Amendment of section 57—Regulations by the Bank	The proposed scope of regulations made by the Bank to include training is inconsistent with section 17 of the Technical and Vocational Education and Training Act which requires the registration and licensing by the Technical and Vocational Education and Training Authority for an entity to offer training in Kenya.	Amend the Bill to delete the words “and training” in the proposed new paragraph (ia).	To provide clarity on the scope of the regulations that may be made to include capacity building that may be undertaken by the Bank.