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THIRTEENTH PARLIAMENT – FIFTH SESSION – 2026

COMMITTEE ON DELEGATED LEGISLATION

REPORT ON:

THE PUBLIC FINANCE MANAGEMENT (STATE OFFICERS AND PUBLIC OFFICERS
MOTOR CAR LOAN SCHEME FUND) (AMENDMENT) REGULATIONS, 2025 (LEGAL
NOTICE NO. 7 OF 2026)

MARCH 2026

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	31 MAR 2026
DAY:	TUE
TABLED BY:	HON. SAMUEL CHEPKONGA, MP CHAIRPERSON
CLERK-AT THE-TABLE:	✓ WAMBUI

The Directorate of Audit, Appropriations
& General Purpose Committees
The National Assembly
Parliament Buildings



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ABBREVIATIONS AND ACCRONYMS

AG	Attorney General
CBS	Chief of the Order of the Burning Spear
CEO	Chief Executive Officer
DLS	Directorate of Legislative and Procedural Services
EGH	Elder of the Order of the Golden Heart
EBS	Elder of the Order of the Burning Spear
GoK	Government of Kenya
LN	Legal Notice
MDA	Ministry, Department and Agency
MP	Member of Parliament
OAG	Office of the Auditor-General
ODM	Orange Democratic Movement
UDM	United Democratic Movement
UDA	United Democratic Alliance
UPA	United Progressive Alliance
UPIA	United Party of Independent Alliance
WDM–Kenya	Wiper Democratic Movement–Kenya

CHAIRPERSON'S FOREWORD

The Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 were made vide *LN. No. 7 of 2026* pursuant to powers conferred on the Cabinet Secretary for the National Treasury and Economic Planning under section 24(4) of the Public Finance Management Act (*Cap. 412A*), hence, is a statutory instrument within the meaning of section 2 of the Statutory Instruments Act (*Cap. 2A*).

The Regulations were published in the Gazette on Thursday, 12th February 2026 and received by the Clerk of the National Assembly on Thursday, 19th February, 2026. Subsequently, they were tabled before the House on the same day, 19th February 2026, within the statutory timelines set out in section 11(1) of the Statutory Instruments Act (*Cap. 2A*). They were committed to the Committee on Delegated Legislation for consideration.

The purpose of this Statutory Instrument is to offer an attractive loan facility to potential State Officers and Public Officers. The aim is to increase the uptake of the State Officers and Public Officers Motor Car Loan Scheme Fund and achieve the intended objective of the loan scheme.


Pursuant to section 16 of the Statutory Instruments Act (*Cap. 2A*), which requires the Committee to confer with the regulation-making authorities before making its decision, the Committee held a meeting with the National Treasury and Economic Planning on Thursday, 12th March, 2025, to deliberate on the Regulations.

Having examined the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 (*LN. No. 7 of 2026*) against the Constitution, the Statutory Instruments Act (*Cap. 2A*), the Public Finance Management Act (*Cap. 214A*), and the Interpretation and General Provisions Act (*Cap. 2*), the Committee resolved to recommend **that the House APPROVES the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 (LN. No. 7 of 2026) in accordance with section 24(4) the Public Finance Management Act (Cap. 412A)**

I sincerely thank the Speaker and the Office of the Clerk of the National Assembly for the invaluable support accorded to the Committee in the

discharge of its mandate. I also wish to thank the Committee Membership and the Secretariat for their diligence in considering these Regulations.

On behalf of the Members of the Committee on Delegated Legislation and pursuant to Standing Order 210, it is my pleasure and duty to present to the House the Committee's **Report on the Consideration of the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 (LN. No. 7 of 2026)**.


HON. CHEPKONG'A KIPRONO SAMUEL, CBS, MP.
Chairperson, Committee on Delegated Legislation.

1.0 PREFACE

1.1 Establishment and Mandate of the Committee

1. The Select Committee on Delegated Legislation is established under **Standing Order No. 210** of the National Assembly Standing Orders and is mandated to consider statutory instruments submitted to Parliament for consideration. The Committee is expected to consider, in respect of any statutory instrument, whether it is in accordance with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written laws.
2. The Committee is mandated to consider, in respect of any statutory instrument, whether it:
 - a) is in accordance with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written laws;
 - b) infringes on fundamental rights and freedoms of the public;
 - c) contains a matter which, in the opinion of the Committee should more properly be dealt with in an Act of Parliament;
 - d) contains imposition of taxation;
 - e) directly or indirectly bars the jurisdiction of the Courts;
 - f) gives retrospective effect to any of the provisions in respect to which the Constitution or the Act does not expressly give any such power;
 - g) involves expenditure from the Consolidated Fund or other public revenues;
 - h) is defective in its drafting or for any reason the form or purport of the statutory instrument calls for any elucidation;
 - i) appears to make some unusual or unexpected use of the powers conferred by the Constitution or the Act pursuant to which it is made;
 - j) appears to have had an unjustifiable delay in its publication or laying before Parliament;
 - k) makes rights, liberties or obligations unduly dependent upon non-reviewable decisions;
 - l) makes rights, liberties or obligations unduly dependent on insufficiently defined administrative powers;
 - m) inappropriately delegates legislative powers;

- n) imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;
- o) appears for any reason to infringe on the rule of law;
- p) inadequately subjects the exercise of legislative power to Parliamentary scrutiny; and
- q) accords to any other reason that the Committee considers fit to examine.

1.2 Committee Membership

3. The Committee membership comprises –

Chairperson

Hon. Chepkong'a Kiprono Samuel, CBS, M.P.

Ainabkoi Constituency

UDA

Vice-Chairperson

Hon. Githinji Robert Gichimu, M.P.

Gichugu Constituency

UDA

Committee Members

Hon. Mbui Robert, CBS, M.P.

Kathiani Constituency

WDM-Kenya

**Hon. (Maj) (Rtd) Dekow Barrow
Mohamed, M.P.**

Garrisa Township Constituency

UDA

**Hon. Julius Lekakeny Ole Sunkuli,
EGH, EBS, M.P.**

Kilgoris Constituency

KANU

Hon. Kamene Joyce, M.P.

Machakos County

WDM-Kenya

**Hon. Dr. Onchoke, Mamwacha
Charles, M.P.**

Bonchari Constituency

UPA

**Hon. Dr. Kimaiyo, Gideon Kipkoech,
M.P.**

Keiyo South Constituency

UDA

Hon. Waithaka, John Machua, M.P.

Hon. Chebor, Paul Kibet, M.P.

Kiambu Constituency
UDA

Hon. Yakub Adow Kuno, M.P.

Bura Constituency
UPIA

Hon. Mwirigi John Paul, M.P.
Igembe South Constituency
UDA

Hon. Chepkorir Linet, M.P.
Bomet County
UDA

Hon. Oluoch Anthony Tom, M.P.
Mathare Constituency
ODM

Hon. Moses Okoth Omondi, M.P.
Ugunja Constituency
ODM

Hon. Mugabe Innocent Maino, M.P.
Likuyani Constituency
ODM

Rongai Constituency
UDA

**Hon. (Maj) (Rtd) Abdullahi, Bashir
Sheikh, M.P.**
Mandera North Constituency
UDM

Hon. Odoyo, Jared Okello, M.P.
Nyando Constituency
ODM

Hon. Munyoro Joseph Kamau, M.P.
Kigumo Constituency
UDA

Hon. Lenguris Pauline, M.P.
Samburu County
UDA

Hon Mnyazi Amina Laura, MP.
Malindi Constituency
ODM

1.3 Committee Secretariat

4. The Secretariat facilitating the Committee comprises –

Ms. Wanjiru Mwaura	Principal Clerk Assistant (Team Leader)
Mr. Dima Dima	Deputy Director-DLS
Mr. Brian Langwech	Clerk Assistant III
Ms. Grace Odedere	Clerk Assistant III
Mr. Peter Barasa	Legal Counsel II
Ms. Angela Musau	Legal Counsel II
Ms. Brenda Michira	Research Officer III
Mr. Noah Chemweno	Serjeant at Arms
Mr. Daniel Psirimoi	Media Relations Officer III

2.0 CONSIDERATION OF THE PUBLIC FINANCE MANAGEMENT (STATE OFFICERS AND PUBLIC OFFICERS MOTOR CAR LOAN SCHEME FUND) (AMENDMENT) REGULATIONS, 2025 (L.N. NO. 7 OF 2026)

2.1 Introduction

5. The Public Finance Management Act (Cap 412A) mandates the Cabinet Secretary to the National Treasury to establish National Government Public Funds.
6. The State Officers and Public Officers Motor Car Loan Scheme Fund is an entity under the National Treasury mandated to provide car loan facilities to state officers and public officers to acquire motor car loans. This is in line with the Salaries and Remuneration Commission circular letter No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December, 2014, conferring mortgage and car loan benefits to qualifying state and public officers with an ultimate goal of attracting and retaining skilled labour and enhancing productivity in the public service.
7. The Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 (LN. No. 7 of 2026) were made pursuant to the powers conferred on the Cabinet Secretary for the National Treasury and Planning under section 24(4) of the Public Finance Management Act (Cap. 412A), hence, is a statutory instrument within the meaning of section 2 of the Statutory Instruments Act (Cap. 2A).
8. The Regulations were published in the Gazette on Thursday, 12th February, 2026, received by the Clerk of the National Assembly on Thursday 19th February, 2026, and tabled before the House on Thursday 19th February 2026, within the statutory timelines contemplated under section 11(1) of the Statutory Instruments Act. They were subsequently transmitted to the Committee on Delegated Legislation for consideration.
9. Pursuant to section 16 of the Statutory Instruments Act Cap 2A, which requires the Committee to confer with the regulation-making authorities before making its decision, the Committee held a meeting with the National Treasury and Economic Planning on Thursday, 12th March 2026, to deliberate on the Regulations.

2.2 Object and Purpose of the Regulations

10. The purpose of this Statutory Instrument is to make the loan facility attractive to potential beneficiaries. The intended effect is to increase

the beneficiary uptake of the State Officers and Public Officers Motor Car Loan Scheme Fund and achieve the intended objective of the motor car loan scheme.

2.3 Policy Context and Rationale for the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 (LN. No. 7 of 2026)

11. The Salaries and Remuneration Commission (SRC) through a circular of 17th December, 2014, conferred mortgage and car loan benefits to public officers. The goal was to motivate state and public officers towards enhanced productivity as well as attract and retain requisite skills in the public service. The circular provided guidelines regarding implementation and administration of the benefits, including financing modalities, loan thresholds and applicable interest rates.
12. In 2015, vide Legal Notice 195 of 25th September, 2015, the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) Regulations were enacted to provide guidance regarding the car loan benefit, including the establishment of the car loan scheme Fund, the object and purpose of the Fund, sources of the Fund, expenditure of the Fund, loan application procedure, eligibility criteria, beneficiaries, loan thresholds, conditions for disbursement of the funds, loan interest, loan repayment, structure of governance and administration of the Fund, among other operational guidelines.
13. The primary objective of Motor Car Loan Scheme Fund was therefore to facilitate state and public officers under the national government to acquire motor vehicles.
14. However, due to low uptake over the years, the National Treasury conducted a study and established various provisions of the Motor Car Loan Scheme Fund Regulations that may be contributing to the low uptake of loans. These include the following:
 - a) Requirement for loan advanced to be paid within a period of sixty months (five years) on account of low pay slip headroom.
 - b) Restriction of purchase of vehicles that are not more than eight years old from the date of manufacture.
 - c) Restriction of the use of the vehicle.
 - d) Low loan thresholds vis-à-vis the increasing cost of vehicles.

15. The low uptake of loans has been a subject of audit queries. The Auditor General reports on the audit of the Fund's Financial Statements have repeatedly highlighted low uptake of the car loans as a matter of concern. The matter has also caught the attention of the National Assembly, and the management of the Fund has been summoned to the National Assembly on a number of occasions on the same.
16. Further, low absorption of loans threatens the very existence of the Fund. It is a pointer to an issue concerning the sustainability of the Fund. There is a risk of the funds allocated to the Fund being recalled. In this regard, there was need to reexamine the current structures and legal framework of the Fund to ensure that the scheme operates efficiently and effectively, including providing timely services to the beneficiaries.
17. The proposed amendments to the Regulations are geared towards ensuring Fund sustainability and enabling the Fund to discharge its mandate in earnest.

2.4 Summary of the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 (LN. No. 7 of 2026)

18. The Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 contains amendments to the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) Regulations, 2025 (hereinafter referred to as the Principal Regulations).
19. **Regulations 1** is the preliminary provision which provides for the citation.
20. **Regulation 2** amends the Principal Regulations by expanding the definition of terms.
21. **Regulation 3** amends Regulation 7 of the Principal Regulations and provides for the expenses of the Fund.
22. **Regulation 4** amends Regulation 9 of the Principal Regulations and provides for the eligibility criteria of the beneficiaries to the Fund.
23. **Regulation 5** amends Regulation 10 of the Principal Regulations and provides for the functions of the Advisory Board.

24. **Regulation 6** amends Regulation 11 of the Principal Regulations by deleting the words "is set out in the Schedule in these Regulations or as may be" and substituting therefor with the words "shall be as".
25. **Regulation 7** amends Regulation 12 of the Principal Regulations amending paragraph (b), by deleting the word "beneficiary", and provides for loan application requirements.
26. **Regulation 8** amends Regulation 13 of the Principal Regulations by expanding the conditions and obligations for loan application.
27. **Regulation 9** amends the Principal Regulations by inserting a new Regulation 13A that provides for the eligibility requirements for subsequent loans.
28. **Regulation 10** amends the Principal Regulations by deleting and substituting new Regulation 14 that introduces insurance for loans.
29. **Regulation 11** amends the Principal Regulations by inserting a new Regulation 14A, that provides for installation of tracking and security systems.
30. **Regulation 12** amends Regulation 15 of the Principal Regulations and provides for expanded loan obligations.
31. **Regulation 13** amends Regulation 16 of the Principal Regulations and extends loan repayment periods and broadens the payment terms.
32. **Regulation 14** amends Regulation 18 of the Principal Regulations by deleting the word "borrower" and substituting it with the word "beneficiary".
33. **Regulation 15** amends Regulation 19 of the Principal Regulations by requiring registration of security rights as provided under the Movable Property Security Rights Act over the motor cars acquired through loans.
34. **Regulation 16** amends Regulation 20 of the Principal Regulations.
35. **Regulation 17** amends Regulation 24 of the Principal Regulations by removing the requirement for gazettelement by the 10th day of every fourth month.
36. **Regulation 18** amends Regulation 28 of the Principal Regulations by expanding the financial scope and inserting the term "liabilities" immediately after the word "assets".

37. **Regulation 19** amends Regulation 31 of the Principal Regulations by deleting the term “civil servants” and substituting with the words “public officers”.

38. **Regulation 20** amends the Principal Regulations by deleting the Schedule.

2.5 Scrutiny of the Instrument

39. The Committee examined the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations 2025 (LN. No. 7 of 2026) against the Constitution, the Interpretation and General Provisions Act (Cap 2), the Public Finance Management Act (Cap. 412A) and the Statutory Instruments Act (Cap. 2A).

40. The scrutiny was undertaken following the tabling of the Regulations before the House on Thursday, 19th February 2026 and their subsequent referral to the Committee on Delegated Legislation. The Committee held a meeting with the National Treasury and Economic Planning on Thursday, 12th March, 2026, at Room 21, 5th Floor, Bunge Tower, Parliament Buildings, to deliberate on the Regulations.

3.0 COMMITTEE OBSERVATIONS

41. Having examined the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 (LN. No. 7 of 2026) against the Constitution, the Public Finance Management Act (Cap. 412A) and the Statutory Instruments Act (Cap. 2A), the Interpretation and General Provisions Act (Cap. 2), the Committee observed **THAT**: -

3.1 Statutory Timelines

42. The Regulations were published in the gazette on Thursday, 12th February, 2026 vide Legal Notice No. 7 of 2026, submitted to the Clerk of the National Assembly on Thursday, 19th February, 2026 and laid on the table of the House on Thursday, 19th February, 2026, being within the requisite statutory timelines under section 11(1) of the Statutory Instruments Act (Cap. 2A).

3.2 Consultations/Public Participation

43. Articles 10 and 118 of the Constitution and section 5 of the Statutory Instruments Act require that the regulation-making authority conduct

public participation and sufficient consultation with the stakeholders and persons likely to be affected by the regulations.

44. In line with section 5 of the Statutory Instruments Act (Cap. 2A), the amendments to the Regulations were prepared through a consultative and participatory process. This entailed consultations with among others Government Ministries, Departments and Agencies, the Salaries and Remuneration Commission and the Public Service Commission of Kenya.

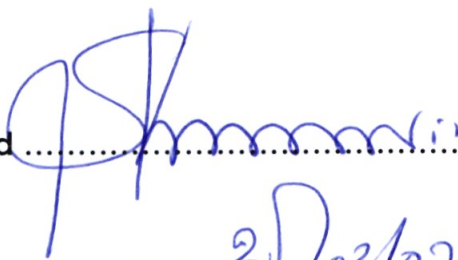
45. The mode of public participation included an invitation to key stakeholders via an advertisement posted on the National Treasury website and published in the My Gov Newspaper on 26th November, 2025, and written submissions received via ps@treasury.go.ke and jona.wala@treasury.go.ke. In addition, regional forums were held targeting beneficiaries from all counties and the general public on the proposed amendments.

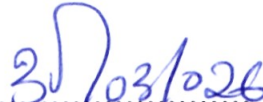
3.3 Regulatory Impact Statement

46. The National Treasury and Economic Planning prepared an impact assessment for the statutory instrument in line with Part II of the Statutory Instruments Act (Cap. 2A).


4.0 COMMITTEE RECOMMENDATION

47. Having examined the Public Finance Management (State Officers and Public Officers Motor Car Scheme Fund) (Amendment) Regulations, 2025 (LN. No. 7 of 2026) in accordance with the Constitution, the Statutory Instruments Act (Cap. 2A), the Public Finance Management Act (Cap. 412A), the Interpretation and General Provisions Act (Cap. 2), the **Committee recommends that the House APPROVES the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 (LN. No. 7 of 2026) in accordance with section 24(4) the Public Finance Management Act (Cap. 412A).**

Signed 

Date 

THE HON. CHEPKONG'A SAMUEL KIPRONO, CBS, MP
(CHAIRPERSON)
COMMITTEE ON DELEGATED LEGISLATION

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 31 MAR 2026	DAY: TUE
TABLED BY:	HON. SAMUEL CHEPKONG'A, MP CHAIRPERSON
CLERK-AT THE TABLE:	V. WAMBUI

(Legislative Supplement No. 6)

LEGAL NOTICE NO. 7

THE PUBLIC FINANCE MANAGEMENT ACT

(Cap. 412A)

IN EXERCISE of the powers conferred by section 24(4) of the Public Finance Management Act, the Cabinet Secretary for the National Treasury and Economic Planning makes the following Regulations—

THE PUBLIC FINANCE MANAGEMENT (STATE OFFICERS
AND PUBLIC OFFICERS MOTOR CAR LOAN SCHEME FUND)
(AMENDMENT) REGULATIONS, 2025

1. These Regulations may be cited as the Public Finance Management (State Officers and Public Officers Car Loan Scheme Fund) (Amendment) Regulations, 2025. Citation.

2. Regulation 2 of the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) Regulations (in these Regulations, referred to as “the principal Regulations”) is amended— Sub. Leg.

- (a) by deleting the definition of “commercial use”;
- (b) by deleting the definition of “beneficiary” and substituting therefor the following new definition—

“beneficiary” means a person in receipt of a loan from the Fund;
- (c) by deleting the definition of “borrower” and substituting therefor the following new definition—

“borrower” means a State officer or public officer working in the national government in accordance with regulation 31 who has applied for a loan;
- (d) by deleting the definition of “motor car” and substituting therefor the following new definition—

“motor car” means a motor vehicle which—

 - (a) has a seating capacity that does not exceed ten passengers excluding the driver; or
 - (b) has fewer than four wheels;
- (e) by inserting the following new definition in proper alphabetical sequence—

“loan” means a payment made from the Fund—

- (a) to a supplier or seller of a motor car; or
 - (b) to a person who issued a loan to a borrower for the purpose of taking over an amount advanced by that person to the borrower to purchase a motor car.
3. Regulation 7 of the principal Regulations is amended by inserting the following new paragraph immediately after paragraph (2)—
- (2A) The expenses of the Fund shall be met from the approved budget of the Fund which shall—
 - (a) include appropriations, earnings and accruals; and
 - (b) not exceed three per cent of the annual approved budget of the Fund.
4. Regulation 9 of the principal Regulations is amended, in paragraph (2)—
- (a) by deleting the words “who shall not be below Job Group “T”” appearing in subparagraph (a) and substituting therefor the expression “who shall be a person appointed at Civil Service Grade 4 or higher”;
 - (b) by deleting the words “who shall not be below Job Group R” appearing in subparagraph (b) and substituting therefor the expression “who shall be a person appointed at Civil Service Grade 6 or higher”;
 - (c) deleting subparagraph (c)—
 - (i) by deleting the word “transport” and substituting therefor the words “mechanical services”;
 - (ii) by deleting the words “who shall not be below Job Group R” and substituting therefor the expression “who shall be a person appointed at Civil Service Grade 6 or higher”;
 - (d) by deleting the expression “who shall not be below Job Group “R”” appearing in subparagraph (e) and substituting therefor the expression “who shall be a person appointed at Civil Service Grade 6 or higher”;
 - (e) in subparagraph (f)—
 - (i) by deleting the expression “who shall not be below Job Group R” and substituting therefor the expression “who shall be a person appointed at Civil Service 6 or higher”;
 - (ii) by deleting the word “Financial” and substituting therefor the word “Fiscal” appearing in item (i).
5. Regulation 10 of the principal Regulations is amended—
- (a) in paragraph (a), by deleting the words “process and approve” and substituting therefor the word “consider”;

- (b) by deleting paragraph (b);
 - (c) by deleting paragraph (e) and substituting therefor the following new paragraph—
 - (e) consider annual work programmes, budgets and procurement plans for the Fund;
 - (d) by deleting paragraph (i) and substituting therefor the following new paragraph—
 - (i) consider financial statements of the Fund;
 - (e) by deleting paragraph (j) and substituting therefor the following new paragraph—
 - (j) consider, where necessary, the procurement of a financial institution to assist in the disbursement of loans issued by the Fund.
6. Regulation 11 of the principal Regulations is amended by deleting the words “is set out in the Schedule in these Regulations or as may be” and substituting therefor the words “shall be as”.
7. Regulation 12 of the principal Regulations is amended—
- (a) in paragraph (1)—
 - (i) by inserting the following new subparagraph immediately after subparagraph (d)—
 - (da) a letter indicating the outstanding amount of the loan from the person who lent money to the borrower to purchase the motor car;
 - (ii) by deleting subparagraph (e) and substituting therefor the following new subparagraph—
 - (e) a certified copy of the registration certificate of the motor car issued under the Traffic Act;
 - (iii) in subparagraph (f), by deleting the words “or as determined by the officer administering the Fund”;
 - (b) by deleting paragraph (3) and substituting therefor the following new paragraph—
 - (3) A loan shall only be disbursed to a borrower where the date of the manufacture of the motor car does not exceed ten years before the date on which the loan was applied for.
8. Regulation 13 of the principal Regulation is amended—
- (a) in paragraph (b), by deleting the word “beneficiary” and substituting therefor the word “borrower”;
 - (b) in paragraph (e), by deleting the words “behalf of the Government of Kenya” and substituting therefor the words “or a financial institution on behalf of the National Treasury, where applicable”;
 - (c) by deleting paragraph (f) and substituting therefor the following new paragraph—

- (f) an undertaking to take out a comprehensive insurance cover for the motor car or meet the costs incurred by the Fund under regulation 14 for a comprehensive insurance cover for the motor car during the period of the loan;
- (d) by inserting the following new paragraphs immediately after paragraph (f)—
 - (fa) an undertaking to take out a life insurance policy for the borrower or meet the costs incurred by the Fund under regulation 14 for a life insurance policy for the borrower during the period of the loan;
 - (fb) an undertaking to install a tracking and security system in the motor car or meet the costs incurred by the Fund under regulation 14A for the installation of a tracking and security system in the motor car during the period of the loan;
- (e) in paragraph (g), by deleting the words “five years” and substituting therefor the words “three years”.

9. The principal Regulations are amended by inserting the following new Regulation immediately after regulation 13—

Eligibility criteria for subsequent loans. 13A. A beneficiary shall be eligible for a subsequent loan where the beneficiary has fully repaid the loan disbursed, met the criteria in regulation 13 and—

- (a) is a State officer who has been reappointed to the State office or appointed to another State office; or
- (b) is a public officer who has been promoted to a job group that would entitle the public officer to a higher threshold in accordance with regulation 11.

10. The principal Regulations are amended by deleting regulation 14 and substituting therefor the following new regulation—

Insurance for loans. 14. (1) A beneficiary shall take out the insurance policies required under regulation 13(f) and (fa) with an insurance company enlisted by the Advisory Board.

(2) Where a beneficiary fails to take out the insurance policies required under regulation 13(f) and (fa), the Advisory Board shall take out the insurance policies on the beneficiary’s behalf and debit the payments of the premiums as costs of the loan.

11. The principal Regulations are amended by inserting the following new regulation immediately after regulation 14—

Installation of tracking and security system. 14A. (1) A beneficiary shall install a tracking and security system on the motor car under regulation

13 (fb) with a company enlisted by the Advisory Board.

(2) Where a beneficiary fails to install the tracking and security system required under paragraph (1), the Advisory Board shall install the tracking and security system on the motor car and debit the cost of the installation as costs of the loan.

12. Regulation 15 of the principal Regulation is amended—

- (a) in paragraph (1), by adding the words “person who advanced an amount to a borrower to purchase a motor car” immediately after the words “motor car”;
- (b) in paragraph (5)—
 - (i) by deleting the words “lease, sell or agree to sell or part with possession of the charged” appearing in subparagraph (a) and substituting therefor the words “sell or agree to sell”;
 - (ii) by deleting subparagraph (b) and substituting therefor the following new paragraph—
 - (b) meet the costs of the insurance policies required under regulation 13 (f) and (fa);
 - (iii) by deleting subparagraph (c) and substituting therefor the following new paragraph—
 - (c) meet the costs of the installation of the tracking and security system required under regulation 13 (fb);
- (c) by deleting paragraph (7) and substituting therefor the following new paragraph—
 - (7) The officer administering the Fund shall—
 - (a) be the custodian of the registration certificate of the motor car submitted under regulation 12(1)(e) until the loan is repaid in full by the borrower; and
 - (b) after the loan is repaid in full, return the custody of the registration certificate to the borrower within ninety days after the repayment.
- (d) by deleting paragraph (8).

13. Regulation 16 of the Principal Regulations is amended—

- (a) by deleting the word “sixty” appearing in paragraph (1) and substituting therefor the word “seventy-two”;
- (b) in paragraph (2)—
 - (i) by deleting the word “preferred”;
 - (ii) by inserting the words “or other payments” immediately after the word “order”;

- (c) by deleting paragraph (3) and substituting therefor the following new paragraph—

(3) Where a beneficiary resigns from service, is terminated from employment or concludes the term in office, before the period of the loan, the terms of the loan issued to the beneficiary shall remain in force for the period of the loan.

- (d) by deleting paragraph (4);
- (e) in paragraph (5), by inserting the word “motor” immediately before the word “car”;
- (f) in paragraph (7), by deleting the word “loan” appearing immediately before the word “beneficiary”;
- (g) by inserting the following new paragraph immediately after paragraph (7)—

(7A) Where a motor car has been disposed of under paragraph (6) and the amount received exceeds the outstanding loan balance, the Officer Administering the Fund shall remit the excess amount to the beneficiary.

14. Regulation 18 of the principal Regulations is amended in paragraph (2) by deleting the word “borrower” and substituting therefor the word “beneficiary”.

15. Regulation 19 of the principal Regulations is amended—

- (a) in paragraph (1)—
- (i) by deleting subparagraph (b) and substituting therefor the following new subparagraph—
- (b) register a security right under the Movable Property Security Rights Act over the motor cars acquired through loans; Cap. 499A.
- (ii) by deleting the word “borrowers” appearing in subparagraph (d) and substituting therefor the word “beneficiaries”;
- (iii) by deleting the word “borrowers” appearing in subparagraph (e) and substituting therefor the word “beneficiaries”;
- (iv) by deleting paragraph (f) and substituting therefor the following new subparagraph—
- (f) upon repayment of the principal amount, interest and other expenses related to a loan issued by the Fund for acquiring the motor car, release the security right registered over the motor car to the beneficiary;

- (b) by deleting paragraph (2).

16. Regulation 20 of the principal Regulations is amended—

(a) in paragraph (2)—

(v) in subparagraph (b), by inserting the word “Masters” immediately before the word “degree”;

(vi) in subparagraph (d), by deleting the words “in the relevant field” and substituting therefor the words “in the fields of economics, finance, accounting or social sciences, five of which should be at senior management level”;

(b) by deleting subparagraph (3).

17. Regulation 24 of the principal Regulation is amended in paragraph (2)(h) by deleting the expression “for gazettelement by the 10th day of every fourth month”.

18. Regulation 28 of the principal Regulations is amended by inserting the words “and liabilities” immediately after the word “assets”.

19. Regulation 31 of the principal Regulations is amended in paragraph (b) by deleting the words “civil servants” and substituting therefor the words “public officers”.

20. The principal Regulations are amended by deleting the Schedule.

JOHN MBADI NG’ONGO,
*Cabinet Secretary for the National Treasury
and Economic Planning.*

EXPLANATORY MEMORANDUM

Explanatory Memorandum to the Amendment to the Public Finance Management (State Officers And Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025

2026

PART I

Name of the Statutory Instrument	The Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025
Name of the Parent Act	Public Finance Management Act (Cap.412A)
Enacted pursuant to	Section 24(4)
Name of the Ministry/Department	The National Treasury
<i>Gazetted</i> on	12 th February, 2026
Tabled on	

PART II

1. Purpose of the Statutory Instrument

The purpose of the amendments is to make the loan facility attractive to potential beneficiaries and remove bottlenecks. The intended effect is to grow the beneficiary uptake of the State Officers and Public Officers Motor Car Loan Scheme Fund and achieve the intended objective of the loan facility.

2. Legislative Context

The Public Finance Management Act (Cap. 412A) mandates the Cabinet Secretary to the National Treasury to establish National Government Public Funds. These includes making regulations necessary for giving effect to the Act which includes the establishment, management operation or winding up of Funds and therefore the amendments are intended to give effect to the Act.

3. Policy Background

- 3.1 The Salaries and Remuneration Commission (SRC), through, a circular of 17th December 2014, conferred mortgage and car loan benefits to public officers. The goal was to motivate state and public officers towards enhanced productivity as well as attract and retain requisite skills in the public service. The circular provided guidelines regarding implementation and administration of the benefits, including financing modalities, loan thresholds and applicable interest rate.
- 3.2. In 2015, vide Legal Notice No. 195 of 25th September, 2015, Public Finance Management (State and Public Officers Car Loan Scheme Fund) Regulations were enacted to provide guidance on matters regarding the car loan benefit, including establishment of a car loan scheme Fund, the object and purpose of the Fund, sources of funds, expenditure of the Fund, loan application procedure, eligibility criteria, beneficiaries, loan thresholds, conditions for disbursement of funds, loan interest, loan repayment, structure for governance and administration of the Fund, among other operational guidelines.
- 3.3. The primary objective of the Motor Car Loan Scheme Fund is, therefore, to facilitate state and public officers under the national government to acquire motor vehicles.
- 3.4. However, due to low uptake over the years, the National Treasury conducted a study and established various provisions of the Motor Car Loan Scheme Fund Regulations that may be contributing to the low uptake of loans. These include the following:
 - a) Requirement for loan advanced to be repaid within a period of sixty months (five years) on account of low pay slip headroom.
 - b) Restriction of purchase of vehicles that are not more than eight years old from the date of manufacture.
 - c) Restriction of the use of the vehicle.
 - d) Low loan threshold vis a vis the increasing cost of vehicles.

- 3.5. The low uptake of loans has also been a subject of audit queries. The Auditor General reports on the audit of the Fund's Financial Statements have repeatedly highlighted low uptake of the car loans as a matter of concern.
- 3.6. The matter has also caught the attention of the National Assembly and the management of the Fund has been summoned to the National Assembly on a number of occasions on the same.
- 3.7. Further, the low absorption of loans threatens the very existence of the Fund. It is a pointer to an issue concerning the sustainability of the Fund. There is a risk of the funds allocated to the Fund being recalled. In this regard, there was need to re-examine the current structures and legal framework of the Fund to ensure that the scheme operates efficiently and effectively, including providing timely services to the beneficiaries.
- 3.8. The proposed amendments to the Regulations are geared towards ensuring Fund sustainability and enabling the Fund to discharge its mandate in earnest.

4. Consultation Outcome

The amendments to the Regulations were prepared through a consultative and participatory process. This entailed consultation with, among others, Government Ministries, Departments and Agencies, the Salaries and Remuneration Commission and the Public Service Commission of Kenya. A notice for public participation with regard to the proposed amendments was sent out to the various stakeholders using different channels of communication. In addition, regional forums were held targeting beneficiaries from all counties and general public on the proposed amendments.

5. Guidance

The National Treasury will sensitize the government officers on implementation of the regulations. The National Treasury will also engage key stakeholders whose participation and cooperation remains instrumental in the successful implementation of the key

aspects of the Public Finance Management Act (Cap. 412A) Act and the regulations.

6. Impact

An impact Assessment has been prepared for this instrument. The instrument is made pursuant to the objectives of the Public Finance Management Act (Cap. 412A).

7. Monitoring and Review

The Administrator of the Fund will monitor the application of the Insolvency (Amendment) Regulations. This will be done through the reports prepared at regular intervals. In addition, the implementers of the regulations will carry out regular monitoring and evaluation of the specific provisions of these regulations with the aim of initiating any legislative amendments as may be necessary on an annual basis.

8. Contact

The contact person at the National Treasury is Dr. Chris Kiptoo, CBS or Ms. Edna Atisa, Ag. CEO, State Officers and Public Officers Motor Car Loan Scheme Fund.

**MINUTES OF THE 7TH SITTING OF THE COMMITTEE ON DELEGATED
LEGISLATION HELD ON THURSDAY, 12TH MARCH, 2026 IN COMMITTEE
ROOM 21, 5TH FLOOR, BUNGE TOWER AT 10.00 A.M**

PRESENT

1. The Hon. Samuel Kiprono Chepkong'a, CBS, M.P. - *Chairperson*
2. The Hon. Robert Gichimu Githinji, M.P. - *Vice-Chairperson*
3. The Hon. Robert Mbui, CBS, M.P
4. The Hon. Julius Lekakeny Ole Sunkuli, EGH, EBS M.P
5. The Hon. Omondi, Moses Okoth, M.P
6. The Hon. Pauline Lenguris, M.P.
7. The Hon. Joseph Kamau Munyoro, M.P.
8. The Hon. (Dr.) Mamwacha Onchoke Charles, M.P
9. The Hon. Waithaka John Machua, M.P.
10. The Hon. Chepkorir, Linet, M.P
11. The Hon. Paul Chebor, M.P. s
12. The Hon. Innocent Mugabe, M.P.
13. The Hon. (Dr) Kimaiyo, Gideon Kipkoech, M.P.

APOLOGIES

1. The Hon. Maj. (Rtd). Abdullahi Bashir Sheikh, M.P
2. The Hon. Mwirigi, John Paul, M.P
3. The Hon. Jared Okello Odoyo, M.P
4. The Hon. Maj. (Rtd) Dekow Barrow Mohamed, M.P
5. The Hon. Kamene Joyce, M.P.
6. The Hon. Anthony Oluoch, M.P.
7. The Hon. Yakub Adow Kuno, M.P.
8. The Hon. Laura Amina Mnyazi, M.P.

IN ATTENDANCE

SECRETARIAT

- | | | |
|-------------------------|---|---|
| 1. Ms. Wanjiru Mwaura | - | Principal Clerk Assistant I, HOD Statutory Comms. |
| 2. Mr. Wilson Dima Dima | - | Deputy Director, DLS |
| 3. Mr. Brian Langwech | - | Clerk Assistant III |
| 4. Ms. Grace Odedere | - | Clerk Assistant III |
| 5. Ms. Elsy Jerop | - | Legal Counsel II |
| 6. Mr. Peter Barasa | - | Legal Counsel II |
| 7. Ms. Brendah Michira | - | Research Officer III |

- | | | |
|-------------------------|---|-------------------------|
| 8. Mr. Rodgers Kilungya | - | Hansard Officer II |
| 9. Mr. Daniel Psirmoi | - | Media Relations Officer |

THE NATIONAL TREASURY AND ECONOMIC PLANNING

- | | | |
|---------------------------------------|---|------------------------|
| 1. Hon. FCPA. John Mbadi Ng'ongo, EGH | - | Cabinet Secretary, TNT |
| 2. Dr. Jonah Wala | - | DAS, TNT |
| 3. Ms. Ednah Alsa | - | DOP, TNT |
| 4. Mr. Godfrey Busolo | - | AO, TNT |
| 5. Mr. George Yogo | - | Advisor, TNT |
| 6. Ms. Caroline Tulo | - | SDFW, MOWD |
| 7. Ms. Angela Mary | - | AS, TNT |
| 8. Ms. Immaculate Munabi | - | Intern, TNT |
| 9. Mr. Robert Maina | - | PLO, TNT |

AGENDA

1. Prayers
2. Preliminaries
3. Adoption of the Agenda
4. Confirmation of minutes
5. Matters arising
6. **Meeting with the Cabinet Secretary, National Treasury and Economic Planning regarding the following Regulations;**
 - i. **The Public Finance Management (Wildlife Conservation Trust Fund) Regulations, 2025, and**
 - ii. **The Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025**
7. Any Other Business; and
8. Adjournment.

MIN. DAA&GPC/CDL/036/2026: PRELIMINARIES

The Chairperson called the meeting to order at 10.16 a.m., after which he requested Hon. Pauline Lenguris, M.P. to say a word of prayer. He then welcomed all to the meeting, followed by a round of introductions.

MIN. DAA&GPC/CDL/037/2026: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted, having been proposed by the Hon. Innocent Mugabe, M.P. and seconded by the Hon. Robert Gichimu Githinji, M.P.

MIN. DAA&GPC/CDL/038/2026: CONFIRMATION OF MINUTES

The Minutes of the 6th sitting held on Tuesday, 10th March 2026, were confirmed as an accurate record of the proceedings having been proposed by the Hon. Julius Lekakeny Ole Sunkuli, EGH, EBS M.P and seconded by the Hon. Pauline Lenguris, M.P

MIN. DAA&GPC/CDL/039/2026: THE PUBLIC FINANCE MANAGEMENT (WILDLIFE CONSERVATION TRUST FUND) REGULATIONS, 2025

The Cabinet Secretary, Ministry of National Treasury and Economic Planning appeared before the Committee and briefed it on the Public Finance Management (Wildlife Conservation Trust Fund) Regulations, 2025 as follows:

1. **Part I** provides for Citation, Interpretation, and Purpose of the Fund.
2. **Part II** provides for Initial Capital, Apportionment of funds, Sources of funds, Innovative funding arrangements with the private sector and mitigation of Human Wildlife Conflict.
3. **Part III** provides for Members of the Governing Board, Functions of the Governing Board, Chief Executive Officer of the Fund, Tenure of the Chief Executive Officer, Administrator of the Fund, Functions of the Chief Executive Officer, Secretariat of the Fund, and Disbursements to be made in accordance with funding agreements.
4. **Part IV** provides for application of Government Regulations and Procedures, Financial year of the Fund, preparation and submission of a workplan, Quarterly and annual reports, Record of disbursements, Administration costs of the Fund, Expenditure of the Fund, Investment of surplus funds, Retention of receipts, earnings and accruals, Annual reports, Audited accounts.
5. **Part V** provides for conflicts of interest, conflict resolution mechanisms, winding up of the Fund, effects of winding up of the Fund, and revocation.
6. Upon deliberations, the committee made the following observations;
 - i. The Regulations were published in the gazette on 26th November, 2025 vide Legal Notice No. 190 of 2025, submitted to the Clerk of the National Assembly on 9th December, 2025 and laid on the table of the House on 10th February, 2026, being within the requisite statutory timelines under section 11(1) of the Statutory Instruments Act (Cap. 2A).
 - ii. Legal Notice 190 of 2025 is a statutory instrument and has the force of law within the meaning of section 2 of the Statutory Instruments Act, Cap 2A.
 - iii. The Legal Notice No.190 of 2025 is accompanied by a detailed Explanatory Memorandum as required under section 5A of the Statutory Instruments Act, Cap 2A.

- iv. There is attached evidence of consultation with stakeholders, as required under section 5 of the Statutory Instruments Act, Cap 2A.
 - v. The regulatory impact statement has been attached as required by section 6 of the Statutory Instruments Act.
 - vi. The Committee also noted that the Regulations Making Authority had incorporated all the Comments raised by Members during Pre-Publication scrutiny engagement.
7. **In view of the findings above, the Committee resolved to recommend that the House APPROVES the Public Finance Management (Wildlife Conservation Trust Fund) Regulations, 2025 (LN. No. 190 of 2025) in accordance with section 24(4) of the Public Finance Management Act (Cap. 412A) having been proposed by the Hon. Pauline Lenguris, M.P., and seconded by the Hon. Munyoro, Joseph Kamau M.P.**

**MIN. DAA&GPC/CDL/040/2026: THE PUBLIC FINANCE MANAGEMENT
(STATE OFFICERS AND PUBLIC OFFICERS
MOTOR CAR LOAN SCHEME FUND)
(AMENDMENT) REGULATIONS, 2025**

The Cabinet Secretary, National Treasury & Economic Planning also briefed the Committee on the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme Fund) (Amendment) Regulations, 2025 as follows;

1. **Regulation 1** is the preliminary provision, which provides for the citation.
2. **Regulation 2** amends the Principal Regulations by expanding the definition of terms.
3. **Regulation 3** amends Regulation 7 of the Principal Regulations and provides for the expenses of the Fund.
4. **Regulation 4** amends Regulation 9 of the Principal Regulations and provides for the eligibility criteria of the beneficiaries to the Fund.
5. **Regulation 5** amends Regulation 10 of the Principal Regulations and provides for the functions of the Advisory Board.
6. **Regulation 6** amends Regulation 11 of the Principal Regulations by deleting the words “is set out in the Schedule in these Regulations or as may be” and substituting therefor with the words “shall be as”.
7. **Regulation 7** amends Regulation 12 of the Principal Regulations amending paragraph (b), by deleting the word “beneficiary”, and provides for loan application requirements.
8. **Regulation 8** amends Regulation 13 of the Principal Regulations by expanding the conditions and obligations for loan application.
9. **Regulation 9** amends the Principal Regulations by inserting a new Regulation 13A that provides for the eligibility requirements for subsequent loans.
10. **Regulation 10** amends the Principal Regulations by deleting and substituting new Regulation 14 that introduces insurance for loans.

11. **Regulation 11** amends the Principal Regulations by inserting a new Regulation 14A, that provides for installation of tracking and security systems.
12. **Regulation 12** amends Regulation 15 of the Principal Regulations and provides for expanded loan obligations.
13. **Regulation 13** amends Regulation 16 of the Principal Regulations and extends loan repayment periods and broadens the payment terms.
14. **Regulation 14** amends Regulation 18 of the Principal Regulations by deleting the word “borrower” and substituting it with the word “beneficiary”.
15. **Regulation 15** amends Regulation 19 of the Principal Regulations by requiring registration of security rights as provided under the Movable Property Security Rights Act over the motor cars acquired through loans.
16. **Regulation 16** amends Regulation 20 of the Principal Regulations.
17. **Regulation 17** amends Regulation 24 of the Principal Regulations by removing the requirement for gazettelement by the 10th day of every fourth month.
18. **Regulation 18** amends Regulation 28 of the Principal Regulations by expanding the financial scope and inserting the term “liabilities” immediately after the word “assets”.
19. **Regulation 19** amends Regulation 31 of the Principal Regulations by deleting the term “civil servants” and substituting with the words “public officers”.
20. **Regulation 20** amends the Principal Regulations by deleting the Schedule.
21. Upon deliberations, the committee made the following observations;
 - i. The Regulations were published in the gazette on 12th February, 2026 vide Legal Notice No. 7 of 2026, submitted to the Clerk of the National Assembly on 19th February, 2026 and laid on the table of the House on 19th February, 2026, being within the requisite statutory timelines under section 11(1) of the Statutory Instruments Act (Cap. 2A).
 - ii. Legal Notice 7 of 2026 is a statutory instrument and has the force of law within the meaning of section 2 of the Statutory Instruments Act, Cap 2A.
 - iii. The Legal Notice No.7 of 2026 is accompanied by a detailed Explanatory Memorandum as required under section 5A of the Statutory Instruments Act, Cap 2A.
 - iv. There is attached evidence of consultation with stakeholders, as required under section 5 of the Statutory Instruments Act, Cap 2A.
 - v. The regulatory impact statement has been attached as required by section 6 of the Statutory Instruments Act.
 - vi. The Committee also noted that the Regulations Making Authority had incorporated all the Comments raised by Members during Pre-Publication scrutiny engagement.
22. **In view of the findings above, the Committee resolved to recommend that the House APPROVES the Public Finance Management (State Officers and Public Officers Motor Car Scheme Fund) (Amendment) Regulations, 2025**

(LN. No. 7 of 2026) in accordance with section 24(4) the Public Finance Management Act (Cap. 412A) having been proposed by the Hon. (Dr) Mamwacha Onchoke Charles, M.P., and seconded by the Hon. Sunkuli Julius Lekakeny, M.P.

MIN. DAA&GPC/CDL/041/2026: ADJOURNMENT

The meeting was adjourned at ten minutes past one o'clock. The next meeting will be held on Wednesday, 25th March 2026.

SIGNED:  **DATE** 31/03/2026

**THE HON. SAMUEL CHEPKONG'A, CBS, M.P.
CHAIRPERSON, COMMITTEE ON DELEGATED LEGISLATION**



REPUBLIC OF KENYA

STATE OFFICERS AND PUBLIC OFFICERS MOTOR CAR LOAN SCHEME FUND

REGULATORY IMPACT STATEMENT

FOR

**THE PROPOSED AMENDMENTS TO THE PUBLIC FINANCE MANAGEMENT
(STATE OFFICERS AND PUBLIC OFFICERS MOTOR CAR LOAN SCHEME
FUND) AMENDMENT REGULATIONS, 2015**

PREPARED BY THE CABINET SECRETARY, NATIONAL TREASURY

DECEMBER, 2025

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1 INTRODUCTION

1.1 ABOUT THE SCHEME

The State Officers and Public Officers Motor Car Loan Scheme Fund was created through Legal Notice No. 195 of 2015. The establishment of the Fund was informed by the Salaries and Remuneration Commission (SRC) circular of 17th December 2014 that conferred mortgage and car loan benefits to public officers. The goal was to motivate state and public officers towards enhanced productivity as well as attract and retain requisite skills in the public service. The circular provided guidelines regarding implementation and administration of the benefits, including financing modalities, loan thresholds and applicable interest rate. It guided that the car loan scheme for state officers serving in the executive arm of Government and independent constitutional commissions be centrally administered by the National Treasury. It also advised that, for purposes of management efficiency, scheme benefits for other public officers be administered and managed by individual Government institutions and agencies independently for their employees.

Drawing from the SRC circular, the National Treasury spearheaded the development of Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme) Regulations to guide the operationalization of the Car Loan scheme for state officers and national Government employees serving under the executive arm of Government. These Regulations were actualized through the above mentioned Legal Notice No. 195 of 25th September, 2015. The Regulations provide guidance on matters regarding the car loan benefit, including establishment of a car loan scheme Fund, the object and purpose of the Fund, sources of funds, expenditure of the Fund, loan application procedure, eligibility criteria, beneficiaries, loan thresholds, conditions for disbursement of funds, loan interest, loan repayment, structure for governance and administration of the Fund, among other operational guidelines.

The primary objective of the Motor Car Loan Scheme Fund is, therefore, to facilitate state and public officers under the national government to acquire motor vehicles based on the above policy and regulatory frameworks. This, however, excludes the Teachers Service Commission, the Kenya Defence Forces, the National Police Service and the National Prisons Service, who at the time of coming up with the Regulations had their own independent schemes.

1.2 MANAGEMENT STRUCTURE

The Motor Car Loan Scheme Fund discharges its mandate under the National Treasury and is not a body corporate. The management of the Fund, as provided for in the Regulations, comprises of a Fund Advisory Board under the chairmanship of the Principal Secretary, National Treasury and a Secretariat under the leadership of the Chief Executive Officer, who is also the Administrator of the Fund. The other Advisory Board members are the Principal Secretary for the State Department responsible for Public Service Management, the Principal Secretary for the State Department responsible for mechanical services, the Chief Executive Officer, Salaries and Remuneration Commission, the Chief Executive Officer, Public Service Commission and two officers at the level of Job Grade CSG 6 and above from the Directorate of Budget, Fiscal and Economic Affairs and

Directorate of Administrative Services of the National Treasury. The Advisory Board provides strategic direction and general oversight in the execution of the Fund mandate whereas the secretariat performing the day-to-day activities of the Fund.

1.3 BASIS OF REGULATORY IMPACT STATEMENT

This Regulatory Impact Assessment (RIA) has been prepared in light of the proposed amendments of some aspects of the State and Public Officers Motor Car Loan Scheme Fund Regulations. The RIA was developed pursuant to Sections 6 and 7 of the Statutory Instruments Act, CAP 2A. The above sections require a regulation-making authority to prepare a regulatory impact statement of an instrument, if the proposed instrument is likely to impose significant costs to the community or a part of the community, prior to making the statutory instrument.

The RIA provides a detailed and systematic appraisal of the potential impact of the proposed amendments to the Fund Regulations with a view to assessing whether the amendments are likely to achieve the desired objectives. It seeks to provide evidence-based analysis of Regulation related issues pertaining to the core mandate of the Fund.

2 RATIONALE FOR THE PROPOSED AMENDMENT TO THE REGULATIONS

The Salaries and Remuneration Commission vide Circular Ref. No. SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December, 2014 conferred mortgage and car loan benefits to serving public officers (Attached as *Annex 1*). The mortgage benefits for national government employees are currently being administered under the State Department for Housing whereas the Car Loan scheme is being administered under the National Treasury.

The pilot programme for the car loan scheme was undertaken in the 2018/2019 Financial Year and has since been rolled out in earnest. Despite the car loan facility having been in place for a period of over seven years, the loan uptake is generally low. As at 30th June, 2025, only 362 officers had benefited from the scheme. This is a small fraction of the thousands of potential beneficiaries. In terms of amounts, Ksh 822, 461,787 shillings had been disbursed out of the over 4 billion Kenya shillings available in the Fund. The low uptake remains an issue in spite of aggressive awareness creation campaign conducted by the Fund. This includes sensitization of potential beneficiaries within Government Ministries, Departments and Agencies across the country about the existence and access to the car loan facility. Whereas there has been some remarkable improvement in loan uptake over the recent past with the scaling up of the awareness creation campaigns, the overall absorption is still generally low when compared to the amounts available in the Fund.

During the development of the Fund's maiden strategic plan for the period 2023/2024 – 2027/2028, a comprehensive situation analysis was conducted regarding the status of the Fund. This entailed engagement of the various stakeholders including Focused Group Discussion with the heads of human resources in Government Ministries, Department and Agencies as well as interaction with the potential beneficiaries of the Fund across the country.

The situation analysis and feedback obtained during the awareness creation forums pointed out some aspects of the Motor Car Loan Scheme Fund Regulations that may be contributing to the low uptake of loans. These include the following:

- (a) Requirement for loan advanced to be repaid within a period of sixty months (five years) on account of low pay slip headroom
- (b) Restriction of purchase of vehicles that are not more than eight years old from the date of manufacture
- (c) Restriction of the use of the vehicle
- (d) Low loan threshold vis a vis the increasing cost of vehicles

Following consultation between the National Treasury, the Salaries and Remuneration Commission and the Public Service Commission, it has also been found necessary to effect the following amendments to the Regulations:

- (a) Reduce the applicable interest rate from 5% to 4%. A copy of a circular from the Public Service Commission in this regard is attached as *Annex 2*.
- (b) Delete clause stating that the interest rate will revert to commercial terms for officers leaving the service on disciplinary grounds. A copy of a circular from the Public Service Commission on this is attached as *Annex 3*.

The proposed amendments to the Regulations have been informed by the above observations and developments. A matrix showing the proposed areas of amendment and corresponding justification is appended as *Annex 1*. The amendments are aimed at making the loan facility attractive to the potential beneficiaries. The intended effect is to grow the beneficiary uptake of the Fund.

3 EVALUATION OF THE POLICY ISSUE

The primary mandate of the State and Public Officers Motor Car Loan Scheme Fund is to provide car loan facility to state officers and public officers of the national Government to acquire motor vehicles.

The low uptake of loans has been a subject of audit queries. The Auditor General reports on the audit of the Fund's Financial Statements have repeatedly highlighted low uptake of the car loans as a matter of concern. A sample of an audit report where this issue was raised is attached as *Annex 4*.

The low uptake of loans is a matter that has also caught the attention of Parliament and management of the Fund has been summoned to the National Assembly on a number of occasions on the same.

Further, the low absorption of loans threatens the very existence of the Fund. It is a pointer to an issue concerning the sustainability of the Fund. There is a risk of the funds allocated to the Fund being recalled. In this regard, there is need to re-examine the current structures and legal instruments creating the Fund to ensure that the scheme operates efficiently and effectively, including providing timely services to the beneficiaries.

The proposed amendments to the Regulations are geared towards ensuring Fund sustainability and enabling the Fund to discharge its mandate in earnest. It should further be noted that the proposed amendments introduce the aspect of life insurance, which is missing in the current Regulations. The incorporation of the requirement for life insurance will essentially cushion the Fund and the Government against potential losses in the event of the death of a loan beneficiary.

4 EVALUATION OF ALTERNATIVE OPTIONS

This section evaluates the possible alternatives to addressing the identified problem. Three options have been considered. The first option is to maintain the status quo. The second option is sensitization of all potential beneficiaries about the scheme. The third option is amendment of the Regulations alongside the sensitization.

From the evaluation of the three options and review of the previous awareness creation and loan uptake data, it is noted that the first and second options are likely to result into continued low loan uptake, failure to realize the intended objective of the Fund as well as failure to realize the ultimate goal of the scheme of enhancing employee motivation on a wide scale and productivity of the public service. From the previous sensitization sessions, it came out clearly that there are other factors that impact on loan uptake that go beyond awareness about the scheme.

The review of the Regulations alongside sensitization of potential beneficiaries will on the other hand help the Fund to move away from the current state of affairs. This approach is likely to yield more positive results given the fact that the review is based on tangible data obtained from the situation analysis. It is further noted that the proposed amendments are beneficiary focused and bear no requirement for additional funding from the exchequer.

5 ASSESSMENT OF IMPACT

The review of the Car Loan Regulations is one of the key initiatives that were prioritized in the Fund Strategic Plan. It is contained under Key Result Area 3 on Beneficiaries whose goal is to aggressively grow the beneficiary uptake of the Fund. With the amended Regulations, it is expected that the number of loanees will grow from 106 at the time of developing the plan in 2023/2024 (rated as very low) to 1,125 by 2027/2028. The Fund also expects to grow disbursed loans from 324 million to 2,267 million shillings over the same period. The amounts of loans disbursed as percentage of the fund is further expected to grow from 8.4% to 69.3%. The above projections were borne out of an empirical study and are anchored on the outcome matrix of the Fund Strategic Plan.

It is anticipated that the amended Regulations will enable the Fund to execute its mandate effectively. The proposed amendments will trigger interest among the potential beneficiaries and help realize the ultimate goal of the scheme as spelt out in the enabling regulatory and policy frameworks. They will also help address issues raised around the very existence and long term sustainability of the Fund. They are further expected to enhance staff motivation and productivity and ease the burden of transport on the part of the beneficiaries.

The following are some of the proposed Amendments and likely impact:

(a) Expansion of the Meaning of Motor Car (Interpretation)

The Regulations currently define a "motor-car" as a motor vehicle having seating accommodation for not more than ten passengers excluding the driver, but does not include a motorcycle".

In the proposed amendments a "motor car" is defined as a motor vehicle having seating accommodation for not more than ten passengers excluding the driver or has less than four wheels"

The expansion of the meaning of motor car to include a motor vehicle with less than four wheels will broaden application of the Regulations to include motor cycle. The proposed amendment will facilitate access to the car loan facility to a wider range of the potential beneficiaries. This is in view of the relatively low cost of motor cycles. It is also takes into cognizance some jurisdictions such as Lamu where the need for different types of motorised transport was identified during the awareness creation forums.

(b) Deletion of Restriction of the Use of Vehicle (Interpretation and Regulation 15)

The Regulations currently provide that during the loan repayment period the beneficiary shall ensure that the motor car is not used for commercial purposes.

It is proposed that the restriction on the use of vehicle be expunged from the Regulations by deleting the definition of "commercial use" under the definition of terms as well as deleting paragraph (c) of Regulation 15 (5).

Non-restriction of the use of the vehicle will attract the potential beneficiaries to the loan facility and thereby enhance loan uptake. This also aligns the scheme to the other public sector schemes including the Parliamentary Service Commission Scheme.

(c) Extension of the Age of Vehicle from the Year of Manufacture (Regulation 12)

The Regulations currently provide that "a loan shall not be given to a borrower to purchase a used vehicle that is more than eight years old from the date of manufacture."

It is proposed that this be amended to read "a loan shall not be given to a borrower to purchase a used vehicle that is more than ten years old from the date of manufacture."

It is anticipated that the amendment will enhance loan uptake in view of the lower cost of vehicles, hence affordability. It will also facilitate the potential beneficiaries to a wider selection of vehicles. This is also in view of the fact that this requirement does not apply in other jurisdictions including credit facilities provided by SACCOs and other financial institutions. It is further noted that ten year old year vehicles are generally mechanically sound and that insurance companies provide comprehensive insurance cover on vehicles that are ten years old.

(d) Reduction of the Period of Access to the Loan Facility (Regulation 13)

The Regulations currently provide that “no borrower shall be eligible for more than one loan at a time from the Fund within five years...”

It is proposed that this be amended to read “no borrower shall be eligible for more than one loan at a time from the Fund within three years..”

The proposed amendment will enable officers who may wish to benefit from the Scheme access the facility upon early completion of loan repayments without having to wait for five years. This also takes care of cases of reappointment of state officers and promotion of public officers to higher grades that may arise within the period of servicing the loan.

(e) Extension of the Repayment Period (Regulation 16)

The Regulations currently provide that “ a loan advanced under these Regulations shall be repaid in full within sixty months”

It is proposed that this be amended to read “a loan advanced under these Regulations shall be repaid in full within seventy two months”

It is expected that the proposed amendment will enhance loan uptake in view of the lower monthly deductions.

(f) Deletion of the Provision Regarding Withdrawal of the Facility for Officers Who leave the Service on Disciplinary Grounds (Regulation 16)

The Regulations currently provide that “where a beneficiary leaves the public service on disciplinary grounds, the terms of the loan shall convert to commercial terms after ninety days from ^the effective date of leaving the service.”

It is proposed that the above provision be expunged from the Regulations”

The proposed amendment is expected to contribute towards making the loan facility attractive. The amendment is further based on an advisory from the Public Service Commission regarding double punishment

(g) Deletion of the Loan Threshold Schedule

Currently, the loan threshold for state officers and other public officers is spelt out in a schedule appended to the Regulations.

It is proposed that the loan threshold schedule be expunged from the Regulations and that the issue of loan threshold be taken care of by Regulation 11. In this regard, it is proposed that Regulation 11 be amended to read: “The maximum loan each beneficiary shall be eligible to shall be as determined by the Salaries and Remuneration Commission from time to time.”

The proposed amendment will facilitate flexibility in the execution of loan threshold based on advisories from the Salaries and Remuneration Commission. The Fund will align the applicable amounts to the SRC guidelines.

6 STAKEHOLDER ENGAGEMENT

The amendments to the Regulations were prepared through a consultative and participatory process. This entailed consultation with, among others, Government Ministries, Departments and Agencies, the Salaries and Remuneration Commission and the Public Service Commission of Kenya. A notice for public participation with regard to the proposed amendments was sent out to the various stakeholders using different channels of communication. In addition, regional forums were held targeting beneficiaries from all counties and general public to sensitize them about the proposed amendments and obtain their feedback on the same.

Comments obtained from the various stakeholders were recorded and presented to the technical working group for consideration and incorporation. Ultimately, the feedback enriched the amendments draft.

A report on the stakeholder consultative sessions containing an analysis of comments and how they were considered and incorporated into the draft Regulations has been prepared. The report spells out how the consultative process was conducted.

7 GENERAL OBSERVATION

The proposed amendments are expected to greatly impact on the operations of the Fund. If adopted, a monitoring and evaluation process will be instituted to gauge whether the intended effect is realized.

8 ANNEXURES

- 8.1.1 Annexure 1: Salaries and Remuneration Commission circular of 2014 on mortgage and car benefits
- 8.1.2 Annexure 2: Public Service Commission circular of 2024 on car loan interest rate
- 8.1.3 Annexure 3: Public Service Commission circular of 2024 on officers leaving the service on disciplinary grounds



REPUBLIC OF KENYA

THE NATIONAL TREASURY

**STATE OFFICERS AND PUBLIC OFFICERS MOTOR CAR
LOAN SCHEME FUND**

**REPORT ON PUBLIC PARTICIPATION AND STAKEHOLDER
ENGAGEMENT FOR THE AMENDMENT OF STATE
OFFICERS AND PUBLIC OFFICERS MOTOR CAR LOAN
SCHEME FUND REGULATIONS HELD BETWEEN 13TH
OCTOBER AND 6TH NOVEMBER 2025**

DECEMBER, 2025

1.0 INTRODUCTION

The State and Public Officers Motor Car Loan Scheme Fund is an entity under the National Treasury mandated to provide car loan facility to state officers and public officers of the National Government to acquire motor vehicles. This is in line with the Salaries and Remuneration Commission circular letter No. SRC/ADM/CIR/1/13 Vol. III (128) on 17th December 2014 conferring mortgage and car loan benefits to qualifying state and public officers with the ultimate goal of attracting and retaining skilled labour in the public service and enhancing productivity of the service.

Low uptake of motor car loans remains a major concern and impediment to the delivery of the objective of the Fund. The low uptake has continued to generate audit queries besides being a subject of discussion in Parliament. It further threatens the very existence of the Fund.

During the development of the Fund's strategic plan for the period 2023/2024 – 2027/2028, a comprehensive situation analysis was conducted regarding the status of the Fund. This entailed engagement of the various stakeholders including Focused Group Discussion with the heads of human resources in Government Ministries, Department and Agencies as well as interaction with the potential beneficiaries of the Fund across the country.

From the feedback obtained from the stakeholders, it was noted that the low absorption was partly attributable to certain provisions of the Public Finance Management (State Officers and Public Officers Motor Car Loan Scheme) Regulations, 2015. (Scheme Regulations). It was considered necessary to re-examine the legal instrument creating the scheme to ensure that the scheme operates efficiently and effectively, including providing realistic, quality and timely services to the beneficiaries.

The areas of amendment to the Regulations were accordingly identified based on consultations involving, among others, the National Treasury, Office of the Attorney General, the Salaries and Remuneration Commission and the Public Service Commission of Kenya. This entailed analysis of achievements, challenges, lessons learnt from past performance and emerging issues. The proposed areas of amendments were presented to the Fund Advisory Board and the Board approved the same with a few adjustments.

The Regulations amendment draft as well as The Regulatory Impact Statement on the proposed amendments to the Regulations was also prepared, a copy of which is attached herewith as *Annexure 1*

2.0 STAKEHOLDER ENGAGEMENT AND PUBLIC PARTICIPATION

In compliance with Article 10 of the Constitution of Kenya and section 5 of the Statutory Instruments Act Cap 2A the amendments were subjected to stakeholder engagement and public participation in order to enrich the Amendments draft, ensure ownership as well as compliance with the law. A notice inviting the public and stakeholder participation was published in the Kenya Gazette on 30th September, 2025 detailing the specific venues for the engagements. A copy of the Gazette Notice is attached to this report as *Annexure 2*.

The proposed amendments together with the Regulatory Impact Statement were also uploaded on the National Treasury website and the potential beneficiaries of the scheme were encouraged to peruse through the documents and provide feedback through the email address provided.

Further, official communication was made to the State Department of Internal Security and National Administration inviting officers in the field stations to attend the stakeholder engagement forums.

3.0 STAKEHOLDER ENGAGEMENT TEAMS AND COLLECTIVE ATTENDANCE DURING THE NATIONWIDE PUBLIC PARTICIPATION FORUMS

The stakeholder engagement and public participation forums were subsequently conducted between 13th October, 2025 and 6th November, 2025 covering both Nairobi and field stations across the country. The forums involved Advisory Board members, Fund Secretariat staff, National Treasury staff, a representative of the Office of the Attorney General. The schedule and attendance registers for each of the forums are annexed under *Annexure 3 and 4 respectively*.

4.0 FEEDBACK

The feedback obtained from the nationwide public participation and stakeholder engagement forums was documented by the technical team working on the Regulations. A matrix of the comments from the stakeholders and the public is attached herewith as *Annexure 5*.

COMMITTEE ON DELEGATED LEGISLATION ADOPTION LIST

DATE: 12/3/26 VENUE: BUNGET TOWER STARTING TIME: 10:00 AM

ENDING TIME:

AGENDA: CONSIDERATION OF THE PFM (STATE OFFICERS & PUBLIC OFFICERS, MOTOR CAR LOAN SCHEME FUND (AMENDMENT) REGULATIONS

	NAME	SIGNATURE
1.	The Hon. Chepkong'a Kiprono Samuel, CBS, M.P., Chairperson	
2.	The Hon. Githinji, Robert Gichumi, M.P. Vice-Chairperson	
3.	The Hon. Mbui, Robert, CBS, M.P.	
4.	The Hon. Sunkuli Julius Lekakeny, EGH, EBS, MP	
5.	The Hon. Maj. (Rtd) Abdullahi Bashir Sheikh, M.P.	
6.	The Hon. Mwirigi, John Paul, M.P.	
7.	The Hon. Kamene, Joyce, M.P.	
8.	The Hon. Omondi, Moses Okoth M.P.	
9.	The Hon. Odoyo, Jared Okello, M.P.	
10.	The Hon. Anthony, Oluoch, M.P.	
11.	The Hon. Maj. (Rtd.) Dekow Barrow Mohamed, M.P.	
12.	The Hon. Munyoro, Joseph Kamau, M.P.	
13.	The Hon. (Dr.) Kimaiyo, Gideon Kipkoech, M.P.	
14.	The Hon. Waitthaka, John Machua, M.P.	
15.	The Hon. Chepkorir, Linet, M.P.	
16.	The Hon. Chebor, Paul, M.P.	
17.	The Hon. Lenguris, Pauline, M.P.	
18.	The Hon. (Dr.) Mamwacha Onchoke Charles, M.P.	
19.	The Hon. Yakub, Adow Kuno, M.P.	
20.	The Hon. Mnyazi, Amina Laura, M.P.	
21.	The Hon. Mugabe, Innocent Maino, M.P.	