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REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
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:	V. 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 gazetteement 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.

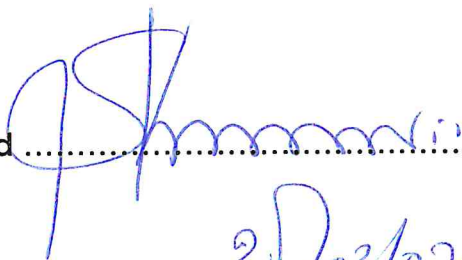
45. The mode of public participation included an invitation to key stakeholders via an advertisement posted on the National Treasury website and published in the My Gov Newspaper on 26th November, 2025, and written submissions received via ps@treasury.go.ke and jona.wala@treasury.go.ke. In addition, 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

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