



LEGAL NOTICE NO. \*\*\*\*

THE PUBLIC FINANCE MANAGEMENT ACT  
(No. 18 of 2012)

THE PUBLIC FINANCE MANAGEMENT (TRAINING REVOLVING FUND)  
REGULATIONS, 2024

ARRANGEMENT OF REGULATIONS

*Regulation*

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**THE PUBLIC FINANCE MANAGEMENT ACT**

*(No. 18 of 2012)*

**IN EXERCISE** of the powers conferred by Section 24(4) of the Public Finance Management Act, 2012, the Cabinet Secretary for National Treasury makes the following Regulations—

**THE PUBLIC FINANCE MANAGEMENT (TRAINING REVOLVING FUND)  
REGULATIONS, 2024**

**PART 1—PRELIMINARY PROVISIONS**

**Citation.** 1. These Regulations may be cited as the Public Finance Management (Training Revolving Fund) Regulations, 2024.

**Interpretation.** 2. In these Regulations, unless the context otherwise requires—

"Accounting Officer" has the meaning assigned to it under section 2 of the Public Finance Management Act (Cap. 412A);

"administrator" means the person designated as the Administrator of the Fund under regulation 12;

"Advisory Committee" means the Committee established under regulation 11;

"borrower" means a person in receipt of a financial service or product advanced to that person by the Fund;

"Cabinet Secretary" means the Cabinet Secretary for the time being responsible for matters relating to finance;

“critical training areas” means areas geared towards professionalising the public service and improving performance;

"financial institution" means any institution referred to in regulation 14 identified for the purposes of providing financial services to the Fund;

“financial year” means the period of twelve months ending on the 30th June in each year;

“Fund” means the Training Revolving Fund established under regulation 4 and from which public servants borrow and repay loans at subsidised interest rates to undertake short and long training programmes;

“national certification” means a certificate issued to a public servant upon successful completion of examinable courses by recognized certification bodies in Kenya and includes the National Qualifications Authority;

“Public Officer” means an officer employed in the National Government or the Public Service;

“revenue” has the meaning assigned to it under section 2 of the Public Finance Management Act (Cap. 412A);

“training” means a deliberate and systematic process of development of knowledge and skills;

**Objectives of these Regulations.**

**3.** These Regulations provide direction on the management, coordination and implementation of the Fund for the Public Service by—

- (a) providing the criteria for identification and selection of beneficiaries;
- (b) outlining the application procedure;
- (c) establishing the loan award criteria; and
- (d) providing for the loan disbursement and recovery procedures.

## **PART II—ESTABLISHMENT OF THE TRAINING REVOLVING FUND**

**Establishment  
of the Fund.**

**4.** There is established a Fund to be known as the Training Revolving Fund.

**Source of  
Funds.**

**5.** The Fund shall consist of—

- (a) monies appropriated by the National Assembly for the purposes of the Fund;
- (b) income generated from the proceeds of the Fund in form of interest and other charges such as penalties;
- (c) income from investments made by the Fund;
- (d) grants, donations, bequests or other gifts made to the Fund;  
and
- (e) monies from any other source approved by the Cabinet Secretary.

**Expenditure  
of the Fund.**

**6.** (1) There shall be paid out of the Fund payments in respect of any expenses incurred in pursuance of the object and purpose for which the Fund is established.

(2) The expenditure incurred on the Fund shall be limited to annual budget estimates prepared by the Administrator of the Fund and recommended by the Advisory Committee to the Cabinet Secretary for the time being responsible for matters relating to public service for approval and submission to the Cabinet Secretary for further approval, at the beginning of the financial year to which they relate.

(3) A revision of the approved budget estimates shall be referred to the Advisory Committee and the Cabinet Secretary for approval.

(4) Without prejudice to the above, the Fund shall be administered to meet the following funding objectives:

- (a) The cost of courses to be approved for funding is between Thirty Thousand Kenya Shillings and Five Hundred Thousand Kenya Shillings
- (b) The award for courses is restricted to costs related to tuition, examination, library, computer and research
- (c) Fees for accommodation and tuition or residential short courses are treated as one item for the purposes of funding
- (d) No one person shall benefit more than once from the Fund at the same time
- (e) The Fund will not meet expenses occasioned by repetition of courses or unreasonable delays in completion of courses
- (f) The training courses shall be offered in local training institutions, unless the courses are unavailable in the current financial year
- (g) Beneficiaries who exit the public servant become ineligible upon their exit

**Objects and Purpose of the Fund.**

7. (1) The object and purpose of the Fund shall be to provide loans to public servants pursuing courses in critical training areas as shall be determined from time to time by the Ministry, in consultation with other national government entities and county governments.

(2) Without prejudice to the generality of sub-regulation (1), the Fund will be used for—

- (a) technical and professional short courses lasting between three and six months and that are designed to specifically address identified performance gaps in national government entities and county governments;

- (b) long term course taking more than six months that are academic or technical in nature for professional and career development; and
- (c) promotional courses that are required for the purpose of human resource and succession management in the public service.

**Eligibility  
criteria.**

**8.** A person shall be eligible for a loan product under the Fund if the person—

- (a) is a public servant;
- (b) has completed the probationary period;
- (c) has completed two years after undertaking a long course or one year after a short course, whichever is most recent;
- (d) is to commence their studies In the financial year when the funds are awarded;
- (e) course applied for fits the criteria provided in regulation 7;
- (f) has the ability to commence repayment of the disbursed funds within sixty days of the its disbursement and in accordance with the one-third rule requirement provided for under the Public Service Regulations;
- (g) has the ability to repay the loan within the stipulated period;
- and
- (h) have no pending loan repayments from the Fund.

**Loan  
Application  
Requirements.**

**9.** In order for a person to be considered for a loan under the Fund, the following documents will need to be submitted to the Administrator of the Fund:

- (a) a duly filled application form, as prescribed in the Schedule
- (b) a certified copy of the applicant's National Identification Card
- (c) certified copies of the applicant's latest three months' pay slips;
- (d) copy of admission letter from a recognized institution to undertake a course in accordance with regulation 7

- (e) a recommendation letter form the employer signed by the Accounting Officer or designated officer indicating the approved course, personal number and designation of the applicant.

### **PART III—MANAGEMENT OF THE FUND**

**Role of the  
Cabinet  
Secretary in  
charge of  
Public Service**

**10.** The Cabinet Secretary for the time being responsible for matters relating to public service shall be responsible for—

- (a) providing overall policy direction in implementation of the Fund;
- (b) appointment of members of the Advisory Committee under regulation 11;
- (c) appointment of the administrator of the Fund under regulation 12;
- (d) mobilize resources for the Fund;
- (e) providing regular briefs to the Cabinet on the status of implementation of the Fund;
- (f) approval of the estimates of expenditure and revenue before submission to the Cabinet Secretary;
- (g) receipt of quarterly and annual financial and non-financial reports of the Fund; and
- (h) receipt of any recommendations from the Advisory Committee for policy guidance in furtherance of the objects and purpose of the Fund.

**Advisory  
Committee**

**11.** (1) There is established a Committee to be known as the Advisory Committee which shall comprise of—

- (a) the Principal Secretary for the time being responsible for public service;
- (b) a representative of the Head of Public Service;
- (c) two persons nominated by the Principal Secretary for the National Treasury who shall not be below Job Group R;



- (d) two persons nominated by the Principal Secretary for the public service who shall not be below Job Group R,
- (e) the Chief Executive Officer or Secretary, Public Service Commission or his or her nominee who shall not be below Job Group "R"; and
- (f) The Administrator of the Fund who shall be the Secretary to the Advisory Committee.

(2) The Advisory Committee shall—

- (a) provide oversight on the administration of the Fund;
- (b) advise the Cabinet Secretary for the time being responsible for public service generally on the operations of the Fund;
- (c) approve the opening and closing of bank accounts of the Fund by the Administrator of the Fund;
- (d) approve operational policies to facilitate the attainment of the objects and purpose of the Fund;
- (e) determine additional disbursement conditions as the Committee may consider necessary;
- (f) participate in the formulation of operational policy, regulation and programmes of the Fund;
- (g) review and approve the estimates of annual revenue and expenditure of the Fund and recommend them to the Cabinet Secretary for the time being responsible for micro, small and medium enterprises for approval and submission to the Cabinet Secretary for approval;
- (h) set any further criteria and conditions for accessing the various financial services including the rate of interest or administrative fee and recovery of financial services or products in furtherance of the objects and purpose of the Fund;
- (i) determine the allocation criteria that will ensure equitable distribution of financial products across the country,

including the target number of eligible persons to be advanced loans in any one particular year; and

- (j) develop operational policies to guide on—
  - (i) the eligibility criteria, online application procedure, credit scoring, approval, disbursement and repayment of loans;
  - (ii) the development of loan management systems and solutions which among others will include database of loan beneficiaries, loans disbursed, amounts recovered and balances;
  - (iii) capacity building in respect of eligible persons of the Fund; and
  - (iv) access and conduct of financial intermediaries;
  - (v) monitor and evaluate the implementation and performance of the Fund.

(3) The members appointed under sub-regulation (2) (b), (c) and (d) shall possess relevant qualifications and management experience of not less than five years in law, accounting, finance and education.

**Administrator  
of the Fund.**

**12.** (1) There shall be an Administrator of the Fund.

(2) The Cabinet Secretary responsible for matters relating to public service shall appoint a public officer from the Ministry as the Administrator of the Fund.

(3) A person shall not be appointed as Administrator of the Fund, unless that person—

- (a) holds a degree in either human resources, economics, accounting, finance or any other relevant degree from a recognized institution;
- (b) has ten years of work experience of which five years shall be in senior management level in a relevant field; and
- (c) meets the requirement of Chapter Six of the Constitution

(4) In administering the Fund, the Administrator of the Fund shall—

- (a) open and operate such bank accounts with the approval of the Committee and the National Treasury;
- (b) supervise and control the day-to-day administration of the Fund;
- (c) in consultation with the Committee, develop such policies as may be necessary for the attainment of the objects and purpose of the Fund;
- (d) consult with the Committee on matters relating to the administration of the Fund;
- (e) cause to be kept books of accounts and other books and records in relation to the Fund of all activities and undertakings financed from the Fund;
- (f) with the approval of the Committee, outsource services and enter into and sign commercial contracts or agreements in furtherance of the objects and purpose of the Fund;
- (g) be the custodian of the assets and properties of the Fund;
- (h) open loan accounts of all successful applicants or financial intermediaries and maintain a record of the amount disbursed and the balance thereof;
- (i) prepare, sign and transmit to the Auditor-General, in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund and showing the expenditure incurred from the Fund, and such details as the Public Sector Accounting Standards Board may prescribe from time to time, in accordance with the provisions of the Act and Public Audit Act (Cap. 412B);
- (j) prepare quarterly and annual financial and non-financial reports in a format prescribed by the Public Sector Accounting Standards Board and submit the same to the National Treasury with copies to the Controller of Budget and the Commission on Revenue Allocation; and

(k) implement any recommendations from the Committee for policy guidance in furtherance of the objects and purpose of the Fund.

Secretariat of the Fund.

**13.** (1) There shall be established within the Ministry, a secretariat of the Fund headed by the Administrator of the Fund.

(2) The staff of the secretariat shall be deployed from the Ministry by the Cabinet Secretary..

#### **PART IV—FINANCIAL PROVISIONS**

Lending to financial intermediary for on lending Matching funds by financial intermediary

**14.** A financial intermediary may apply and enter into a lending agreement for a loan from the Fund for on-lending to a public officer.

**15.** (1) Where a financial intermediary enters into a lending agreement with the Fund under regulation 14, that financial intermediary may provide matching funds of at least the amount that may be determined by the Committee.

(2) A financial intermediary shall pay an interest or administrative fee as may be determined by the Committee, but where the financial intermediary provides matching funds under paragraph (1), the interest or administrative fee shall be lower compared to where no matching funds are provided.

Interest or administrative fee on financial services or products

**16.** The interest or administrative fee payable by a beneficiary on a financial service or product advanced under these Regulations shall be at a maximum rate of five per centum per annum on reducing balance:

Provided that where a beneficiary defaults, the interest or administrative fee payable shall be seven and one half per centum on a reducing balance.

- Repayment.**                    **17.** (1) A financial product or service advanced under these Regulations shall be repaid in full within the period determined in the agreement.
- (2) All sums due to the Fund shall be recoverable as a debt due to the Fund.
- Bank accounts for the Fund.**                    **18.** (1) The Administrator of the Fund shall open the main bank account at the Central Bank of Kenya.
- (2) The Administrator may open such other bank accounts in the Central Bank of Kenya or commercial banks including trust accounts, or pension saving accounts with the approval of the Committee and the National Treasury to further the objects and purpose of this Fund.
- Administration costs**                    **19.** The Administrative costs of the Fund shall be met through appropriations of the State Department responsible for matters relating to public service..
- Government financial Regulations**                    **20.** The existing government financial and procurement Regulations shall, to the extent they relate to the administration of public funds established under the Act, apply in the administration of the Fund.
- Investment of funds**                    **21.** The Administrator of the Fund may invest any of the funds of the Fund which are not immediately required for its purposes in such government securities as may be approved by the Committee under these Regulations.
- Retention of receipts and earnings**                    **22.** All receipts, earnings and accruals to the Fund, and the balance of the Fund at the close of each financial year shall be retained by the Fund for the purposes of the Fund.
- Accounts and audit**                    **23.** (1) The Administrator of the Fund shall cause to be kept all proper books and records of account of the income, expenditure and assets of the Fund.

(2) Within a period of three months from the end of each financial year, the Administrator of the Fund shall submit to the Auditor General the accounts of the Fund together with—

- (a) a statement of the income and expenditure of the Fund during the year; and
- (b) a statement of the assets and liabilities of the Fund on the last day of that year.

(3) The accounts of the Fund shall be audited and reported upon in accordance with the Public Audit Act (Cap. 412B).

#### **PART V—MISCELLANEOUS PROVISIONS**

##### **Offences and penalties**

**24.** (1) A public officer who—

- (a) takes possession of the funds or assets of the Fund without lawful authority;
- (b) misappropriates funds or assets of the Fund;
- (c) causes any person to misappropriate or apply the funds otherwise than in the manner provided in these Regulations;
- (d) conceals information on finances of the Fund to obtain a financial benefit either for the officer or another person; or
- (e) engages in a corrupt act,

commits an offence and shall be liable to the penalty provided for under section 199 of the Act.

(2) An applicant or an agent of the Fund who fails to give proper information or gives inaccurate or misleading information or falsifies information or misrepresents information required under these Regulations to obtain a financial benefit, either for himself or herself or for another person, commits an offence and shall be liable to the penalty provided for under section 199 of the Act.

##### **Protection from personal liability**

**25.** No matter or thing done by the Administrator, member of the Committee or any officer, employee or agent of the Fund shall, if the

matter or thing is done *bona fide* for the purpose of executing any provision of these Regulations, render the person or any other person acting on their directions, personally liable to any action, claim or demand whatsoever.

**Winding up of  
the Fund.**

**26.** In the event of winding up of the Fund, the cash balances shall be transferred to the Exchequer while other assets of the Fund shall be transferred to the National Treasury.

**JOHN MBADI NG'ONGO, EGH  
CABINET SECRETARY,  
NATIONAL TREASURY & ECONOMIC PLANNING**

DRAFT FOR PUBLIC PARTICIPATION