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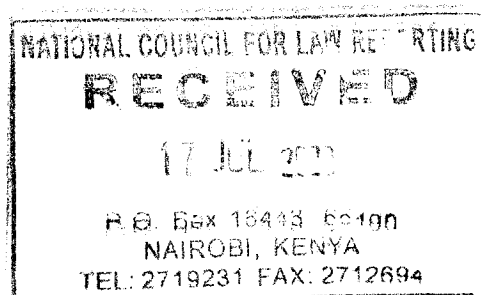
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**THE PUBLIC FINANCE MANAGEMENT
(AMENDMENT) (NO. 2) BILL, 2020**

A BILL for

AN ACT of Parliament to amend the Public Finance Management Act, 2012; and for connected purposes

ENACTED by the Parliament of Kenya, as follows—

**THE PUBLIC FINANCE MANAGEMENT
(AMENDMENT) (NO. 2) BILL, 2020**

1. This Act may be cited as the Public Finance Management (Amendment) (No.2) Act, 2020.

Short title.

2. The Public Finance Management Act, 2012, (in this Act referred to as the principal Act), is amended by inserting the following new definitions in proper alphabetical sequence—

Amendment of section 2 of No. 18 of 2012.

“medium enterprise” means a firm, trade, service, industry or business activity—

- (a) whose annual turnover does not exceed one hundred million shillings;
- (b) which employs between fifty-one and two hundred and fifty employees;
- (c) whose total assets and financial investment shall be as determined by the Cabinet Secretary from time to time and includes—
 - (i) the manufacturing sector, where the investment in plant and machinery or the registered capital of the enterprise does not exceed two hundred and fifty million shillings; and

- (ii) the service sector and farming enterprises, where the investment in equipment or registered capital of the enterprise does not exceed one hundred and twenty-five million shillings;

No. 55 of 2012 “micro enterprise” has the meaning assigned to it in section 2 of the Micro and Small Enterprises Act, 2012;

No. 55 of 2012 “small enterprise” has the meaning assigned to in section 2 of the Micro and Small Enterprises Act, 2012.

3. Section 32 of the principal Act is amended by adding the following new subsection immediately after subsection (2)—

Amendment of section 32 of No. 18 of 2012.

(3A) Notwithstanding the provisions of subsection (2), the Cabinet Secretary shall, with respect to credit guarantees extended to private borrowers who are micro, small or medium enterprises, provide the information specified in section 59A (2) when Parliament makes a request under subsection (1).

4. Section 58 of the principal Act is amended by adding the following new subsections immediately after subsection (4)—

Amendment of section 58 of No. 18 of 2012.

(5) Notwithstanding the provisions of subsection (2) (c), in the case of a private borrower to whom credit is extended for enterprise development or other purpose as may be prescribed by the Cabinet Secretary and does not have sufficient security for the loan, the Cabinet Secretary shall not guarantee the credit extended to such a borrower under subsection (1) unless—

(a) the borrower is a micro, small or medium enterprise;

(b) the borrower has complied with the relevant tax laws;