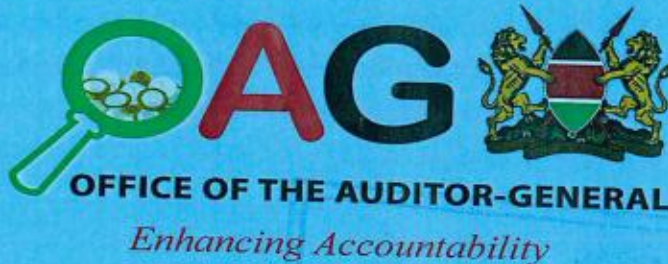


REPUBLIC OF KENYA



REPORT: 22 FEB 2023 Wednesday
TABLED BY: Leader of the Majority Party
OF Mode

THE AUDITOR-GENERAL

ON

**KENYA INDUSTRY AND
ENTREPRENEURSHIP PROJECT
(CREDIT NO. IDA 6268-KE)**

**FOR THE YEAR ENDED
30 JUNE, 2022**

**STATE DEPARTMENT FOR
INDUSTRIALIZATION**



KENYA INDUSTRY & ENTREPRENEURSHIP PROJECT

**MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT;
STATE DEPARTMENT FOR INDUSTRIALIZATION**

CREDIT NUMBER: 6268-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

**Prepared in accordance with the Cash Basis of Accounting Method under the International Public
Sector Accounting Standards (IPSAS)**

***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

TABLE CONTENTS

1. PROJECT INFORMATION AND OVERALL PERFORMANCE	ii
2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PRE-DETERMINED OBJECTIVES xiv	
3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	xvi
4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES.....	xix
5. REPORT OF THE INDEPENDENT AUDITOR ON THE KIEP PROJECT.....	xxi
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022.....	1
7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022.....	2
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2022	3
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS.....	4
10. SIGNIFICANT ACCOUNTING POLICIES	5
11. NOTES TO THE FINANCIAL STATEMENTS	11
11. OTHER IMPORTANT DISCLOSURE.....	17
12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS.....	19
13. ANNEXES	27

***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Kenya Industry & Entrepreneurship Project (KIEP)

Objective: The key objective of the project is to increase innovation and productivity in select private sector firms

Address: The project headquarters offices are in Nairobi County, Kenya.

The address of its registered office is:

National Social Security Fund Building
23rd Floor Block A
Bishops Road.
Upper Hill.

Contacts: The following are the project contacts

Telephone: (254) 2731631

E-mail: ps@industrialization.go.ke and ps.moied@gmail.com

Website: www.industrialization.go.ke and www.kiep.go.ke

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	3 rd August 2018
Project End Date:	31 st December 2024
Project Coordinator:	Mr. Stephen Odua
Project Sponsor:	World Bank (IDA)



***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Industrialization, Trade and Enterprise Development, State Department for Industrialization.
Project number	Project ID: P161317 Credit No: 6268-KE
Strategic goals of the project	The strategic goals of the project is as follows: To increase innovation and productivity in select private sector firms
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <p><u>Part 1. Strengthening the innovation and entrepreneurship Ecosystem</u></p> <p>(a) <u>Strengthening the Ecosystem's support infrastructure</u></p> <ul style="list-style-type: none"> i. Designing and administering diagnostic tools to assess the Intermediaries' management and operations, and the options through which each can improve and or expand their services; ii. Designing and managing a program for Intermediaries to implement action plans under Performance Contracts or Memoranda of Understanding; iii. Incorporating lessons learned to adapt and strengthen the program design, including the diagnostic tools and action plans, as needed; iv. Carrying out awareness raising and information dissemination activities on the program; and v. Collecting data at baseline and throughout implementation, to feed into the Project monitoring and evaluation system. <p>(b) <u>Connecting to international networks and to local traditional industries</u></p> <p>Connect the local Ecosystem to international networks and ii. bridge the gap between local industry and technology-enabled startups, and local industry and students of Tertiary Education Institutions</p>

	<p>("TEIs"), and iii. Support coordination in the Ecosystem, through:</p> <ul style="list-style-type: none"> (i) Development of international acceleration program that connects the local ecosystem to leading international networks and ecosystems. (ii) establishment and management of industry-startup linkages to bridge the gap between local industry and technology-enabled startups; and (iii) Establishment and management of an industry-academia platform to connect tertiary education institutions and their students to individual companies. <p>Part 2: <u>SME Linkages and Upgrading</u></p> <p>Strengthen the productivity and internal capabilities for innovation of Small and Medium Enterprises ("SMEs") through</p> <ul style="list-style-type: none"> a. Designing and administering diagnostic tools to assess SMEs' management and operations, and the options through which each can improve their managerial and technical skills, and their use and access to technology. b. Designing and managing a program for SMEs to implement action plans under Performance Contracts c. Designing a mechanism to enhance SMEs engagement with lead firms, including business development to ensure flow of lead firms and SMEs into the program referred to in paragraph (b) above; d. Incorporating lessons learned to adapt and strengthen the program design, including the diagnostic tools and action plans, as needed; e. Carrying out awareness raising and information dissemination activities on the program; and f. Collecting data at baseline and throughout implementation, to feed into the Project monitoring and evaluation system. <p>Part 3: <u>Outreach, Monitoring and Evaluation, and Project Implementation Support:</u> Project management, coordination and reporting.</p>
--	---

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

Other important background information of the project	<p>The project is funded by the International Development Association (IDA) World Bank. The Project total cost is US\$ 50 million (EURO 41,400,000) and is to be implemented over six years.</p> <p>Project Categories</p> <p>The overall Project has three components categories as per the Financing Agreement dated 3rd August 2019:</p> <p>Category 1: Goods, non-consulting services, consultant's services, Training and Incremental Operating Costs</p> <p>1. Component 1: Strengthening the innovation and entrepreneurship ecosystem</p> <p>1a. Strengthening the Ecosystem's support infrastructure</p> <p>1a1 Sub-component: Strengthening the Ecosystem's Support Infrastructure</p> <p>1a2 Sub-component: Industry-Startup Linkage Program</p> <p>1b. Connecting to international networks and to local traditional industries</p> <p>1b.1 Sub-component: International Acceleration Process</p> <p>1b.2 Sub-component: Industry-Academia Platform</p> <p>2. Component 2: SME Linkages and Upgrading</p> <p>3. Component 3: Outreach, Monitoring and Evaluation, and Project Implementation Support</p>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> i. Limited connections to networks of international mentors, angel investors, and venture capitalists (VCs) making it difficult for local startups to grow and compete internationally ii. Limited contact between traditional industry and technology-enabled startups in Kenya, iii. To create the next generation of globally competitive Information and Communications Technologies (ICT) leadership, technology-enabled businesses and technology talent pool that will transform Kenya. iv. SMEs also have difficulties in improving their productivity due to poor managerial practices and information failures around how to upgrade. Firm-level data in Kenya reveals most firms have low productivity due to a skills deficit both at the managerial and technical levels

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

	v. By strengthening the innovation and entrepreneurship ecosystem and increasing firm-level innovation and productivity, will deliver Kenya's Vision 2030, which recognizes the challenges of slow structural transformation and low productivity in sectors that employ the majority of Kenyans.
Project duration	The project started effectiveness on 22 nd November 2018 and is expected to run for six years until 31 st December 2024.

1.4 Bankers

The following are the bankers for the current year:

- (i) Designated Account (Credit) – Central Bank of Kenya – Account Number- 1000395923
- (ii) Project Account (Credit) – Central Bank of Kenya- Account Number- 1000397144

1.5 Auditors

The project is audited by the Auditor General, Office of the Auditor General (P.O Box 30084 University Way, Nairobi.) under the Article 229(4) of the Constitution of Kenya.

1.6 Roles and Responsibilities

The following are the officers who were responsible for the project

Names	Title designation	Key Qualification	Responsibilities
Amb.Kirimi P. Kaberia	PS State Department of Industrialization	Master's Degree in International Law (LLM), Bachelor's Degree in Journalism and Communication	Accounting Officer
Stephen Odua	Director of Industries	Masters of Science in Entrepreneurship, Bachelor of Science Statistic & Computer Science	Project Coordinator
John Muinami	Project Manager	Bachelor of Arts in Economics (BA Econ), Masters of Business Administration (MBA), Certified Public Accountant Finalist (CPA) Advanced Certified Senior Project Manager (ASPM)	Project Management

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

Names	Title designation	Key Qualification	Responsibilities
Ruth Wanyonyi	Project Accountant	MSC,BCOM, CPA(K) Masters of Science –Finance, Bachelor of Commerce-Finance ,Certified Public Accountant Kenya	Financial Management

1.7 Funding summary

The Project is for duration of six years from 22nd November 2018 to 31st December 2024 with an approved budget of EURO 45,540,000 equivalent to Ksh. 5,190,781,270. Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30th June,2022)		Undrawn balance to date	
	Donor currency EURO	KShs	Donor currency EURO	KShs	Donor currency EURO	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Loan						
IDA	41,400,000.00	4,718,892,060	2,844,867.19	343,680,661	38,555,132.81	4,375,211,399
Counterpart funds						
Government of Kenya	4,140,000	471,889,206	1,109,339.31	130,522,754	3,030,660.69	341,366,452
Total	45,540,000.00	5,190,781,266	3,954,206.50	474,203,415	41,585,793.50	4,716,577,851

B. Application of Funds					
Application of funds	Amount received to date – (30 th June 2022)		Cumulative Amount paid to date – (30 th June 2022)	Unutilised balance to date	
	Donor currency	Kshs		Donor currency	Kshs
	(A)	(A')		(A)-(B)	(A')-(B')
(i) Loan					
IDA	2,844,867.19	343,680,661	289,698,349	423,650.79	53,982,312
(ii) Counterpart funds					
Government of Kenya	1,109,339.31	130,522,754	128,644,249	17,193.24	1,878,505
Total	3,954,206.50	474,203,415	418,342,598	440,844.03	55,860,817

1.8 Summary of Overall Project Performance:

i) Budget performance against actual amounts for current year and for cumulative to-date,
During the financial year 2021-2022, the project had a total budget of Kshs. 968,500,000 comprising of both donor funds and GOK Counterpart funds. However, the total expenditure amounted to Ksh. 139,713,236 giving an absorption rate of 14%. The low absorption was as a result of slowdown of project activities to await decision for project restructuring/review and this included holding back payments from the various consultancies for work completed as per the existing contracts. The overall project absorption is 8%.

ii) Physical progress based on outputs, outcomes, and impacts since project commencement,

The KIEP Project Development Objective (PDO) for the Project is ***“to increase innovation and productivity in select private sector firms”***. The Project’s direct beneficiaries are primarily formal private sector firms in Kenya, including a minimum of 30 intermediaries (incubators, accelerators, and hubs), 162 start-ups, 7 technology boot camp providers, 15 corporates, 250 SMEs and 60 students (drawn from Tertiary Education Institutes).

The project Achievements:

Five out of the seven management firms are on-boarded, with a total contract value of US\$11.8 million (24 percent of the project), and the remaining two contracts, worth US\$ 7.5 million (15 percent) of the project size), are pending finalization and signing.

SME Linkages and Upgrading Program

Management firm, Niras OY Finland with Intellectap as Sub-consultants was boarded in August 2020; Inception Report, Cohort 1 identification and recruitment report, Quarter Progress Reports (QPR 1,2,3) prepared and approved; Call for application for cohort 1; launched in 20th November 2020; 95 SMEs submitted applications as the Longlisting; 52 SMEs passed eligibility verification stage; 49 shortlisted; 44 SMEs approved by selection committee; 39 SMEs completed due diligence and proceeded to diagnosis; Thirty-Three (33) SMEs of Cohort 1 are ready for signing of Financial Agreements with KIEP for disbursement of funds; communication materials developed & finalized <https://kiep250plus.co.ke/>; Selection Committee (SC) Appointed; Business Advisors recruited and trained; A database of 101 Business Development Services Providers was developed and is available in the KIEP 250+ Website; Business Diagnostics methodology finalized and a Diagnosis Model developed that highlights the SME gaps, assists with mode and delivery of possible technical assistance and ranks the needs assessment outcomes as expected impact; Performance Improvement plan (PIP) templates designed; Due Diligence built into SmartME (an online processing system that is fully encrypted and auditable digital system to

***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

administer initial SME application, shortlisting, due diligence, diagnosis, technical assistance provision, monitoring and evaluation developed); Grievance Redress Mechanism designed; Grant disbursement workflow developed; 303 Strategic partners engagements conducted (with over 5,000 SMEs briefed on KIEP 250+); 101 Business Development Service Providers (BDS) screened and profiles included in web based database; Cohort two preparations ignited; and over 7 manuals/documents developed and approved (Fund Operations Manual; Selection Committee Charter; Grant Administration Manual; Grant Approval Committee Charter; SME Application Guide; BDS Application Guide; and Grievance Redress Guide).

International Acceleration Process: The Management Consulting firm (GrowthAfrica) was on boarded in August 2020. First five milestones achieved as per contract: Inception Report, Stakeholders mapping report, Q1, Q2 & Q3 Reports completed; Startup Savanna launched successfully and 303 Entrepreneurs registered; 16 local and foreign Enterprise Support Organizations (ESOs) registered; Communication materials developed and finalized <https://startupsavanna.com/>; Ignite Process with Wadhani Foundation: Cohort 1- 66 enterprises for cohort 1 and 53 for cohort 2 are undergoing digital skills development under the LearnWISE platform, Cohort 3- registration ongoing; 8 startups registered for the Ventures to EDF (Electricite' de France) Africa Tour 2021 – scheduled for Nairobi early November 2021; 4 start-ups linked to IMFact and negotiation are ongoing for provision of working capital; Growth Africa has partnered with Oracle to provide startups with free oracle products as well as trainings to enable beneficiaries digitize and use the accruing benefits; Startup Savanna supported a Kenyan start-up, Kwara, to participate in the Abu Dhabi Global Markets (Fintech Search Africa) thereby providing Kenya exposure to other participating countries; Startup Savanna entered into Partnership with MIE Group on facilitating and attracting Foreign Direct Investments (FDIs) in Kenya.

Industry Academia Platform: The Management Consulting firm (Maastricht School of Management) was on boarded in August 2020; First five milestones achieved as per contract: Inception Report, Stakeholders mapping report, IAP benchmarking report and IAP options report, Q1, Q2 & Q3 Reports completed; Strategic Business plan developed; Marketing and Communication (M&C) Strategy developed; Project logo (iTATU - Ideate, Innovate and Implement) and website developed www.skyzone.co.ke/demo/itatu/#home; 13 universities and 20 Corporates engaged to participate in the program; database of 120 students developed drawn from 26 universities; 10 challenges in different stages of development; Agreements with key partners for 5 innovation challenges (including Demola) developed; 3 open innovation challenges designed and published {East Africa Grain Council – Waste Management Systems and Green Management Systems; Inter-Governmental Authority on Development (IGAD) – design of spray dryer for Gum Arabica; KENGEN – Electric Bicycle}

Administration of Intermediaries

The Procurement process was initiated in July 2018 and Letter of award issued to Spineberg Ltd with E4Impact as a Joint Venture. Contract signing initiated in June 2021 with Management fee of Kshs. 132,281,760 (12%) for Phase 1 & 2 and the Contract awaiting finalization once the restructuring is

***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

completed. Once the contract is signed off KIEP will be able to plan and disburse grants to Intermediaries (incubators, hubs & accelerators), Boot camp Providers and train Rapid Tech Skills Students.

Outreach, M&E and Project Implementation Support: The Communication firm, Apex Porter Novelli and Management Consulting firm for Monitoring and Evaluation (Spantrack Ltd & Finnish Consulting Group) were on boarded in February 2021. The inception report was approved and the 2nd milestone (Communication and M&E Strategy) submitted to PIU/CIT for review.

A Memorandum of Understanding (MOU) between the Kenya Industrial Estates (KIE) and KIEP was signed and first tranche of Kshs 31 million disbursed with so far, 210 SMEs trained on Product Innovation and Covid-19 mitigation from seven counties (Meru, Malindi, Nairobi, Kisumu, Nyeri, Eldoret, and Bomet). 3 other MOUs for signing with State Corporations under the Ministry namely Kenya Bureau of Standards (KEBS), Kenya Industrial Research and Development Institute (KIRDI) and Kenya Industrial Property Institute (KIPI) are ready but to be re-considered after completion of the restructuring process.

Other achievements of the project include the following:

Project Setup: The project Implementation Unit has been set up, offices partitioned and finalized, equipment purchased and officers trained on World Bank procedures and project management skills; Four Memorandum of Understanding have been signed with three State Corporations (Kenya Bureau of Standards (KEBS); Kenya Industrial Research and Development Institute (KIRDI); Kenya Industrial Estates (KIE); and the Association of Enablers and SMEs in Kenya (ASSEK); The Contract Implementation Teams (CITs) were constituted and appointed by the Principal Secretary and have reviewed various deliverables for the Management Consultants.

iii) Comment on value-for-money achievements

The initial phase of the project involved procurement of the required management consultants, putting in place the necessary operational manuals, selection criteria, opening required operational accounts and sensitizing the potential beneficiaries to apply for the available project facilities as the design was demand driven. Given that the consultant management firms have been procured, operational manuals developed and website and macrosites developed, the project had value for money. However, this will be fully eroded if the project does not proceed to the next stage of identifying beneficiaries and supporting them as per the project goals and objectives.

iv) Indicate the absorption rate for each year since the commencement of the project.

The project budget (donor and counterpart) compared with the expenditure to date is 23% as tabulated per year below;

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

Budget Vs Expenditure to date

	KIEP Financial Year				Total
	2018/2019	2019/2020	2020/2021	2021/2022	
Budget	124,977,348	230,000,000	514,436,061	968,500,000	1,837,913,409
Expenditure	23,877,144	96,412,037	158,436,061	139,713,236	418,438,478
Absorption	19%	42%	31%	14%	23%

Budget Details – Donor & Counterpart

	KIEP Financial Year				Total
	2018/2019	2019/2020	2020/2021	2021/2022	
Donor	24,977,348	180,000,000	498,267,183	912,000,000	1,615,244,531
Counterpart	100,000,000	50,000,000	16,168,878	56,500,000	222,668,878
Budget	124,977,348	230,000,000	514,436,061	968,500,000	1,837,913,409

Amount Received to date

	KIEP Financial Year				Total
	2018/2019	2019/2020	2020/2021	2021/2022	
IDA	-	177,492,638	102,500,266	63,687,757	343,680,661
GOK	25,000,000	50,000,000	19,657,450	35,865,304	130,522,754
Total	25,000,000	227,492,638	122,157,716	99,553,061	474,203,415

Overall KIEP Budget in comparison with amount received to date

	Overall Budget	Received to date	Funds Received %
IDA	4,718,892,060	343,680,661	7%
GOK	471,889,206	130,522,754	28%
Total	5,190,781,266	474,203,415	9%

When the overall budget of Ksh 5,190,781,266 is compare to the amount received to date of Ksh. 474,203,415 the overall project performance/absorption is 9% and when compared to Expenditure to date of Ksh 418,438,478 the overall performance is 8%.

v) List the implementation challenges and recommended way forward.

The project Implementation has been on hold for 10 months following the request and conducting of a restructuring fact finding mission. The restructuring was requested to address the following emerging areas:

- a) **Project Design:** The design envisaged implementation of the project through Management Consultants. The procurement of the consultants for implementing the various components and sub-components with the 1st consultancy having come on board in August 2021 hence the project is lagging behind on implementation. This has been mitigated by closely planning and monitoring deliverables with PIU.
- b) **World Bank Procedures vis-à-vis GOK Procedures:** Though generally the procedures are similar, the interpretation of the GOK requirements in some cases caused delay in procurement as we had to seek procurement opinion from the Public Procurement Regulatory Authority and the State Law office.
- c) **Direct payments to beneficiaries:** The design had envisaged that payments will be made by the Management consultants directly to the beneficiaries. The National Treasury opposed this arrangement, as the Government will still be accountable for the same. This has delayed payments to the beneficiaries.
- d) **Covid-19 Pandemic:** The 1st wave of Covid-19 started in March 2020 as this meant that some of the shortlisted firms could not come and negotiate the contracts. This has caused delays including the diagnosis process for the beneficiaries.
- e) **Mid-term review Process:** The project implementation has slowed down awaiting the decision to undertake a comprehensive mid-term review. This has led to the postponement of launch for Cohort 2 under KIEP 250+, Industry-Academia Program and the Startup Savannah sub-components.
- f) **Demand driven Approach:** The project design is based on a demand driven approach and with the slowness in momentum to attract the beneficiaries will affect the project upstream.
- g) **Reduced allocation of Counterpart Funds:** The project envisaged the Counterpart component of the project to support the national outreach of the project. This has been on the decline and last financial year, the National treasury provided authority to use the 2nd half allocation in the 1st half and later reduced the allocation during the supplementary budget leading to negative expenditures.
- h) **Delays in disbursement:** Though the MOUs have been signed for the 4 State Corporations and ASSEK, not all funds have been disbursed except to Kenya Industrial Estates.

1.9 Summary of Project Compliance:

- i) Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,***

The KIEP project has routinely monitored the below mitigation measures to alleviate the adverse effects of actual or potential consequences of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants;

- Periodic Project Implementation Unit (PIU) and Contract Implementation Team weekly meetings
- Frequent adhoc weekly meeting by PIU and the World Bank to address challenges before they are out of proportion.
- Close work plan and budget monitoring from start of the project.
- Regular obtaining 'No Objection' from World Bank team for designated activities.
- Involvement of Project Implementation Unit in planning and execution of project activities.
- Develop informational flow chart with key decision tree to streamline decision making and prevent avoidable bureaucratic delays.

However, the project activities were slowed down in this financial year to allow for restructuring of activities. This action included freezing of payments to the management consultant firms until the process of restructuring is completed.

- ii) Include consequences suffered on account of non-compliance or likely to be suffered.***

The slowdown of activities to allow for the restructuring/review process and non-payment of the already completed tasks does not comply with the existing contracts and are likely to result into law suits if not properly addressed.

- iii) Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance.***

- Fast Tracking the KIEP review process to avoid time/cost overruns.
- Payment of the management firms due and renegotiating of the activities implementation / activity crashing based on project time left.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PRE-DETERMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The Project Development Objective (PDO) is "to increase innovation and productivity in select private sector firms."

The key development objectives of the project's 2018-2022 plans are to:

- To strengthening the innovation and entrepreneurship ecosystem (Component 1)
- To Strengthen the ecosystem's support infrastructure - Subcomponent 1a
- To Connect to international networks and local traditional industries -Subcomponent 1b
- To strengthen the productivity and internal capabilities for innovation of select SMEs (Component 2)
- To provide resources for: (a) communication to facilitate diffusion and replication of promising innovations, (b) monitoring and evaluation (M&E) analyses to ensure the implementation and sustainability of the Project's activities, and (c) Project implementation support. (Component 3)

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Measure	End target	Performance
KIEP	Final result indicators To increase innovation and productivity in select private sector firms."	Increased Innovation	Number of select firms with a developed innovation	Number	127	<ul style="list-style-type: none"> Five out of the seven management firms on-boarded, with a total contract value of US\$11.8 million (24 percent of the project), and the remaining two contracts, worth US\$ 7.5 million (15 percent) of the project size), are pending finalization and signing. The International Acceleration process, dubbed 'Startup Savanna' has 303 Entrepreneurs registered;
		To increase productivity	Number of select firms experiencing an increase in productivity	Number	50	
		Cross Cutting	Firms benefiting from private sector initiatives	Number	2,755	
			Of which are female-owned	Number	262	
Component 1	To strengthening	Increase	Beneficiary satisfaction	Number	70	

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

Project	Objective	Outcome	Indicator	Measure	End target	Performance
	the innovation and entrepreneurship ecosystem (Component 1)	innovation	with incubator and accelerator services (citizen engagement indicator)			<p>16 local and foreign Enterprise Support Organizations (ESOs) registered; Ignite Process with Wadhani Foundation: 118 SMEs undertook digital skills development under the LearnWISE platform; 4 start-ups linked to IMFact and negotiation are ongoing for provision of working capital;</p> <p>▪ The Industry Academia platform engaged 13 universities, 20 Corporates to participate in the program; a database of 120 students developed drawn from 26 universities; 10 challenges in different stages of development; Agreements with key partners for 5 innovation challenges.</p>
			Percentage of technology bootcamp graduates that are women	Percentage	35	
	Crosscutting		Number of individuals trained	Number	2,891	
			Of which female	Number	517	
Component 2	To strengthen the productivity and internal capabilities for innovation of select SMEs (Component 2)	Increase productivity	Number of beneficiary SMEs with above average revenue growth	Number	25	
Component 2	To strengthen the productivity and internal capabilities for innovation of select SMEs (Component 2)	Increase productivity	Number of beneficiary SMEs with above average revenue growth	Number	25	<p>▪ Thirty-Three (33) SMEs of Cohort 1 are ready for signing of Financial Agreements with KIEP for disbursement of funds;</p> <p>▪ A database of 101 Business Development Services Providers developed and is available in the KIEP 250+ Website;</p> <p>▪ 44 SMEs taken through Business Diagnostics methodology that highlights the SME gaps, and ranks the needs assessment outcomes</p> <p>▪ 303 Strategic partners engagements conducted (with over 5,000 SMEs briefed on KIEP 250+); 101 Business Development Service Providers (BDS) screened and profiles included in web based database; Cohort two preparations ignited; and over 7 manuals/documents developed and approved (Fund Operations Manual; Selection Committee Charter; Grant Administration Manual; Grant Approval Committee Charter; SME Application Guide; BDS Application Guide; and Grievance Redress Guide).</p>

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

KIEP exists to transform lives by changing the business mind-set, and entrepreneurial culture through strengthening the innovation and entrepreneurship ecosystem, linking industry with academia, linking startups with industry, opening access to local and international partnerships through International acceleration process, upgrading SMEs, increasing innovation and productivity of select private firms. This is our purpose; the driving force behind everything we do. The compass that guides us to deliver our strategy.

Below is a brief highlight of our activities that drive towards sustainability.

Sustainability strategy and profile

In summary the implementation of KIEP project is aligned with the Kenya vision 2030, Medium Term Plan (MTP III, 2018-2022), National Industrialization Policy (2012-2030), Kenya Industrialization and Transformation Policy 2015, Medium & Small Enterprises (MSE) Act 2020 and big four Agenda. KIEP addresses challenges of low innovation and technology transfer by the SMEs, Weak linkages Academia/industry and Firm level support.

Some of KIEP sustainability measures include;

Delivery & Contracting Mechanisms-The Project Steering Committee (PSC) comprises of (KEPSA, KAM, ASSEK, MOITED, TNT, MOE, and KNCCI) among others. The involvement of business associations in design and implementation as appellate Project Steering Committee to offer top-notch intervention advisory and ensure documented programs lessons learnt are replicated and cascaded beyond project shelf life.

Participation Incubators, Accelerators, Boot camps, Universities, SMEs - The innovation ecosystem players were involvement in design and implementation of the project. These players are direct beneficiaries with establishments that are going concerns. The Stakeholders prudently agreed upon the beneficiary's selection criteria based on market competitiveness.

KIEP Management & Organization- KIEP project implementation unit composed of Ministry staff as project Implementation unit (PIU) who ensures quality delivery and replicability of lessons learnt in their day-to-day running of the directorates. The PIU will also receive targeted training including Country Industry Development Officers (CIDO).

Creation of database for local business advisors/ boot-camp providers to train and mentor SMEs/ startups- The registration of business advisors will create a vetted database for any planning, selection and identification of business providers and provide a databank for future use. Financial, economic & Social The project will benefit SMEs, Students, Research Institutions, Innovators through Financial Disbursements, Training and mentoring, Products developed and commercialized, Partnerships and linkages and Joint ventures.

SME Technology Upgrading-The project will support the SMEs to acquire /install appropriate production technologies; Support incubators (KEBS, KIE, KIRDI) acquire modern equipment for training & common manufacturing facilities; Provide support to boot-camp for training on highly intensive technical skills to startups;

Social, Gender and Culture- KIEP Target 30% of project beneficiaries to be women owned & led startups/SMEs. Inclusion of women owned & led startups/SMEs in implementation and benefitting from the project is one of the key approaches of the project. Project beneficiaries will not perpetuate exploitation of the vulnerable and poor women and young girls

Political & Economic Factors- KIEP project objective are anchored in the Government development policies, plans & manifestos.

1. Environmental performance

KIEP developed the Environmental Social Safeguard plan that provides guidance to project beneficiaries in the selection, preparation and implementation of activities in order to avoid or minimize environmental and social risks and negative impacts and enhance the environmental and social benefits and performance under the project.

The Project Implementation Team reviewed and appraised contract templates of potential beneficiary firms and ecosystem intermediaries and guided in environment and social safeguard requirements. Clauses on environment and social safeguard requirements were captured in the MOUs of KIRDI, KIPI, KIE, KEBS and ASSEK. PIU and selected beneficiaries were trained on Environmental Social Safeguards skills. This included ensuring beneficiaries firm use the Environmental and Social Screening Form (ESSF), develop requisite supplementary environmental safeguard instruments; Environment and Social Impact Assessment (ESIA), Environment and Social Management Plan (ESMP) and Grievance Redress Mechanism (GRM) for participating institutions / organisations/ beneficiaries which included: KIRDI, KIPI, KIE, KEBS, ASSEK, Growth Africa, MSM and NIRAS.

All Grievance Redress Mechanism (GRM) for KIEP and sub components is online, 24/7 and a respective GRM team have been appointed to oversee seamless GRM implementation.

All ESMPs were prepared, guided by requirements and applicable national laws, legislations and regulations, the World Bank environment and social safeguard policies, WBG EHS guidelines and GBV Directives and, Prevention of Sexual Exploitation and Abuse (PSEA) including Child Labour and Employment act.

2. Employee Welfare

The hiring of the consultant firms and Individual consultant followed the Kenya Public Procurement and Asset Disposal Act, 2015 and the World Bank's Procurement Framework, which promotes tailored procurement approaches that emphasize choice, quality, and value for public spending. The frameworks determine the best value for money to ensure quality outcomes and sustainability by focusing on market research, needs analysis, and project-specific risks, including environmental and social issues.

3. Market place practices

KIEP ensures that fair and competitive marketplace practices are upheld all the time using the below efforts:

a) Responsible competition practice.

All the KIEP procurement activities were advertised in local dailies and United Nations Development Business (UNDB) website for global procurement market that facilitate successful bidding on international development projects and ensured fair competition and respect for competitors that includes ethical marketing practices.

b) Responsible Supply chain and supplier relations-

The project has signed five contracts with management consultant firms. The contracts are binding for the project period. So far, all milestones planned for the year were achieved; Contract Implementation team reviewed and approved the respective milestone and completion certificates prepared. The ministry is working on timely payments to consultant firms

4. Community Engagements

Stakeholders mapping for all subcomponents was conducted which informed on KIEP programming and targeting. So far more than 101 mobilization and information sessions were conducted to create project awareness, desire, knowledge, ability and inform the public on the sub component specific selection criteria for selection, selection process journey especially for SMEs that will receive Technical Assistance to improve their business productivity and innovation.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for Industrialization, Ministry of Industrialization, Trade and Enterprise Development and the **Project Coordinator** for **Kenya Industry and Entrepreneurship Project (KIEP)** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2021.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary, State department for Industrialization and the **Project Coordinator** for **Kenya Industry and Entrepreneurship Project (KIEP)** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary, State Department for Industrialization and the **Project Coordinator** for **Kenya Industry and Entrepreneurship Project (KIEP)**, are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. **The Principal Secretary**, State Department for Industrialization and the **Project Coordinator** for **Kenya Industry and Entrepreneurship Project (KIEP)**, further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for Industrialization and the **Project Coordinator** for **Kenya Industry and Entrepreneurship Project (KIEP)**, confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

Approval of the Project financial statements

The Project financial statements were approved by the ***Principal Secretary*** for the Ministry of Industrialization, Trade and Enterprise Development; State Department for Industrialization and the ***Project Coordinator*** for ***Kenya Industry and Entrepreneurship Project (KIEP)*** on 11th 2022 and signed by them.



Amb. Kirima P. Kaberia, CBS
Principal Secretary



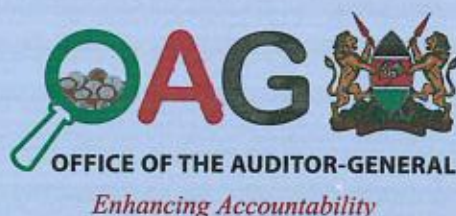
Stephen Odua
Project Coordinator



Ruth M. Wanyonyi
Project Accountant:
ICPAK Member Number: 13147

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA INDUSTRY AND ENTREPRENEURSHIP PROJECT (CREDIT NO. IDA 6268-KE) FOR THE YEAR ENDED 30 JUNE, 2022 - STATE DEPARTMENT FOR INDUSTRIALIZATION

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations which have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner, to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Industry and Entrepreneurship Project (Credit No. IDA 6268-KE) set out on pages 1 to 26, which

comprise of the statement of financial assets as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, 2010 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Industry and Entrepreneurship Project as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and complies with the Public Finance Management Act, 2012 and the Financing Agreement Credit No.6268-KE between the International Development Association (IDA) and the Republic of Kenya dated 3 August, 2018.

In addition, the special account statement presents fairly the special account transactions and the closing balance has been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Industry and Entrepreneurship Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters which, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects actual receipts of Kshs.99,523,561 against budgeted receipts of Kshs.968,500,000 resulting in a shortfall of Kshs.868,976,439 or 90% of total budget. The shortfall arose under the IDA Loan where actual receipts amounted to Kshs.63,687,757 against the budgeted receipts of Kshs.912,000,000 resulting in a shortfall of Kshs.848,312,243 or 93% of the total budgeted receipts. In addition, actual receipts under transfer from Government entities were Kshs.35,835,804 against budgeted receipts of Kshs.56,500,000, resulting to shortfall of Kshs.20,664,196 or 37% of the total budgeted receipts.

Further, the statement of comparative budget and actual amounts reflects budgeted payments of Kshs.968,500,000 against actual payments of Kshs.139,713,236 resulting to under expenditure of Kshs.828,786,764 or 86% of total budget.

In view of the above, the Project Management have not implemented all the planned and approved programmes, resulting to delayed provision of services to the citizens.

2. Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under Other Matter and the Report on Lawfulness and Effectiveness in Use of Public Resources. Management has indicated that the issues have been responded to. However, the issues remained unresolved as Parliament has not met to deliberate on the same.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Unpaid Salaries

Examination of the Project records revealed that the consultants were paid their June, 2022 salaries in the month of August, 2022. However, they were not paid four (4) months salaries from the month of February, 2022 to May, 2022 totalling to Kshs.6,200,000. This was contrary to the consultancy contracts rates agreed and specified in the cost estimate and schedule of rates at annexes C and D which states that "the client shall pay the consultant for services rendered at the rate(s) per man/month spent in accordance with the rates agreed.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

As required by International Development Agency Credit Agreement No.6268 dated 03 August, 2018, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements agree with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of its services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how the Project Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective

processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls which might be material weaknesses under the ISSAIs. A material weakness is a condition in which, the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement caused by error or fraud in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters which may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

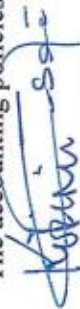
12 October, 2022

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022.

	Note	2021/2022 Receipts and payment controlled by the project	2020/2021 Receipts and payment controlled by the project	Cumulative
		KShs	KShs	KShs
RECEIPTS				
Transfer from Government entities	1	35,835,804	19,657,450	130,522,754
Loan from external development partners	2	63,687,757	102,500,265	343,680,661
TOTAL RECEIPTS		99,523,561	122,157,715	474,203,415
PAYMENTS				
Compensation of employees	3	20,771,632	17,750,000	56,321,632
Purchase of goods and services	4	118,941,604	108,960,681	324,392,857
Acquisition of non-financial assets	5	-	-	6,028,109
Transfer to other government entities	6	-	31,600,000	31,600,000
TOTAL PAYMENTS		139,713,236	158,310,681	418,342,598
SURPLUS/(DEFICIT)		-	36,152,966	55,860,817

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



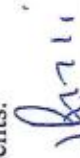
Principal Secretary

Name: Amb. Kirima P. Kaberia, CBS



Project Coordinator

Name: Stephen Odua



Project Accountant

Name: Ruth M. Wanyonyi

ICPAK Member Number: 13147

*Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022

	Note	2021/2022	2020/2021
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7.A	55,860,817	96,050,492
Cash Balances	7.B	-	-
Cash Equivalents (short-term deposits)	7.C	-	-
Total Cash and Cash Equivalents		55,860,817	96,050,492
Accounts receivables – Imprest and Advances	8	-	
TOTAL FINANCIAL ASSETS		55,860,817	96,050,492
REPRESENTED BY			
Fund balance b/fwd	9	96,050,492	132,203,457
Prior year adjustments			
Surplus/(Deficit) for the year		- 40,189,675	- 36,152,966
NET FINANCIAL POSITION		55,860,817	96,050,491

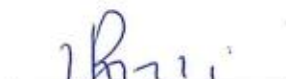
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 11/9/2022 2022 and signed by:



Principal Secretary
Date



Project Coordinator
Date



Project Accountant
Date 11/9/2022
ICPAK Member No.13147

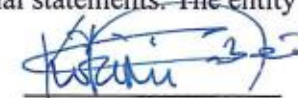
○

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

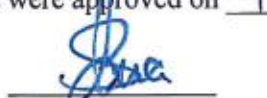
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2022

		2021/2022	2020-2021
	Note	KShs	KShs
Receipts from operating activities			
Transfer from Government entities	1	35,835,804	19,657,450
Payments from operating activities			
Compensation of employees	3	20,771,632	17,750,000
Purchase of goods and services	4	118,941,604	108,960,681
Transfer to other government entities	6	-	31,600,000.00
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	8	-	
Increase/(Decrease) in Accounts Payable: (deposits and retention)			
Prior Year Adjustments			
Net cash flow from operating activities		- 103,877,432	- 138,653,231
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	-	-
Net cash flows from Investing Activities		- 103,877,432	- 138,653,231
CASHFLOW FROM BORROWING ACTIVITIES			
Loan from external development partners	2	63,687,757	102,500,265
Net cash flow from financing activities		63,687,757	102,500,265
NET INCREASE IN CASH AND CASH EQUIVALENT		- 40,189,675	- 36,152,966
Cash and cash equivalent at BEGINNING of the year		96,050,492	132,203,457.45
Cash and cash equivalent at END of the year		55,860,817	96,050,491

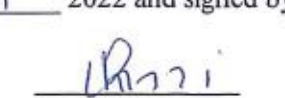
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 11/9/2022 2022 and signed by:



Principal Secretary
Date



Project Coordinator
Date



Project Accountant
Date 11/9/2022
ICPAK Member No: 13147

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget a.	Adjustments b.	Final Budget c=a+b	Actual Comparable Basis d.	on Budget Difference e=c-d	Utilization % of Utilization f=d/c %
Receipts						
Transfer from Government entities	56,500,000	0	56,500,000	35,835,804	20,664,196	63
Proceeds from borrowings	1,312,000,000	400,000,000	912,000,000	63,687,757	848,312,243	7
Total Receipts	1,368,500,000	400,000,000	968,500,000	99,523,561	868,976,439	10
Payments						
Compensation of employees	34,146,632		34,146,632	20,771,632	13,375,000	61
Purchase of goods and services	1,188,203,814	400,000,000	788,203,814	118,941,604	669,262,210	15
Transfer to other Government Entities	146,149,554	-	146,149,554	-	146,149,554	-
Total Payments	1,368,500,000	400,000,000	968,500,000	139,713,236	828,786,764	14

Note: The significant budget utilisation/performance differences in the last column are explained in Annex I to these financial statements.


Principal Secretary
Date


Project Coordinator
Date


Project Accountant
Date 11/9/2022
ICPAK Member No: 13147

10. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

10.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

10.2 Reporting entity

The financial statements are for the *Kenya Industry and Entrepreneurship Project (KIEP)* under the State Department of for Industrialization, Ministry of Industrialization, Trade and Enterprise Development. The financial statements are for the reporting entity KIEP as required by Section 81 of the PFM Act, 2012.

10.3 Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

10.4 Recognition of receipts

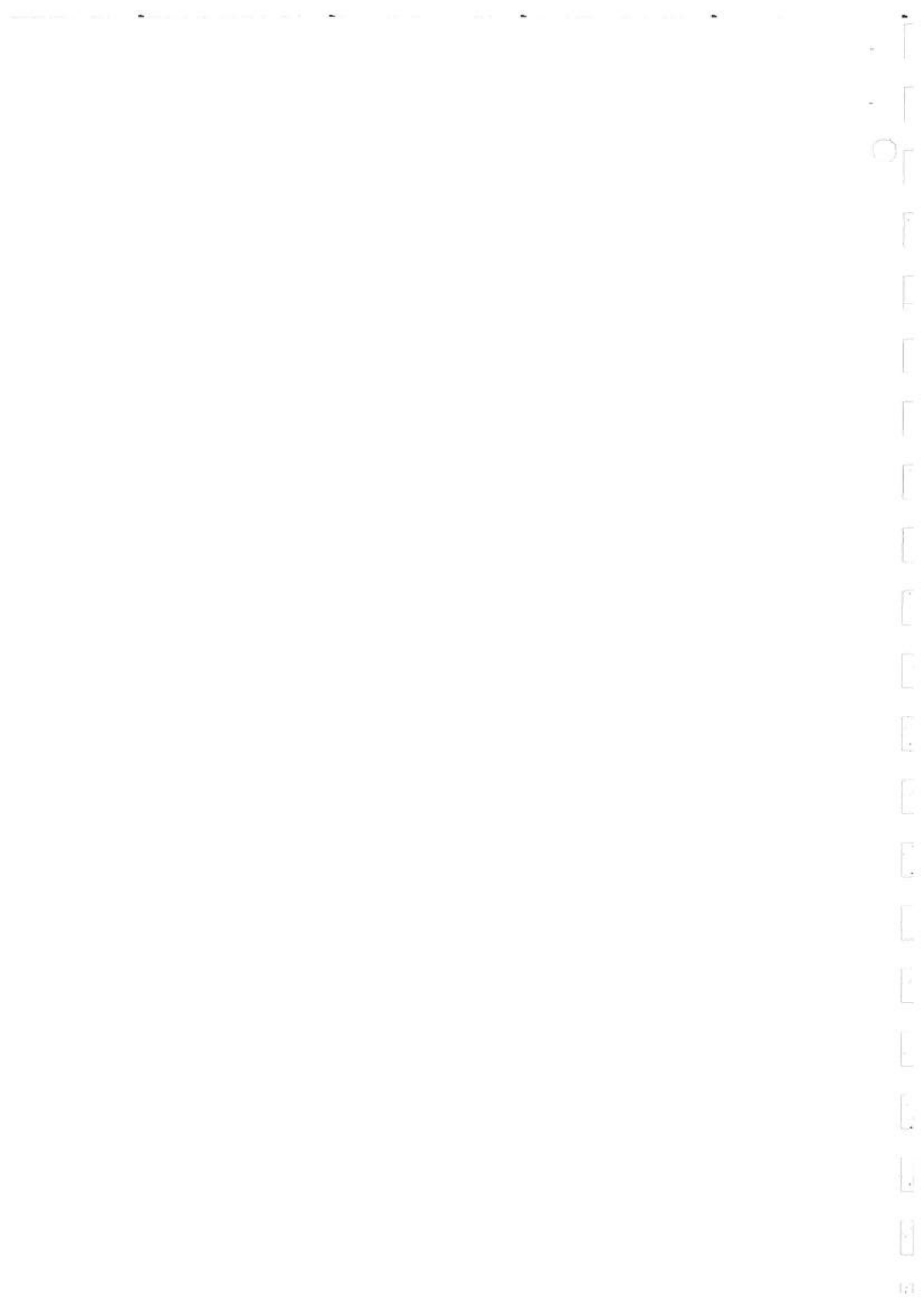
Kenya Industry and Entrepreneurship Project (KIEP) recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.



Significant Accounting Policies (Continued)

iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received.

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

v) Proceeds from borrowing

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

vi) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

10.5 Recognition of payments

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

i) Compensation to employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Significant Accounting Policies (Continued)

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by KIEP and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

10.6 In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

Q

Significant Accounting Policies (Continued)

10.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

10.8 Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

10.9 Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

10.10 Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:

Significant Accounting Policies (Continued)

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Annex 5 of this financial statement is a register of the contingent liabilities in the year.

10.11 Contingent Assets

The Project does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of *the project* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

10.12 Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

Significant Accounting Policies (Continued)

10.13 Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

10.14 Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments.

and are disclosed in the payment to third parties' column in the statement of receipts and payments.

During the year, no loan disbursements were received in form of direct payments from third parties.

10.15 Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

Significant Accounting Policies (Continued)

10.16 Comparative figures

Where necessary comparative figures for the previous financial year/period have been amended or reconfigured to conform to the required changes in financial statement presentation.

10.17 Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2022.

10.18 Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in Note 11 of these financial statements.

11. NOTES TO THE FINANCIAL STATEMENTS

1. RECEIPTS FROM GOVERNMENT OF KENYA

These represent counterpart funding and other receipts from government as follows:

	2021/2022	2020/2021	Cumulative
	KShs	KShs	to-date(from inception)
<i>Counterpart funding through The National Treasury</i>			
Counterpart funds Quarter 1	11,749,100	9,930,000	21,679,100
Counterpart funds Quarter 2	54,920	5,628,300	13,539,274
Counterpart funds Quarter 3	3,053,774	4,099,150	13,036,060
Counterpart funds Quarter 4	20,978,010		82,268,320
Total	35,835,804	19,657,450	130,522,754

This is the counterpart funding which is the government's share of contribution towards the implementation of the project as mandated by the Project Agreement.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

2. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2021, we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
		EURO	KShs	KShs	2020/2021	2021/2022
International Development Association (IDA)	16th March 2022	499,468.3	63,687,757		63,687,757	102,500,265
Total		499,468	63,687,757		63,687,757	102,500,265

3. COMPENSATION OF EMPLOYEES

	2021/22			2020/2021	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Salaries to Consultants	20,771,632	-	20,771,632	17,750,000	56,321,632
Total	20,771,632	-	20,771,632	17,750,000	56,321,632

Salaries is for the three employees of the project who are directly involved in the daily running of the project i.e. project manager, ecosystem manager and SME Manager.

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

4. PURCHASE OF GOODS AND SERVICES

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Domestic travel and subsistence	11,277,303	-	11,277,303	23,563,750	128,090,333
Foreign travel and subsistence	19,328,574	-	19,328,574		1,558,690
Training payments	1,579,500	-	1,579,500		15,057,219
Hospitality supplies and services	1,751,712	-	1,751,712	2,584,410	10,936,822
Other operating payments		-	-	1,005,000	1,391,757
General office supplies		-	-		566,000
Fuel			-	100,000	100,000
Consultancy Services	83,030,741		83,030,741	79,148,797	162,179,538
Communication supplies and service-telephone configuration			-	29,640	29,640
printing advertising and-information&services	5,500		5,500		5,500
Routine maintenance-office partition	1,968,274		1,968,274	2,529,084	4,497,358
Total	118,941,604		118,941,604	108,960,681	324,412,857

Consultancy services refers to funds we paid the consultant firms and one individual consultant in charge of environmental and social safeguard expert for the services rendered and milestones achieved.

5. ACQUISITION OF NON-FINANCIAL ASSETS

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of household furniture & institutional equipment	-	-	-		60,250
Purchase of office furniture & general equipment	-	-	-		5,967,859
Total	-	-	-	-	6,028,109

6. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2021, we transferred funds to reporting government entities as shown below:

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
KENYA INDUSTRIAL ESTATE(KIE)			-	31,600,000	31,600,000
TOTAL	-	-	-	31,600,000	31,600,000

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix (i) to the financial statements.

7. CASH AND CASH EQUIVALENTS

	2021/2022	2020/2021
	KShs	KShs
Bank accounts (Note 7.A)	55,860,817	96,050,492
Total	55,860,817	96,050,492

The project has 1 number of project accounts spread within the project implementation area and 1 number of foreign currency designated accounts managed by the National Treasury as listed below:

7. A Bank Accounts

Project Bank Accounts

	2021/2022	2020/2021
	KShs	KShs
Local Currency Accounts		
Central Bank of Kenya [A/c NO.1000397144]	55,860,817	96,050,492
Total local currency balances	55,860,817	96,050,492
Total bank account balances	55,860,817	96,050,492

Special Deposit Accounts

The balances in the Project's Special Deposit Account as at 30th June 2021 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds that were voted in the year. These funds have been reported as loans received in the year under the Statement of Receipts and Payments.



Special Deposit Accounts Movement Schedule

	2021/2022	2020/2021
	EURO	EURO
(i) A/C Name [A/c No 1000395923]		
Opening balance	82,969	86,870
Total amount deposited in the account	1,113,848	786,948
Total amount withdrawn (as per Statement of Receipts)	499,468	790,849
Closing balance (as per SDA bank account reconciliation)	697,349	82,969

The Special Deposit Account reconciliation statement has been attached as *Appendix (iv)* supports these closing balances.

7. B Cash In Hand

As at 30th June 2022, there was no cash at hand.

7. C Cash equivalents (short-term deposits)

As at 30th June 2022, there was no any short-term deposits and the project does not own any account in any commercial banks.

8. ACCOUNTS RECEIVABLES

There were no outstanding imprests and salary advances as at 30th June 2022.

8B: BREAKDOWN OF IMPRESTS AND ADVANCES

No outstanding imprests at the end of the financial year



***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

9. FUND BALANCE BROUGHT FORWARD

	2021/2022	2020/2021
	KShs	KShs
Bank accounts	96,050,492	132,203,457
Cash in hand		
Cash equivalents (short-term deposits)		
Outstanding imprests and advances		
Total	96,050,492	132,203,457

10. CHANGES IN RECEIVABLE

There were no receivables and therefore no changes in receivables in the year ended 30th June 2022

***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

11. OTHER IMPORTANT DISCLOSURE

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Supply of services	-	-	-	-
Power options limited	1,968,827		1,968,827	-
Burch's Resort	472,500		472,500	-
Traveller's beach Hotel	612,500		612,500	-
Supply of services				
Total	3,053,827	-	3,053,827	-

Disclosure:- As at 30th June, 2022 we did not pay 3 consultants, 5 months salary from February 2022 to June 2022 totalling ksh.7, 750,000 due to restructuring process.

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

2. EXTERNAL ASSISTANCE

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as loans	63,687,757	102,500,265
Total	63,687,757	102,500,265

a). External assistance relating loans and grants

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as loans	63,687,757	102,500,265
Total	63,687,757	102,500,265

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2021/2022	FY 2020/2021
Description		Kshs	Kshs
Undrawn external assistance - loans		4,375,211,399	4,438,899,156
Total		4,375,211,399	4,438,899,156

c) Classes of providers of external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
Multilateral donors-IDA	63,687,757	102,500,265
Total	63,687,757	102,500,265

The reason for external assistance is for Economic development.

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated period within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1462	Unmodified Opinion There were no material issues noted during the audit of the financial statements of the Project.			
Other Matters	Budgetary Control and Performance			
1463	The statement of comparative budget and actual amounts reflects actual receipts of kshs. 122,157,715 against budgeted receipts of kshs. 514,436,061, resulting in a shortfall of Ksh. 392,278,346 or 76% of total budget. The shortfall arose under the IDA Loan where actual receipts amounted to ksh. 102,500,265 against the budgeted receipts of Kshs. 498,267,183, resulting in a shortfall of kshs. 395,766,918 or 79% of the total budgeted receipts. In addition, actual receipts of kshs 16,168,878, resulting to excess receipts of kshs. 3,488,572 or 18% of the total budgeted receipts. These excess receipts, combined with the shortfall under the IDA Loan resulted to the combined shortfall in receipts of kshs. 392,278,351 or 76% of total budget. Further, the statement of comparative budget and actual amounts reflects budgeted payments of kshs. 514,436,061 against actual payments of kshs. 158,310,681, resulting to under expenditure to under expenditure of Kshs. 356,125,380 or 69% of total budget	The under expenditure was due to slow procurement of consultants due to COVID-19 challenges, which resulted in delayed signing of contracts for the consultants and approval of inception reports.	Issues were for the financial year 2020/2021, We are yet to appear at the PACS thus not resolved	

**Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES			
1464.	Unsupported Payments-Hire of Conference Facilities			
	Statements of receipts and payments for the year ended 30 June, 2021 reflects Kshs. 108,960,681, in respect to purchase of goods and services as disclosed in Note 4 to the financial statements, which includes Kshs. 2,584,410 for hospitality supplies and services which an amount of Kshs. 2,292,500 was paid to various suppliers on account of hire of conference facility. However, the expenditure was not supported with relevant documents evidence letters of appointment of opening and evaluation committee members, their reports and the professional opinion of the head of procurement function and the Local Service Orders (LSOs). This is contrary to the requirements of the Regulation 91. (2) of Public Procurement and Assets Disposal Regulations 2020 states that 'The accounting officer or such other person delegated in writing by that accounting officer shall, and for the purposes of the procurement process, appoint (a) an ad hoc opening committee in accordance with section 78 of the Act; and (b) the ad hoc evaluation committee in accordance with section 46 of the Act and regulation 39 of these Regulations. (3) The ad hoc evaluation committee shall carry out the evaluation in accordance with the Act and these Regulations. Further subsection (4) requires that before any decision to award a procurement under a request for quotation, the head of procurement function shall by way of professional	The Project has been procuring venues for conference facility using the GOK Integrated Financial Management Information System (IFMIS). The system has designated users appointed by the Accounting Officer. The opening and evaluation were done through the system as per the attached printouts of the system. The Professional Opinion was then prepared and recommendation from the Head of Procurement function submitted to the Accounting Officer for consideration and approval. Moving forward, the Management will ensure that the Opening and Evaluation Committee members are appointed respectively by the Accounting Officers as per Regulation 91. (2) of the Public Procurement and Assets Disposal Regulations 2020, Sections 39, 46 and 78. (See Appendix I: Copies of IFMIS Printouts and signed Professional Opinions)	Issues were for the financial year 2020/2021, We are yet to appear at the PACS thus not resolved	

**Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	opinion make a recommendation based on a market survey.			
1465	Irregular Allowances on office Partitioning			
	Statements of receipts and payments for the year ended 30 June, 2021 reflects Kshs. 108,960,681 in respect to purchase of goods and services as disclosed in Note 4 to the financial statements, which includes Kshs. 1,005,000 other operating payments, which amount to Kshs. 960,000 was paid as allowances to officers who were involved in partitioning of project offices. However, review of the expenditure revealed, although a contractor was engaged for the work the Management made payments to staff for partitioning of the project offices. Further, the payment to staff for partitioning of the project offices was not supported with a circular policy from Salaries and Remuneration Commission (SRC) which in Section C. 17 (3) of H.R Policies & Procedures Manual for the Public Service 2016 states that meal allowance shall not be paid as a compensation for officers who are required to work beyond the official working hours.	It is true that the Management engaged staff during the partitioning of the Project Offices to assist in sorting out official documents, old furniture and equipment that were stored at the site prior to the commencement of partitioning. The payment to staff of transport during the Covid 19 period was undertaken in line with Circular Policy from Salaries and Remuneration Commission (SRC), Section C. 23 of H.R Policies and Procedures Manual for Public Service 2016 that states that the Government may pay other allowances to different categories of Public Officers in various circumstances. Such allowances shall be determined and communicated from time to time. (See Appendix II: Extract of H.R Policies and Procedures Manual for Public Service 2016).	Issues were for the financial year 2020/2021, We are yet to appear at the PACS thus not resolved	

**Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the Management is in breach of the Salaries and Remuneration Commission (SRC) policy			
1466	Irregular Award of Contract for Works and Consultancy Services			
1466.1	Consultancy services for administration and management of industry Academia platform			
	The statements of receipts and payments for the year ended 30 June 2021 reflects Kshs 108,960,681 in respect to purchase of Goods and Services, as disclosed in Note 4 of the financial statement this includes Kshs 79,148,797 for consultancy services out of which Kshs 8,429,679 was spent on consultancy for Administration and Management of an Industry Academia Platform. However, a review of the procurement of the consultancy services revealed that the firm that won the tender was in partnership to another firm that submitted a proposal for expression of interest for the same contract. This is contrary to the requirements of the bank under section 3.20 of World Bank Procurement Regulations, 2018 which prohibit consultants from submitting multiple proposals on any one consultancy.	It is true that during the Request for Expression of Interest (REOI) there was a firm that provided its individual EOI and also participated in partnership in another consortium at the stage of REOI. However, the evaluating Committee, in a bid to ensure the largest number of shortlisted firms for competition purposes, reviewed the REOIs and dropped the individual REOI from the shortlist. Had both firms been shortlisted and participated in the Request for Proposals (RFPs) stage, they would both have been disqualified as detailed in the RFP, section 11.1 of the ITC in the RFP document. As this was a prior review procurement process, the World Bank provided guidance and issued No Objection for the various procurement stages as per section 7.1 of the New World Bank Procurement regulations	Issues were for the financial year 2020/2021, We are yet to appear at the PACS thus not resolved	

**Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		for IPF Borrowers that states that 'For procurement that has been determined to be subject to prior review, the following documents shall be submitted by the Borrower for Bank's prior review and no objection: (e) the Borrower submits the Bid/Proposal evaluation report for each envelope/stage for the Bank's prior review and no-objection before proceeding to the next stage of the procurement process'. (See Appendix IV – Extract from the World Bank Procurement Regulations and STEP Interim Responses and No Objections).		
1466.2	Consultancy Services for International Acceleration Process			
	The statements of receipts and payments for the year ended 30 June 2021 reflects Kshs 108,960,681 in respect to purchase of Goods and Services, as disclosed in Note 4 of the financial statement, which includes Kshs 79,148,797 for consultancy services out of which Kshs 26,687,554 was spent on consultancy of administration and management of intermediaries services. However, review of the procurement documents for the above contract revealed existence of two (2) evaluation reports on the expression of interest for the above consultancy services. According to the first report dated 25 January,	Kindly note that the Kshs. 26,687,554 was paid in respect to Consultancy for International Acceleration Process and not Consultancy of Administration and Management of Intermediaries services. In line with the Prior Review process, the Evaluation committee prepared the first draft shortlisting report and submitted in Systematic Tracking of Exchanges	Issues were for the financial year 2020/2021, We are yet to appear at the PACS thus not resolved	

**Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>2019 the above successful tender, winning firm, was not responsive based on the fact that, the firm did not demonstrate adequate experience in carrying out similar assignment and a strong understanding of operating and business environment in Kenya. Further, the firm did not demonstrate ability to work collaboratively with government counterparts. The firm also lacked sufficient existing network and experience in working with start-ups and entrepreneurs which had been engaged in the previous five years. The second report dated 11 July, 2019, the winning firm and another firm which were unresponsive according to the first evaluation report, were reported to be responsive. Further, two firms which were evaluated as responsive as per the first report, were reported to be unresponsive as per the second evaluation report. It was not clear the circumstances under which the evaluation results in the two reports changed such that the winning firm was declared the successful bid, considering that there were no changes in the evaluation criteria or the composition of the evaluation committee. Under the circumstances, it was not possible to confirm that the above consultancy services were procured in compliance with proper procurement procedures.</p>	<p>in Procurement (STEP). World Bank reviewed this and Interim Responses sent back to the committee for further review resulting into the revised Shortlisting report. Whilst M/s Growth Africa was evaluated as non-responsive in the first draft REOI report submitted to the World Bank for approval, the Evaluation committee reviewed the REOI after receiving Interim comments from the World Bank in February 2019 and observed that indeed Growth Africa and ANDE had experience in incubation, global acceleration programs, and that they had proven record of accomplishment in startup support with connections to local and international ecosystem as per the attached extract and deserved to be in the shortlist. It was on the basis of the revised shortlist report that the firm proceeded to the RFP stage where the evaluation was mainly centered on the ability to deliver on the assignment and much weight was attached to the key staff as opposed to the firms' experience evaluated at the REOI stage. (See Appendix V:</p>		

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Extract of REOI, WB STEP Interim comments & No Objection from World Bank).		
1466.3	Contract for Routine Maintenance-Office Partition			
	<p>The statements of receipts and payments for the year ended 30 June, 2021 reflects Kshs. 108,960,681 in respect to purchase of Goods and Services, as disclosed in Note 4 of the financial statements, includes Kshs. 2,529,084 that was paid for Routine Maintenance – Office partition. However, review of related procurement documents revealed that the tender was closed on 27 March, 2020 and the evaluation was completed on 26 May, 2020, which was beyond the prescribed evaluation period of 30 days. Further, the notification of award of tender was issued on 16 June, 2020, after the tender validity period of 60 days had lapsed on 27 May, 2020. There was no approval for extension of the tender validity period. In view of the above anomalies; it was not possible to confirm that the above partitioning works were procured in compliance with proper procurement procedures.</p>	<p>It is true that due to Covid 19 directives at the time, the Accounting Officer extended the tender evaluation period by thirty days. However, there was an oversight in extension of tender validity period occasioned by Covid 19 close down and disruptions. (See Appendix VI - Approved request for extension of evaluation period) This tender was to be paid by both donor funds and GOK Counterpart funds based on the provisions of the approved budget. Following the completion of the partitioning, the first payment of Kshs. 2,529,084 was paid under Donor Component however; the remaining Kshs. 1,968,273 that was to be paid under Counterpart component was not paid due to budget cut under supplementary one that was effected within the</p>	<p>Issues were for the financial year 2020/2021, We are yet to appear at the PACS thus not resolved</p>	

**Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Quarter two of the financial year resulting to the amount reflected as a pending bill. The Cash & cash equivalent of Kshs. 96,050,491.95 is the amount for Donor component budget balance at the close of the financial year 2021/2022. According to World Bank regulations, such an expenditure would have been considered ineligible by World Bank based on the approved annual budget. However, the payment for the pending bill has been approved by the Accounting Officer and is on the process of being paid under the GOK Counterpart fund for the financial year 2021/2022.		



Principal Secretary

Date



Project Coordinator

Date

○

*Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

13. ANNEXES

ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	56,500,000	35,835,804	20,664,196	63	(i)
Proceeds from borrowings	912,000,000	63,687,757	848,312,243	7	(ii)
Total Receipts	968,500,000	99,523,561	868,976,439	10	
Payments					
Compensation of employees	34,146,632	20,771,632	13,375,000	61	(iii)
Purchase of goods and services	788,203,814	118,941,604	669,262,210	15	(iv)
Transfers to other government entities	146,149,554	-	146,149,554	-	(v)
Total payments	968,500,000	139,713,236	828,786,764	14	

- i) Due to on-going restructuring process and Covid -19 challenges we could not utilize the whole budget thus we did not receive 36% of the exchequer.
- ii) Most of the consultant contracts and approval of milestone reports were not done in time due to Covid -19 challenges
- iii) The variance was due to on-going restructuring process
- iv) The variance was due to on-going restructuring process and Covid-19 challenges
- v) Funds were meant for Transfer to other Government entities but due to Covid- 19 challenges the MOU's not signed on time.

*Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS

PROJECT NAME:			
Break down of Transfers from the State Department of Industrialization			
a. DONOR FUNDS	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
Kenya Industrial Estate Limited	20/4/2021	31,600,000	Fin year 2020/2021
	Total	31,600,000	

Project Coordinator
KIEP PROJECT
Sign -----

Head of Accounting Unit
State Department for Industrialization
Sign-----

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

ANNEX 3A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid Date	To- Balance 2022	Outstanding Balance 2021	Comments
	a	b	c	d=a-c		
Construction of buildings						
Power option limited	4,499,500	26/5/2020	4,499,500	0	1,968,827.37	contract was for partitioning keep offices
Sub-Total	4,499,500		4,499,500	0	1,968,827.37	
Supply of services						
Burch's Resort	472,500	4/4/2021	472,500.00	-	472,500.00	Conference facilities
Travellers beach	612,500	11/12/2020	612,500.00	-	612,500.00	Conference facilities
Sub-Total			1,085,000.00	-	1,085,000.00	
Grand Total			5,584,500	-		

***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2021***

ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Opening Cost (KShs) 2020/2021	Donations in form of assets (KShs) 2020/2021	*Purchase s/ Additions in the Year (KShs) 2020/2021	**Disposals in the Year (KShs) 2020/2021	Transfers in/(out) Kshs 2020/2021	Closing Cost (KShs) 2020/2021
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)-(d)+(-)d
Office equipment, furniture and fittings	60,250	0	0	0	0	60,250
ICT Equipment,	5,967,859	0	0	0	0	5,967,859
Total	6,028,109	0	0	0	0	6,028,109

There was no additional acquisition of assets during the year as at 30th June, 2022.

***Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

APPENDICES

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2021
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance

Kenya Industry & Entrepreneurship Project
Reports and Financial Statements
For the financial year ended June 30, 2022

STATE DEPARTMENT OF INDUSTRIALIZATION			
KIEP PROJECT TRIAL BALANCE FOR THE YEAR ENDED 30TH JUNE 2022			
Sr. No	PARTICULARS	AMOUNT	
		DR	CR
1	Compensation of employees	20,771,632	-
2	Purchase of goods and services	119,040,604.00	-
3	Transfer to Other Government Entity	-	-
4	Transfer from Government entities	-	35,934,804
5	Loan from external developmen partners	-	63,687,757.40
7	Bank balance	55,860,816.95	-
8	Accounts Receivable		
9	Fund Balance b/fwd		96,050,492.00
	Total	195,673,053	195,673,053

REPUBLIC OF KENYADate: 1ST JULY 2022**KENY INDUST. & ENTREP. PRJ CR6268 ACCOUNT: 1000397144**

Report of the Board of Survey on the Cash and Bank Balances of State Department for Industrialization as at the close of business on 30th June, 2022

The Board, consist of – (Names and Official titles)

- | | |
|---|----------|
| 1. KIMANI SAMUEL MWANGI – ECONOMIST | Chairman |
| 2. PATRICK MUNENE - SUPPLY CHAIN MANAGEMENT OFFICER 1 | Member |
| 3. MARTIN JUMA KOKONYA –ACCOUNTANT 1 | Member |

Assembled at the office of the Cashier at 8.00am on the 1st July, 2021 and the following cash was produced

And the following cash was produced:-

Notes	ksh. NIL
Silver	Ksh. NIL
Cooper	Ksh. NIL
Cheques (as per details on reverse)	Ksh. NIL

The cash book reflected the following balances at the close of business on the 30th June 2022.

Cash Balance	Ksh. NIL
Bank Balance	Ksh. 55,860,816.95
Total Balance	Ksh. 55,860,816.95

The Bank Certificate of Balance showed a sum of Kshs. **58,951,880.95** Standing to the credit of the account on 30-06-2021.

The difference between this figure and the Bank Balance as shown by the Cash book is accounted for in the bank Reconciliation Statement (F.O. 30) attached.

Date 1/07/2022

CHAIRMAN:

MEMBERS OF THE BOARD

MEMBERS OF THE BOARD





BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

Haile Selassie Avenue
P.O. Box 60000 - 00200 Nairobi, Kenya
Telephone: 2860000, Fax: 340192

Seen
- File
- make copies
Done
30/7/22

July 18, 2022

CERTIFICATE OF BALANCES

Customer:
Balance
Date:

STATE DEPT FOR
138674 INDUSTRIALIZATON

30-Jun-22

Account No	Account Name	Currency	Balance
1000384484	REC-STATE DEPT FOR INDUSTRIALIZA	KES	40,361,242.50
1000384506	DEP-STATE DEPT FOR INDUSTRIALIZA	KES	9,227,268.10
1000384514	DEV-STATE DEPT FOR INDUSTRIALIZA	KES	140,905,778.65
1000384522	CBK165-STATE DEPT FOR INDUSTRIALI	KES	0.00
1000393758	KEPTAP GRANT NO TFOA 3418 - KE	KES	0.00
1000393777	KEPTAP CREDIT NO 5526- KE	KES	1,102.65
1000397144	KENY INDUST. & ENTREP. PRJ CR 6268	KES	58,951,880.95

Lawrence Rweria
Authorised Signatory
Banking Services Division

Joyce Nasieku
Authorised Signatory
Banking Services Division

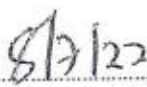
REPUBLIC OF KENYA**BANK RECONCILIATION**
STATE DEPARTMENT FOR INDUSTRIALISATION
as at 30TH JUNE 2022 STATION NAIROBI

	Sh.	Sh.
Balance as per Bank Certificate		58,951,880.95
Less -----		
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)	3,091,064.00	
2. Receipts in Bank Statement not yet recorded in Cash book	-	3,091,064.00
		55,860,816.95
Add -----		
3. Payment in Bank Statement not yet recorded in Cash Book	-	
4 Receipts in Cash Book not yet Recorded in Bank Statement	-	-
Balance as per cash Book		55,860,816.95
ACTUAL CB BAL		55,860,816.95

I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.


Signature


Designation


Date

<u>PAYMENT IN CASH BOOK NOT IN BANK</u>			
29-Jun-22	1261	JECINTER OBONDI	250,958.00
	1266	MUTIE NZAU	657,526.00
	1263	SAMUEL OTIENO	616,576.00
	1265	PHILIP MAITHA	583,816.00
	1264	STEPHEN ODUU	365,615.00
	1260	RUTH WANYONYI	365,615.00
	1262	MARTIN KOKONYA	250,958.00

TOTAL

3,091,064.00

PAYMENT IN BANK NOT IN CASH BOOK

TOTAL

-

RECEIPTS IN BANK NOT IN CASH BOOK

TOTAL

-

RECEIPTS IN CASH BOOK NOT IN BANK

TOTAL

-

**KENYA INDUSTRY & ENTREPRENEURSHIP PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2022**

Credit No.: IDA LOAN CREDIT NO.62680-KE (DA-A)

Bank Account No.: 1000395923 Held with Central Bank of Kenya

		NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA			3,542,216.31
	Less:			
2	Total amount documented			2,142,216.31
3	Outstanding amount to be documented			1,400,000.00
	Represented by:			
4	Ending Special account Balance as at 30 June 2022			697,349.12
5	Amounts claimed but not credited as at 30 June 2022			-
6	Amounts withdrawn and not claimed			702,650.88
7	Service Charges (if not included in lines 5 and 6 above)			-
8	Interest earned (if included in Special Account)			-
9	Total advance to Special Account Year ended 30 June 2022			1,400,000.00

Discrepancy between total appearing on line 3 and 9

-

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs

Signature

**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE: 01-08-2022


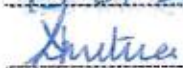
1. []
 2. []
 3. []
 4. []
 5. []
 6. []
 7. []
 8. []
 9. []
 10. []
 11. []
 12. []
 13. []
 14. []
 15. []
 16. []
 17. []
 18. []
 19. []
 20. []
 21. []
 22. []
 23. []
 24. []
 25. []
 26. []
 27. []
 28. []
 29. []
 30. []
 31. []
 32. []
 33. []
 34. []
 35. []
 36. []
 37. []
 38. []
 39. []
 40. []
 41. []
 42. []
 43. []
 44. []
 45. []
 46. []
 47. []
 48. []
 49. []
 50. []
 51. []
 52. []
 53. []
 54. []
 55. []
 56. []
 57. []
 58. []
 59. []
 60. []
 61. []
 62. []
 63. []
 64. []
 65. []
 66. []
 67. []
 68. []
 69. []
 70. []
 71. []
 72. []
 73. []
 74. []
 75. []
 76. []
 77. []
 78. []
 79. []
 80. []
 81. []
 82. []
 83. []
 84. []
 85. []
 86. []
 87. []
 88. []
 89. []
 90. []
 91. []
 92. []
 93. []
 94. []
 95. []
 96. []
 97. []
 98. []
 99. []
 100. []

SPECIAL ACCOUNT STATEMENT

	For period ending	30TH JUNE, 2022
	Account No.	1000395923
	Depository Bank	CENTRAL BANK OF KENYA
	Address	CBK
	Related Loan	(K) INDUSTRY & ENTREPRENEURSHIP PRJ
	Credit Agreement	
	Currency	EUR

Part A - Account Activity

Beginning balance of 1st July, 2021 as per C.B.K. Ledger Account	82,969.33
Add:	
Total Amount deposited by World Bank	1,113,848.13
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	499,468.34
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2022	697,349.12

<u>AUTHORISED REPRESENTATIVE</u> <u>CENTRAL BANK OF KENYA</u>	SIGNATURE:  DATE 13-07-2022
<u>AUTHORISED REPRESENTATIVE</u> <u>EXTERNAL RESOURCES</u> <u>DEPARTMENT-TREASURY</u>	SIGNATURE:  DATE 01-08-2022

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2022 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100



Loan: IDA 62680 (IDA - IDA Credit) | **Status:** Disbursing | **Country:** Kenya |

Project: P161317 - Kenya Industry and Entrepreneurship

[Loan Overview](#) | [Disbursements](#) | [History](#) | [Repayments](#) | [Amortization Schedule](#) | [Audit Submission](#)

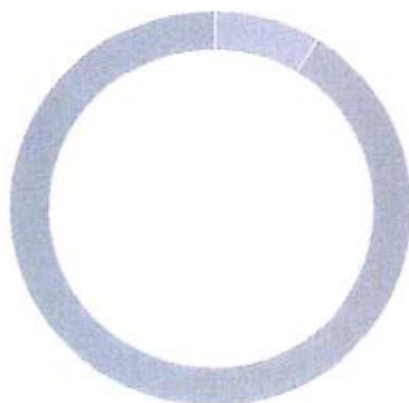
Important Dates

Approval	Signing	Commitment	Effective	First	Closing	Application	Last
15-Jun-2018	03-Aug-2018	Charges Start Date	28-Nov-2018	Repayment 15-Sep-2023	31-Dec-2024	Deadline 30-Apr-2025	Repayment 15-Mar-2048
		02-Oct-2018					

Currency of Commitment : EUR

Show amounts in

EUR ▼



Disbursed 8.6% Undisbursed 91.4%

Loan Information (EUR)

Signed Amount	41,400,000.00
Cancelled	0.00
Disbursed	3,542,216.31
Undisbursed	37,857,783.69
Special Commitments	0.00
Funds Available	37,857,783.69

Funds Available (EUR)

Withdrawal Applications	0.00
Special Commitment Issuance Applications	0.00
Estimated Funds Available	37,857,783.69

Last Bill, IDA 62680, due on 15-Sep-2022

8,000,000.00

Retroactive Available

Borrower: The National Treasury and Planning

Date Payable	Currency	Amount Payable
15-Sep-2022	EUR	23,341.40

Retroactive Limit	8,000,000.00
Retroactive Disbursed	0.00

Period of Retroactivity
01-May-2018 to 02-Aug-2018

3,542,216.31

1.42 %

0.00 %

Principal Outstanding

Total Charges

Net Commitment Fee

Disbursed

Loan: IDA 62680 (IDA - IDA Credit) | **Status:** Disbursing | **Country:** Kenya |

Project: P161317 - Kenya Industry and Entrepreneurship

[Loan Overview](#) | [Disbursements](#) | [History](#) | [Repayments](#) | [Amortization Schedule](#) | [Audit Submission](#)

[Applications](#) | [eSignatorie\(s\)](#) | [Beneficiaries](#) | [Contracts](#) | [Designated/UN Accounts](#) | [Category Schedule](#) |

Designated Account Detail- DA-A

Account Details

Account Holder	KENYA INDUSTRY AND ENTREPRENEURSHIP	DA Currency	EUR
Account Holder's Bank	CENTRAL BANK OF KENYA HAILE SELASSIE AVENUE NAIROBI Swift: CBKEKENXXXX	Current Authorized Allocation	2,500,000.00
Account Number	1000395923	Hide	Associated Categories
Intermediary Bank	STANDARD CHARTERED BANK 1 BASINGHALL AVENUE LONDON Swift: SCBLGB2LXXX	Other Financing Sources	1 - (Gds,Wks,NCS,CS,Incont Pym,Trg&OC)

Transaction Details

Currency (EUR) [View Transaction List](#)

Total Deposits Less Refunds	3,542,216.31
Documented	2,142,216.31
Outstanding Balance	1,400,000.00
Waived Documentation Amount	0.00
Transaction in Process	0.00



Loan: IDA 62680 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya |

Project: P161317 - Kenya Industry and Entrepreneurship

[Loan Overview](#) | [Disbursements](#) | [History](#) | [Repayments](#) | [Amortization Schedule](#) | [Audit Submission](#)
[Applications](#) | [eSignatorie\(s\)](#) | [Beneficiaries](#) | [Contracts](#) | [Designated/UN Accounts](#) | [Category Schedule](#) |

Withdrawal Applications

Disbursement Milestone

Loan Approval Date
15-Jun-2018Loan Signing Date
03-Aug-2018Loan Made
Effective
28-Nov-2018Authorized
Signatories
Submitted to WB
18-Mar-2022Authorized
Signatories
Approved
20-Mar-2022Loan is Ready for
Disbursing Online
03-Aug-2022[Submit Withdrawal Application](#)

Transaction List

Showing results 1 - 12 of 12 entries

Filter by

DA-A

Paid Summary

Value Date

[Search](#)

Application						Paid					
Borrower Reference	Type	Status	Ccy	Amount	Category Summary	Ccy	Amount	Date received	Value Date	Logged by	Last Updated
WA 12	DA-A	Completed	EUR	657,059.08	1	EUR	657,059.08	19-May-2022	26-May-2022	Borrower	26-May-2022
WA 11	DA-A	Completed	EUR	40,290.04	1	EUR	40,290.04	18-Feb-2022	25-Feb-2022	Borrower	25-Feb-2022
WA10	DA-A	Completed	EUR	226,264.48	1	EUR	226,264.48	20-Nov-2021	29-Nov-2021	Borrower	29-Nov-2021
WA9	DA-A	Completed	EUR	190,234.53	1	EUR	190,234.53	17-Aug-2021	20-Aug-2021	Borrower	20-Aug-2021
WA8	DA-A	Completed	EUR	82,969.33	1	EUR	82,969.33	21-May-2021	26-May-2021	Borrower	26-May-2021
WA7	DA-A	Completed	EUR	505,776.90	1	EUR	505,776.90	17-Feb-2021	22-Feb-2021	Borrower	22-Feb-2021
WA6	DA-A	Completed	EUR	25,167.81	1	EUR	25,167.81	13-Nov-2020	18-Nov-2020	Borrower	18-Nov-2020
WA5	DA-A	Completed	EUR	173,033.84	1	EUR	173,033.84	11-Aug-2020	14-Aug-2020	Borrower	14-Aug-2020
WA4	DA-A	Completed	EUR	86,870.35	1	EUR	86,870.35	27-Apr-2020	30-Apr-2020	Borrower	30-Apr-2020
WA3	DA-A	Completed	EUR	103,927.44	1	EUR	103,927.44	06-Feb-2020	11-Feb-2020	Borrower	11-Feb-2020
WA2-P	DA-A	Completed	EUR	50,622.51	1	EUR	50,622.51	11-Nov-2019	15-Nov-2019	Borrower	15-Nov-2019
MOITC-WA1	DA-A	Completed	EUR	1,400,000.00	DA-A	EUR	1,400,000.00	24-Jun-2019	27-Jun-2019	Borrower	27-Jun-2019



Loan: IDA 62680 (IDA - IDA Credit) | **Status:** Disbursing | **Country:** Kenya |

Project: P161317 - Kenya Industry and Entrepreneurship

[Loan Overview](#) | [Disbursements](#) | [History](#) | [Repayments](#) | [Amortization Schedule](#) | [Audit Submission](#)

[Applications](#) | [eSignatorie\(s\)](#) | [Beneficiaries](#) | [Contracts](#) | [Designated/UN Accounts](#) | [Category Schedule](#) |

Withdrawal Applications

Disbursement Milestone

Loan Approval Date
15-Jun-2018

Loan Signing Date
03-Aug-2018

Loan Made Effective
28-Nov-2018

Authorized Signatories Submitted to WB
18-Mar-2022

Authorized Signatories Approved
20-Mar-2022

Loan is Ready for Disbursing Online
03-Aug-2022

[Submit Withdrawal Application](#)

Transaction List

Showing results 1 - 12 of 12 entries

Filter by

DA-A ▼

Documented C ▼

Value Date

[Search](#)

Application						Paid					
Borrower Reference	Type	Status	Ccy	Amount	Category Summary	Ccy	Amount	Date received	Value Date	Logged by	Last Updated
WA 12	DA-A	Completed	EUR	657,059.08	1	EUR	657,059.08	19-May-2022	26-May-2022	Borrower	26-May-2022
WA 11	DA-A	Completed	EUR	40,290.04	1	EUR	40,290.04	18-Feb-2022	25-Feb-2022	Borrower	25-Feb-2022
WA10	DA-A	Completed	EUR	226,264.48	1	EUR	226,264.48	20-Nov-2021	29-Nov-2021	Borrower	29-Nov-2021
WA9	DA-A	Completed	EUR	190,234.53	1	EUR	190,234.53	17-Aug-2021	20-Aug-2021	Borrower	20-Aug-2021
WA8	DA-A	Completed	EUR	82,969.33	1	EUR	82,969.33	21-May-2021	26-May-2021	Borrower	26-May-2021
WA7	DA-A	Completed	EUR	505,776.90	1	EUR	505,776.90	17-Feb-2021	22-Feb-2021	Borrower	22-Feb-2021
WA6	DA-A	Completed	EUR	25,167.81	1	EUR	25,167.81	13-Nov-2020	18-Nov-2020	Borrower	18-Nov-2020
WA5	DA-A	Completed	EUR	173,033.84	1	EUR	173,033.84	11-Aug-2020	14-Aug-2020	Borrower	14-Aug-2020
WA4	DA-A	Completed	EUR	86,870.35	1	EUR	86,870.35	27-Apr-2020	30-Apr-2020	Borrower	30-Apr-2020
WA3	DA-A	Completed	EUR	103,927.44	1	EUR	103,927.44	06-Feb-2020	11-Feb-2020	Borrower	11-Feb-2020
WA2-P	DA-A	Completed	EUR	50,622.51	1	EUR	50,622.51	11-Nov-2019	15-Nov-2019	Borrower	15-Nov-2019
MOITC-WA1	DA-A	Completed by WB	EUR	1,400,000.00	DA-A		0.00	18-Jun-2019		John Muinami	27-Jun-2019

**KENYA INDUSTRY & ENTREPRENEURSHIP PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2021**

Credit No.: IDA LOAN CREDIT NO.62680-KE (DA-A)

Bank Account No.: 1000395923 Held with Central Bank of Kenya

		NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA			2,428,368.18
	Less:			
2	Total amount documented			1,028,368.18
3	Outstanding amount to be documented			1,400,000.00
	Represented by:			
4	Ending Special account Balance as at 30 June 2021			82,969.33
5	Amounts claimed but not credited as at 30 June 2021			-
6	Amounts withdrawn and not claimed			1,317,030.67
7	Service Charges (if not included in lines 5 and 6 above)			-
8	Interest earned (if included in Special Account)			-
9	Total advance to Special Account Year ended 30 June 2021			1,400,000.00

Discrepancy between total appearing on line 3 and 9

-

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs

**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE:

