

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

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TABLED
BY:

Hon Owen Bayo, MP
Deputy leader of Majority
Party

CLERK-AT
THE TABLE:

Ashibuko

THE AUDITOR-GENERAL

ON

**MICRO FINANCE SECTOR SUPPORT
CREDIT PROJECT (CREDIT NO. CKE 3004 01E
AND CKE 6010 01E)**

**FOR THE YEAR ENDED
30 JUNE, 2025**

THE NATIONAL TREASURY

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MICRO FINANCE SECTOR SUPPORT CREDIT
Implemented by
Budget Fiscal and Economic Affairs Department
The National Treasury
PROJECT GRANT/CREDIT NUMBER: CKE 3004 01E, CKE 6010 01E

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting
Method under the International Public Sector Accounting Standards (IPSAS)

*Micro Finance Sector Support Credit
Annual Report and Financial Statements for the financial year ended June 30, 2025*

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.
MFSSC	Micro Finance Sector Support Credit
BEFA	Budget Fiscal and Economic Affairs
AFD	Agence francaise de Development
RMD	Recourse Mobilization Department
OAG	Office of the Auditor General
WIBA	Work Insurance Benefit Act
RK-FINFA	Rural Kenya Financial Inclusion Facility
SACCO'S	Savings and Credit Cooperative Organizations

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2. Project Information and Overall Performance

2.1 Name and registered office

Name

Micro Finance Sector Support Credit

Objective

The key objective of the project is to contribute to reduction of poverty in Kenya

Address

The project headquarters offices are at The National Treasury Building along Harambee Avenue

The address of its registered office is:

P.O. Box 30007-00100

The National Treasury Building

NAIROBI, KENYA

Contacts: The following are the project contacts

P.O. Box:

Telephone: (254) 20 2252299

E-mail: pstreasury01@gmail.go.ke

Website: www.treasury.go.ke

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Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	25/05/2005
Project End Date:	31/12/2014(as per amendment no 002) the project has requested the office the OAG to perform the final audit with view of winding up.
Project Manager:	Mr. Albert K Mwenda, HCS, Director General, Directorate of Budget, Fiscal and Economic Affairs
Project Sponsor:	Agence Francaise de Development (AFD)

2.3 Project Overview

Line Ministry or State departments/ County Department	The project is under the supervision of the Directorate of Budget, Fiscal and Economic affairs, The National Treasury.
Project number	CREDIT NO. CKE 3004 OIE; CKE 6010 OIE
Strategic goals of the project	The strategic goals of the project are as follows: (i)To contribute to the reduction of poverty in the rural areas of Kenya.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i)Access to credit. (ii)Creating a vibrant and globally competitive financial sector that creates jobs and promote savings.
Other important background information of the project	None
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (i) Financial inclusion (i) Access to credit

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Project duration	The project started on 25/05/2005 and was expected to run until 31/12/2014.
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Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

- (i) Central bank of Kenya
Haile Selassie Avenue
P.O Box 60000-00200
City Square
NAIROBI, KENYA

2.5 Independent Auditor

Office of the Auditor General
Anniversary towers, university way
P.O Box 30084-0100
NAIROBI, KENYA

2.6 Roles and Responsibilities

List the different people who are working on the project. This list would include the project coordinator and all the key officers involved

Key Officers and Roles			
Dr. Chris Kiptoo, CBS	Principal Secretary, The National Treasury	Accounting officer	Accounting officer
Mr. Albert Mwenda, MBS	Director General Budget, fiscal and Economic Affairs	Director General Budget, fiscal and Economic Affairs	Project Coordinator
Mr Hezbourne Mackobongo	Ag. Director Financial and Sectoral affairs	Ag. Director	Project focal person

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2.7 Funding summary

The summarized funding summary for overall MFSSC is as follows:

Table 1: Project Components and costs:

Cost of project	Amount in 000 EU	%	AFD Financing	W/Saler Financing	2 nd Tier financing
Refinancing Credit by wholesalers to 2 nd Tier Institutions	6.8	64.9	6.8		
Capacity building for wholesalers	0.85		0.6	0.25	
Capacity Building for 2 nd Tier Institutions	2.53		2.3		0.23
Audit And Impact assessment	0.2		0.2		
Capacity Building for MoF for developing and implementing strategies in MFI area	0.1		0.1		
Total	10.48	100	10	0.25	0.23

The capacity building (MOF) component of the Project was for duration of 9 years from 2005 to 2014 the MOF with a budget of Kshs. 153,569,700

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Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

(i) Grant						
AFD	1,323,219	153,569,700	1,323,219	153,569,700	-	-
Insert name of development partner						
ii) Miscellaneous receipt						
(ii) Forex Gain				8,752,689		
(iii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	1,323,219	153,569,700	1,323,219	162,322,389		

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Project information and overall performance (continued)

B. Application of Funds

	(i)	Grant					
AFD		1,323,218	153,569,700	618,920	71,830,390		
(i) Loan							
(ii) Miscellaneous							
Forex gain		75,417	8,752,689				
Total		1,398,635	162,322,389	618,920	71,830,390		

2.8 Summary of Overall Project Performance:

2.8.1 Disbursement and Recovery by the National Treasury

Table 2 below shows the recovery performance under the MFSSC project as at December 31 2014 as reported by the wholesalers in their last quarterly reports submitted to the National Treasury. During the period under review, all the funds for the wholesalers were already fully disbursed except the 10,000 Euro that was left in special account. The recovery to the national Treasury was on schedule for each of the participating wholesalers. It was later noted by Cooperative bank that the repayment made at the end of December 2014 was returned as the Government had closed the designated account. They subsequently wrote a letter to National Treasury to give them the correct account to remit the returned funds.

Table 2: Loan disbursement and recoveries by NT as at end of December 2014 in Kshs

	Disbursement	Disbursed To Wholesalers	cumulative Interest paid	Principle Recoveries	Outstanding Balance to NT
Coop Bank	Sub Total	241,000,000	40,686,429	241,000,000	0
Equity Bank	Sub Total	212,000,000	27,837,435	212,000,000	0
K-Rep Bank	Sub Total	241,000,000	31,253,417	241,000,000	0
	Grand Total	694,000,000	99,777,281	694,000,000	0

Source: Data from quarterly report from Wholesalers Dec 2014

2.8.2 Wholesaler Financing of Second Tier Institutions

Table 3 below highlight the loan disbursements to the second-tier institutions from the wholesalers for on-lending to the final beneficiaries of the program. Equity Bank has disbursed Kshs 410,942,364 to SACCOs and MFIs that qualify for funding under the program. K-Rep Bank has picked up and managed to disburse a total of Kshs 267,316,000 to 23 second tier institutions making its percentage disbursement to 119%. K-Rep Bank has now fulfilled the conditions of the extended contract by fully utilizing the total loan extended to it by the Government of Kenya. Cooperative Bank however has disbursed 100% of funds to the final second tier clients which is their core business. The overall disbursement by the three wholesalers to the target group stands at 132% which means the Government funds have leveraged commercial funding from the wholesalers to benefit the target group. The program therefore stands a good chance of achieving its development objective.

Table 3: Disbursements to Second Tier institutions

Bank	Disbursement From GoK to Wholesaler Amount	Disbursed to date to ultimate clients Amount	Undisbursed Funds Amount	Usage On-lent %age	Balance Undisbursed %age
Coop Bank	241,000,000	241,000,000	0	100%	0%
Equity Bank SACCOs	212,000,000	409,379,290	0	192%	0%
Equity Bank MFI lending	-	1,563,074	0	>100%	0%
K-Rep bank	241,000,000	287,027,000	0	119%	0%
Total	694,000,000	919,258,364	0	132%	0%

Source: Extracted from Quarterly Wholesaler reports--Dec 2014.

2.8.3 Capacity Building for Wholesalers

Table 4 below shows the utilization of the capacity building funds for the three wholesalers. Equity Bank contributed a matching of 149 % of the total funds received from the Government of Kenya and AFD for wholesaler capacity building. This is followed by K-Rep Bank that contributed 69% of the total funds utilized for capacity building above the agreed target of 30%. K-Rep identified the following areas as priority for training, project appraisal, planning, risk underwriting and secure effective marketing. Cooperative bank contributed a matching fund of exactly 30% of the total sum received from AFD/GoK as per stipulated agreement. Cooperative Bank staff were trained on project management, credit skills, Sacco management, and applied Microfinance courses offered by the school of applied microfinance. The remaining grant on this sub component was cancelled due to the delay in audit for verification of expenditures.

Table 4: Capacity Building for wholesalers

Capacity Building for Wholesalers	EQUITY BANK KES	COOP BANK KES	K-REP BANK KES
Amount received	11,500,000.00	9,790,000	9,920,000
Amount spent up to Dec 2014 cumulative. (Including 30% from wholesalers)	28,685,000	12,727,000	16,777,653
Balance of CB funds unutilized	0	0	0
Wholesaler Contribution as% of AFD funds	149%	30%	69%
Number of staff Trained	260	189	289

3 Source: From Quarterly reports Dec 2013

2.8.4 Capacity Building for second tier organizations by FSD

The Government entered into a subsidiary grant agreement with FSD Kenya on 4th December 2007 to make available a Grant equivalent to two million three hundred thousand Euros (€ 2,300,000) to FSD to implement the second tier MFIs and Sacco's capacity building component of the Microfinance Sector Support Credit programme. Following the two amendments of the CFA, the Parties agreed to enter into an amendment to reduce the funds under the PMU Grant contract to Euro 1,150,000 for capacity building of SACCO sector. The eligible expenditure by December 31, 2014 is stated in table 4.4 below.

Table 5: FSD Kenya capacity building funds expenditures by year and category.

SACCO	2009	2010	2011	2012	2013	2014	Total Disb in US \$	Expense in Euro
Sukari SACCO	9,973	0	0	0	0	0	9,973	9,235
Kirinyaga SACCO	0	11,053	172,043	0	0	0	183,096	169,534
Meru SACCO	0	6,635	50,698	0	0	0	57,333	53,086
Kilifi SACCO	0	0	0	0	13,593	0	13,593	12,586
Reforms	0	0	46,386	199,295	152,802	323,267	721,751	668,288
FSD Admin	0	0	0	56,953	14,194	3,374	74,520	69,000
Total	9,973	17,688	269,128	256,248	180,589	326,641	1,060,267	981,729

Source: FSD Kenya Report Dec 2014

Table 6: Summary of AFD Funds Expenses and Balances

Item Description	Euros
Total AFD Grant (Euros)	1,150,000
Add back Interest earned	85,283
Exchange gain	81,146
Total AFD Funds available	1,316,429
Total spent	981,729
Expected funds balance – Euros	334,700
Exchange rate 1 US\$ = Kshs	92.1861

Exchange rate 1 Euro = US \$	1.0800
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Source FSD Kenya report Dec 2014

Progress: All the SACCO reforms project activities were concluded by December 2014. A total of 184 out of the 215 DTSs had been licensed by deadline (June 2014) for the Deposit-taking SACCOs to transition to full regulatory compliance as provided for under the SACCO Societies the Act. However, based on preliminary findings of the SACCO sector analysis commissioned by FSD, only 35% of the 110 licensed in 2012 were consistently reporting to SASRA by end of 2013 and had met the capital adequacy requirements.

Following the expiry of the transition period, SASRA issued a public notice to DTS not meeting the regulatory requirements to cease deposit-taking and two SACCOs have since complied. However, lobbying continues for extension of the transition period but SASRA has so far held on to its position. To address the challenges in the implementation of the regulatory framework, SASRA proposed amendments to the SACCO Act in close

consultation with stakeholders and parent Ministry to look at policy options that would balance the interests of stakeholders and ensure systemic stability.

Preliminary findings from the SACCO sector analysis commissioned by FSD Kenya indicate the need for further support to SASRA in addressing the challenges. The suggested support includes both help in policy formulation and strengthening the capacity of SASRA. Initially these areas were expected to be supported under the DFD/GoK/World Bank Financial Sector Legal Support Technical Assistance Programme (FLSTAP). However, this was not accomplished due to slow implementation of the SACCO reforms project until FLSTAP was closed.

The AFD project extension ended in December 2014. As per table above the total budget expenditure allocated to Sacco Reforms programme from AFD funds amounts to Euro 981,729 leaving a balance of Euro 334,700 to be refunded back to AFD at the end of the programme.

2.8.5 Second Capacity Building operator (Microde Consult) Implementation

The Government of Kenya entered into an agreement with MICRODE CONSULT on the 16th January 2014, to provide technical assistance to the Microfinance Unit (MFU) under the Department of Economic Affairs within the National Treasury in the implementation of the capacity building component for the smaller second tier MFIs and SACCOs to enhance their absorptive capacity for credit and develop their ability to handle other financial products for the poor.

The assignment was implemented in three phases which include an inception phase, the capacity and training needs assessment phase and the actual delivery of capacity building

phase. These were to be done in collaboration with the Wholesales under the supervision of the MFU. In Phase 1 an Inception Report was produced outlining all activities to be undertaken, Phase 2 a Capacity and Training Needs Assessment (CTNA) of SACCOs, MFIs and Investment Groups report was produced which detailed the capacity gaps identified and the intended solutions to address the capacity and /or training gaps with proposed detailed activities and Phase 3 dealt with Delivery of Training as well as Monitoring and Evaluation of the Training. Below is a summary of the achievements of this component.

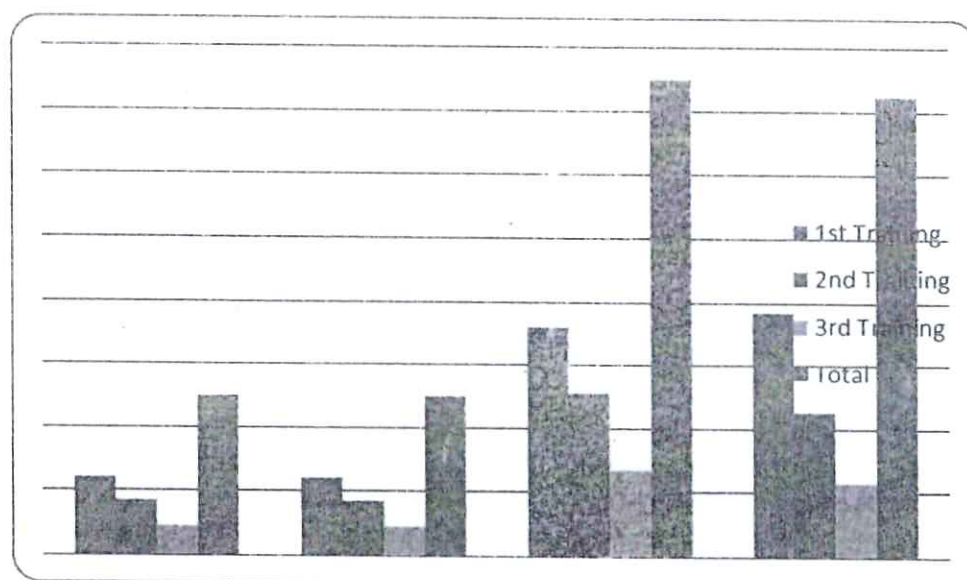
2.8.6 Summary of Institutions and participants Trained

Table 7: The Overall achievement of Training for Institutions vs the Target

TRAINING	GROUPS		PARTICIPANTS		DATE
	Target	Achieved	Target	Achieved	
1 st Training	24	24	72	77	8 th Sep to 10 th Oct 2014
2 nd Training	17	17	51	45	27 th October to 14 th November 2014
3 rd Training	9	9	27	23	15 th to 19 th Dec 2014
Total	50	50	150	145	

Table 7 above and Chart 1 below present the targets and overall achievement of the capacity building programme for institutions and participants against the plans. The capacity building programme planned to reach 50 institutions and 150 participants with capacity building training in areas that had been identified in CTNA. The target for institutions was fully achieved resulting into contract target achievement of 100% under this category while the number of participants achieved was 97% which is excellent. This achievement is attributable to the active consultation and collaboration with the wholesale banks that benefited from the refinancing scheme and close monitoring and technical support from the TA of Microfinance Unit under the National Treasury. The programme also succeeded because of the interest and the willingness of the target institutions due to close matching of their needs to the training offered.

Chart 1: The Overall achievement of Training for Institutions Vs the Target



Summary of Institutions and participants Trained by wholesalers

The table 8 below presents the results of the capacity building programme by clients of the respective wholesaler banks. Cooperative Bank had the highest number of participating institutions trained, followed by Equity Bank and

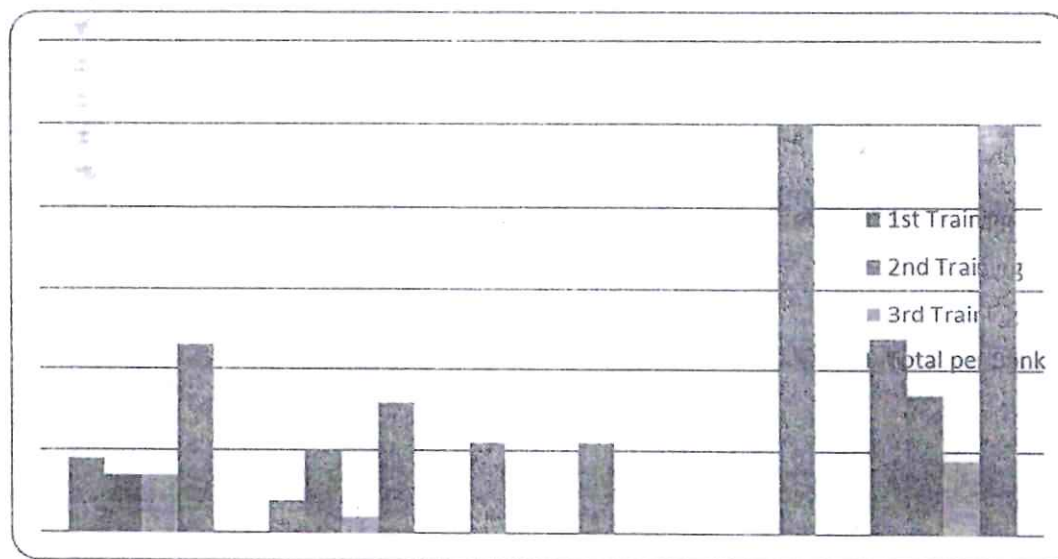
K-Rep Bank. This is because Cooperative Bank has had a long-time relationship with SACCOs as they form the basis of their core business strategy. This explains why it had the highest number of participating institutions trained. K-Rep Bank on the other hand is youngest bank of the three participating banks and with a comparatively smaller SACCO customer base which explains why it had the least number of participating institutions trainee

Table 8: The trained groups were distributed among the participating banks as follows:

Training	Co-operative Bank	Equity Bank	K-Rep Bank	Target number	TOTAL Trained
1 st Training	9	4	11		24
2 nd Training	7	10	0		17
3 rd Training	7	2	0		9
Total per Bank	23	16	11	50	50

In overall terms as depicted in chart 2 below, the capacity building programme of the second-tier institutions focusing on the smaller organizations achieved its intended objective of enhancing the capacity of at least 50 intuitions as targeted by the programme. This was achieved through participatory needs assessment and training of a critical mass of SACCOs/Cooperative, MFI and Investment Group (IG) officials to improve on their service delivery to their members who are the final programme target groups.

Chart No 2 of trained participants - clients of Wholesaler Banks



Overall Budget achievements for the MFSSC Project

Absorption of the AFD Funds as at December 2014(MFSSC CKE 3004) Table

4.1 Expenditure Vs Budget

Cost of project	Amount in 000 Euro	%	Amount spent in Euro	Balances in Euro	% absorbed
Refinancing Credit to	6,800,000	65%	6,790,000 ¹	10,000	99.85%

¹ Forex gain of Kshs 8, 752,689 was transferred to the refinancing Revolving Fund account by the NT.

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Cost of project	Amount in 000 Euro	%	Amount spent in Euro	Balances in Euro	% absorbed
Wholesaler					
Capacity building for wholesalers	600,000	8%	300,000	300,000 ²	50%
Capacity Building for SACCO Sector FSD K	1,150,000	12%	815,300 ³	334,700	71%
Capacity building Smaller SACCOs (Microde) ⁴	1,150,000	12%			
Audit And Impact assessment ⁵	200,000	2%			
Capacity Building for MoF	100,000	1%	0	0 ⁶	0%
Total	10,000	100%		644,700	

Expenditures and Balances in shillings through the National Treasury
Table 4.2 Expenditure in Kenya shillings and account balances

Cost of project	Amount in Kshs	Amount spent in KShs	Balances in Kshs	% absorbed
1.Financed through Exchequer				
1. Refinancing Credit to Wholesaler	702,772,689	694,000,000	8,752,689	99%
2.Financed Through AFD				
1. Capacity building for wholesalers	31,210,000	31,210,000	0	100%

² Euro 300,000 Already cancelled by AFD and was not disbursed to GoK

³ Net balance expenditure from AFD excluding expenditures from Interest and Forex Gains made by AFD funds

⁴ See Kshs expenditure Table 4.2

⁵ See Kshs expenditures 4.2 number 5

⁶ This was folded into the Revolving Fund account in shillings for capacity building.

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Cost of project	Amount in Kshs	Amount spent in KShs	Balances in Kshs	% absorbed
2. CB Through FSD K ⁷	-	-	-	
3. Financed through Revolving Fund Ac No 1000187506 CB	153,569,700			
1. 2 nd Tier CB through Microde		65,700,350		
2. Audit Fees and impact assessment		6,130,040	71,830,390	47%
Capacity Building Fund Ac 2 No.	11,426,300	0	11,426,300	0%
Financed Through RF Ac No. 1000187492 (Refinancing)	0	0	0	0%
Total	898,978,689	792,359,650	106,619,039	

2.8.7 Refinancing Component

As presented in table 4.1 above the refinancing component was the most successful with a 99% absorption rate. The budget allocation for the refinancing component was Euro 6.8 Million of which Euro 6.79 Million was disbursed to the exchequer from the special account. This amount was converted into Kenya shillings at various exchange rates for a total sum of Kshs 702,772,689. From this total amount available in Kshs, a total of Kshs 694,000,000 was disbursed to three wholesalers as presented in table 3.2 above leaving a balance of Kshs 8,752,689.00 with the exchequer due to exchange rate differences between the actual transfer date of funds to the exchequer and disbursement date to the wholesalers⁸. This balance is to be transferred to the Refinancing Revolving Fund account together with the proceeds of the repayment of loans including the accrued interest amounting to Kshs 793,777,281. The total balance to be transferred to the Refinancing Revolving Fund account from the exchequer is therefore Kshs 802,549,970.00 which can be on-lent to the wholesalers under the second round of refinancing.

2.8.8 Wholesaler capacity Building

As presented in Table 4.1 above, the funds allocated to wholesaler capacity building was Euro 600,000. This was expected to be disbursed in two tranches. The first tranche was disbursed to the wholesalers and was utilized as stated in table 3.4 above. It is noted that due to the delay in accounting for the first tranche by the Wholesalers until the deadline of disbursement was passed, the second tranche was cancelled by AFD and removed from the extended agreement. This component therefore achieved 50% absorption rate of the funds that were allocated (table 4.1) but fully utilized 100% the funds that were disbursed to them as presented in (Table 4.8.2.)

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⁸ Note that the disbursement to the wholesalers was made on confirmation of the Transfer of funds from AFD before the funds hit the account at CBK. When the funds were finally received by the exchequer, there was an exchange gain.

2.8.9 Second Tier Capacity building component under FSD Kenya.

Table 4.1 presents the absorption of 71% of the funds that were allocated to second tier Capacity building under FSDK. The details of the expenditure under this sub component are covered in section 3.5 above.

2.8.10 Second Tier Capacity building component under Microde Consult.

Table 4.2 presents the absorption rate of 44% under the Revolving funds available for capacity building of smaller second tier organizations for which Microde Consult was contracted to deliver capacity building. In addition, the Revolving Funds were to cater for Impact Assessment and Audit fees. It is noted that these figures exclude the outstanding amount due to PKF for Impact Assessment and one outstanding Audit Fee note still under reconciliation with the National Treasury. These will be taken care of as soon as AFD has given No- Objection for Impact Assessment and the Auditor and NT have reconciled the Audit account and statements.

2.9 Conclusions

The support from AFD to the National Treasury to deepen financial inclusion through technical assistance, capacity building and refinancing under the Microfinance Sector Support Credit (MFSSC) project has contributed to significant innovation and growth in the financial sector over the last decade. During the period of the MFSSC project, The National Treasury together with other players in the financial sector have contributed to policies that have enabled the sector to record unprecedented growth in financial inclusion that has been recognized worldwide. The coordination of policy development in the financial sector by the National Treasury through Central Bank of Kenya has led to the introduction of Mobile Money transfer, Agent banking services, development of regulations for Deposit taking MFIs, and wholesale lending of banks to other forms of organizations such as SACCOs etc. The National Treasury has also facilitated the development of a policy framework for regulating deposit taking SACCOs to increase outreach of financial services to the rural areas.

These policies have enabled the development of Technology to create a platform for efficiency and lowering costs of customer acquisition by the financial service providers. This fact is attested by the results of FinAccess Survey of 2013 which shows that the overall exclusion from financial services reduced from 38.4 % in 2006 to 25.4% in 2013 for adults. Notable is the fact that the percentage inclusion from formal sources increased from 26.4 per cent in 2006 to 65% in 2013.

Specific to the MFSSC project, there has been expansion of space in linking commercial banks to lend to SACCOs and Investment groups a phenomenon that hither to the project was not common. Other than Cooperative Bank whose target was already SACCOs, Equity

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Bank and K-Rep Bank were newly introduced to lending to the SACCOs as noted in the impact assessment report. This has increased the focus and pool of resources allocated by the two Banks to reach out to a segment of the market they would not have considered before. Notable success is the fact 99% of wholesale funds from AFD was lent out to the three banks and in turn they lent out more than 100% of the funds that were made available to them through the project.

It was found that Capacity building especially for SACCOs is still in dire need and need to be continued both at national and county levels.

The role of TA was instrumental to invigorating the programme implementation adding value to the National Treasury beyond the initial mandate within the scope of the MFSSC programme. This is noted in the facilitation of new projects development within the NT and coordination of sector activities, representing the Ministry in various forums and creating awareness of policy development in the sector. It is during the presence of the ITE that Kenya organized the Microfinance Summit attended by heads of state and other dignitaries putting Kenya in the global map of Microfinance.

The Microfinance Unit was developed within the National Treasury to carry out its mandate. However key challenge to the Unit is skilled manpower turnover. By virtue of the fact that these are Civil servants subject to transfers some of the initially trained staff moved on to better terms elsewhere through promotions, resignation and transfers. This challenge needs to be institutionally addressed by the NT to ensure retention of skilled and experienced manpower.

2.10 Summary of Project Compliance

The programme was implemented in compliance with applicable laws and regulations, and essential external financing agreements/covenants:

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3. Statement of Performance against Project's Predetermined 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 key development objectives of the Micro Finance Sector Support Credit were to: Eradicate poverty in Kenya by supporting the financial deepening in the banking sector in order to ensure access to credit by the non-banking population of Kenya and to establish a micro finance unit within the National treasury, to integrate Microfinance issues within the broader financial sector. Below we provide the progress on attaining the stated objectives:

Micro Finance Sector Support Credit	Was to contribute to support financial deepening in order to reduce poverty in Kenya	Wholesalers and second tier SACCO's were successfully lent money and in turn the number of SME'S who accessed finance grew beyond the planned limit	Number of Institutions were lent money which in turn trickled down to common man	In FY 24/25 activities of the project had already come to an end as per the financing agreement

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4. Environmental and Sustainability Reporting

1. Environmental performance

Not applicable as in the financial year 2024/2025 the project's activities had already come to an end.

2. Employee welfare

Not applicable, in the financial year 2024/2025 the project's activities had already come to an end

3. Marketplace practices-

In the financial year 2024/2025 the project's activities had already come to an end.

4. Community Engagements

In the financial year 2024/2025 the project's activities had already come to an end.

5. Statement of Project Management Responsibilities

The Principal Secretary for The National Treasury and the Project Coordinator for Micro Finance Sector Support Credit project 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 the financial year ended on June 30, 2025.

This responsibility includes (i) Maintaining adequate financial management arrangements 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 for The National Treasury and the Project Coordinator for Micro Finance Sector Support Credit project accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the National Treasury the Project Coordinator for Micro Finance Sector Support Credit project are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The Principal Secretary for National Treasury and the Project Coordinator for Micro Finance Sector Support Credit project 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 and the adequacy of the systems of internal financial control.

The Principal Secretary for the National Treasury and the Project Coordinator for Micro Finance Sector Support Credit project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Micro Finance Sector Support Credit financial statements were approved by the Principal Secretary for The National Treasury and the Project Coordinator for Micro Finance Sector Support Credit project on 29/8 2025 and signed by:



.....
Dr. Chris Kiptoo, CBS
Principal Secretary



.....
Mr. Albert Mwenda, MBS
Project Coordinator



.....
George K. Gichuru
Head of Accounting Unit
ICPAK Member No.9262

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON MICRO FINANCE SECTOR SUPPORT CREDIT PROJECT (CREDIT NO. CKE 3004 01E AND CKE 6010 01E) FOR THE YEAR ENDED 30 JUNE, 2025 – THE NATIONAL TREASURY

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the 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 the Government achieves value for money and that such funds are applied for the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Micro Finance Sector Support Credit Project set out on page 1 to 31, which comprise the statement of financial position

Report of the Auditor-General on Micro Finance Sector Support Credit Project (Credit No. CKE 3004 01E and CKE 6010 01E) for the year ended 30 June, 2025 – The National Treasury

as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of 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 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 Micro Finance Sector Support Credit Project as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Credit Facility Agreement No. CKE 3004 01E and Financing Agreement No. 6010 01E dated 25 May, 2005 and 21 September, 2007 respectively between the Republic of Kenya and Agence Francaise Development (AFD) and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Micro Finance Sector Support Credit Project Management in accordance with ISSAI 130 on the 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 that, in my professional judgement, 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

Unresolved Prior Year Issues

In the audit report of the previous year, one (1) issue was raised under the Report on Lawfulness and Effectiveness in the Use of Public Resources, which was unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the other information set out on page iii to xxiii which comprise of Project Information and Overall Performance, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

Failure to Close the Project

According to Clause 10 of the Financing Agreement, the Project was to end on 31 October, 2010 but the closing date was later extended to 31 December, 2014. However, and as previously reported, the Project closure report was not submitted for audit. Although Management indicated that AFD issued a No Objection for transfer of the Project's surplus funds to the Rural Kenya Finance Inclusion Facility (RK FINFA), also funded by AFD, the transfer process was not completed to enable formal closure of the Project. No explanation was provided on why it has taken over ten (10) years to conclude the process of closing the dormant Project.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that 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 controls, 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 REQUIREMENTS

As required by Agence Francaise de Development (AFD), 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 are in agreement with the accounting records and returns.

Responsibilities of the 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 (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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 comply 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 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

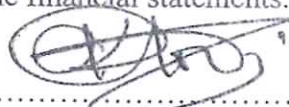
Nairobi

18 September, 2025

7. Statement of Financial Performance for the Year Ended 30th June 2025.

		KSh
Revenue		
Transfer from Government entities	6	-
Proceeds from domestic and foreign grants		-
Miscellaneous Revenue	7	-
Total revenue		-
Expenses		
Employee costs	8	-
Use of goods and services	9	-
Depreciation and amortization expense	10	-
Transfer to other Government Entities	11	-
Other Transfers/Subsidies/Grants	12	-
Certified Works	13	-
Total expenses		-
Other gains/(losses)		
Gain/Loss on sale of assets	14	-
Gain/Loss on foreign exchange transactions	15	-
Impairment loss	16	-
Surplus/ (deficit)		-

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



Dr. Chris Kiptoo, CBS
Principal Secretary



Mr. Albert Mwenda, MBS
Project Coordinator




George K. Gichuru
Head of Accounting Unit
ICPAK Member No.9262

8. Statement of Financial Position as at 30th June 2025

	Note	2024-2025 Kshs	31 st July 2024 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	18	90,491,999	90,491,999
Receivables	19	-	-
Inventories	20	-	-
Prepayment	21	-	-
Total Current Assets		90,491,999	90,491,999
Non-Current Assets			
Property, Plant and Equipment	22	-	-
Intangible Assets	23	-	-
Total Non- Current Assets		-	-
Total Assets (a)		90,491,999	90,491,999
Liabilities			
Current Liabilities			
Trade and Other Payables	24	-	-
Third Party Deposits	25	-	-
Deferred Income	26	-	-
Total Current Liabilities		-	-
Total Liabilities (b)		-	-
Net Assets (a-b)			
Represented By:			
Accumulated Surplus		-	-
Total Net Assets		-	-

The financial statements were approved on 29/6/2025 and signed by:



Dr. Chris Kiptoo, CBS
Principal Secretary



Mr. Albert Mwenda, MBS
Project Coordinator



George K. Gichuru
Head of Accounting Unit
ICPAK Member No.9262

*Micro Finance Sector Support Credit
Annual Report and Financial Statements for the financial year ended June 30, 2025*

9. Statement of Changes in Net Assets

Description	Accumulated Surplus
	Kshs
As at 30 th June 2025 (Cash Basis)	-
Adjustments:	
Asset Recognition	-
Liabilities recognition	-
As at 1 st July 2024	-
Surplus/(Deficit) for the year	-
As at 30 th June 2025	-

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

The financial statements were approved on 29/8/ 2025 and signed by:



Dr. Chris Kiptoo, CBS
Principal Secretary



Mr. Albert Mwenda, MBS
Project Coordinator



George K. Gichuru
Head of Accounting Unit
ICPAK Member No.9262

*Micro Finance Sector Support Credit
Annual Report and Financial Statements for the financial year ended June 30, 2025*

10. Statement of Cashflow for the year ended 30th June 2025

Description	Note	2024-2025 Kshs
Cashflow from operating activities		
Receipts		
Transfer from government entities		-
Proceeds from domestic and foreign grants		
Miscellaneous Revenue		-
Total receipts		-
Payments		
Employee costs		-
Use of goods and services		-
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		-
Total payments		-
Net cash flow from operating activities	26	-
Cashflow from investing activities		
Acquisition of non-financial assets		-
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
Net cash flows from investing activities		-
Cash flow from financing activities		
Specify the activity		-
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		-
Cash and cash equivalent at 1 st July 2024	17	90,491,999
Cash and cash equivalent at end June 2025	17	90,491,999

Micro Finance Sector Support Credit

Annual Report and Financial Statements for the financial year ended June 30, 2025

II. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Budget Carry Overs from previous periods						
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants						
Miscellaneous Revenue	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Payments						
Employee costs	-	-	-	-	-	-
Use of goods and services	-	-	-	-	-	-
Transfer to other Government Entities	-	-	-	-	-	-
Other Transfers/Subsidies/Grants	-	-	-	-	-	-
Certified Works	-	-	-	-	-	-
Total Payments	-	-	-	-	-	-
Surplus/Deficit	-	-	-	-	-	-

(Note: The project has closed and did not have a Budget during the Financial Year.

12. Notes to the Financial Statements

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

2. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

IPSAS 43	Applicable 1 st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. State the expected impact of the standard to the Entity if relevant
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	Applicable 1 st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and; Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. State the expected impact of the standard to the Entity if relevant

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

<p>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>State the expected impact of the standard to the Entity if relevant</p>

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

	State the expected impact of the standard to the Entity if relevant
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>State the expected impact of the standard to the Entity if relevant</p>

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)

3. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxx on the FY 2024/2025 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the financial statements

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the financial statements

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note xx.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Micro Finance Sector Support Credit.

i) Provisions

Provisions are recognized when the Micro Finance Sector Support Credit has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Micro Finance Sector Support Credit expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Micro Finance Sector Support Credit 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.

Contingent assets

Micro Finance Sector Support Credit 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 Micro Finance Sector Support Credit 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.

j) Nature and purpose of reserves

The Micro Finance Sector Support Credit creates and maintains reserves in terms of specific requirements. (Entity to state the reserves maintained and appropriate policies adopted).

k) Changes in accounting policies and estimates

The Micro Finance Sector Support Credit recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

l) Employee benefits

Retirement benefit plans

The Micro Finance Sector Support Credit provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. (the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

The Micro Finance Sector Support Credit regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

Notes to the financial statements

p) Service concession arrangements

The Micro Finance Sector Support Credit analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Micro Finance Sector Support Credit recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise -- any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Micro Finance Sector Support Credit also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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.

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Micro Finance Sector Support Credit financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Micro Finance Sector Support Credit
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available..

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

6. Revenue Transfers

Unconditional Transfers	
GoK Counter Part funding	-
Transfers from Development partners	-
Other unconditional transfers (Specify)	-
Total Unconditional Transfers (a)	-
Conditional Transfers	
Transfers from Development partners AFD	-
Transfers from Development partner 2	-
Other conditional transfers (specify)	-
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	-

The project had no activities during the financial year under review therefore there were no transfers from Government entities

Details to Revenue Transfers

	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	-	-	-
Development Partner 1	-	-	-	-
Development Partner 2	-	-	-	-
Subtotal	-	-	-	-
Deferred Income realized	-	-	-	-
Transfers in Kind	-	-	-	-
Total	-	-	-	=

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

7. Proceeds From Domestic and Foreign Grants

During the financial period to 30th June 2025, we received grants from donors as detailed in the table below:

Name of Donor	2024-2025						Cumulative to date
	Date received	Amount received in Donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total amount	
		Euro	Kshs	Kshs	Kshs	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
None	-	-	-	-	-	-	-
Grants Received from Multilateral Donors	-	-	-	-	-	-	-
AFD	-	-	-	-	-	-	153,569,700
Total	-	-	-	-	-	-	153,569,700

During the year under review there were no proceeds from domestic or foreign Grants.

Notes to the financial statements

8. Miscellaneous revenue

	Kshs	Cumulative to date (from inception)
Interest Income	-	-
Others (None)	-	8,752,689
Total	-	8,752,689

9. Employees Costs

Basic salaries of permanent employees	-
Basic wages of temporary employees	-
Personal allowances paid as part of salary	-
Personal allowances paid as reimbursements	-
Personal allowances provided in kind	-
Pension and other social security contributions	-
Compulsory national social security schemes	-
Compulsory national health insurance schemes	-
Total	-

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

10. Use of Goods and Services

Utilities, supplies and services	-	-
Bank charges	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Foreign travel and subsistence	-	-
Fuel and lubricants	-	-
General office supplies	-	-
Stationery, Printing, advertising, and information supplies	-	-
Office rent	-	-
Training payments	-	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Other operating payments(specify)	-	71,830,390
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance- other assets	-	-
Total	-	71,830,390

Notes to the financial statements

11. Depreciation and Amortization expense

Property, Plant and Equipment	-
Intangible Assets	-
Total	-

12. Transfer to Other Government Entities

Ministry None	-
Project None	-
Department None	-
County None	-
Total	-

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

13. Other Transfers/Subsidies/Grants

Transfers to Non-Government Organizations	-
Subsidies	-
Others None	-
Total	-

14. Certified Works

Road Works	-
Water Works	-
Energy Infrastructure	-
Others None	-
Total	-

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

15. Gain/Loss on Sale of Assets

Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain/loss on sale of assets	-

Provide brief explanation on gains on sale of fixed assets)

16. Gain/Loss on foreign exchange transactions

Gain on foreign exchange transactions	-
Loss on foreign exchange transactions	-
Total Gain/Loss	-

17. Impairment Loss

Property, Plant and Equipment	-
Intangible Assets	-
Others specify	-
Total Impairment Loss	-

18. Cash and Cash Equivalent

Cash in Bank	90,491,999	90,491,999
Cash on hand	-	-
Others (None)	-	-
Total Cash and Cash Equivalent	90,491,999	90,491,999

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

Project Bank Accounts

Foreign Currency Accounts		
None		
Total Foreign Currency balances	=	=
Local Currency Accounts		
Central Bank of Kenya [A/c No. 1000187506]	90,491,999	90,491,999
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (None)	-	-
Total local currency balances	<u>90,491,999</u>	<u>90,491,999</u>
Total bank account balances	<u>90,491,999</u>	<u>90,491,999</u>

19. Receivables

Counter Part Funding	-	-
Contractor's Advance payments	-	-
Other Receivables (specify)	-	-
Total Receivables	-	-

(Provide brief explanation on current receivables)

Ageing analysis for Receivables

	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

20. Inventories

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Consumable stores	-	-
Construction stores	-	-
Others consumables (specify)	-	-
Less: allowance for impairment	(-)	(-)
Total inventories	-	-

(Provide brief explanation on inventories)

21. Prepayments

Insurance	-	-
Rent	-	-
Others specify	-	-
Total inventories	-	-

Micro Finance Sector Support Credit
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

22. Property, Plant and Equipment

Depreciation rate	-%	-%	-%	-%		
As At 1 July 2024 (opening balances)	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	(-)	-	-	(-)	(-)	(-)
Transfers/Adjustments	(-)	-	(-)	(-)	-	(-)
As at 30 th June 2025	-	-	-	-	-	-
Depreciation And Impairment						
As at 1 July 2025	(-)	(-)	(-)	(-)	(-)	(-)
Depreciation charge for the year	(-)	(-)	(-)	(-)	(-)	(-)
Impairment loss	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/ Adjustments	(-)	-	(-)	(-)	(-)	(-)
As At 30 th June 2025	-	-	-	(-)	-	-
Net Book Values						
As at 1 st July 2024	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	-	-	-

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

23. Intangible Assets

Cost		
As at 1 st July 2024		-
Additions		-
As At 30 th June 2025		-
Amortization and impairment		
As at 1 st July 2024		-
Amortization		-
Impairment loss		-
As At 30 th June 2025		-
NBV as at 1 st July 2024		-
NBV as at 30 th June 2025		-

24. Trade and Other Payables

Trade payables	-		-	
Employee payables	-		-	
Other payables (specify)	-		-	
Total trade and other payables	-		-	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(Provide brief explanation)

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

25. Third-Party Deposits

Contractor's Retention	-	-	-	-
Gratuity	-	-	-	-
Other deposits (specify)	-	-	-	-
Total deposits	-	-	-	-
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

(Provide brief explanation)

26. Deferred Income

Development partner 1	-	-
Development partner 2	-	-
Others specify	-	-
Total Deferred Income	-	-

(Provide brief explanation)

Deferred Income Movement Schedule

	Kshs	Kshs	Kshs	Kshs
Balance as at 1 st July 2024	-	-	-	-
Additions	-	-	-	-
Transfers To Performance Statement as Revenue	(-)	(-)	(-)	(-)
Balance as at 30 th June 2025	-	-	-	-

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

27. Cash Generated from Operations

Surplus/Deficit for the year	-
Adjusted for:	
Depreciation	-
Non-cash grants received	(-)
Impairment	-
Gains and losses on disposal of assets	-(-)
Working capital adjustments	
Increase in inventory	(-)
Increase in receivables	(-)
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	-

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

28. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items 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 voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Micro Finance Sector Support Credit
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

Special Deposit Accounts Movement Schedule

(i) A/C Name [A/c No.....]		
Opening balance	1,152,653.73	1,152,653.73
Total amount deposited in the account	-	-
Total amount withdrawn	=	=
Closing balance (as per SDA bank account reconciliation attached)	<u>1,152,653.73</u>	<u>1,152,653.73</u>

29. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Entity, holding 100% of the Entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Micro Finance Sector Support Credit

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	-
Rent income from govt. Agencies	-
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Others (specify)	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	-
Payments for goods and services for xxx	-
Total	-
d) Key management compensation	
Directors' emoluments	-
Compensation to key management	-
Total	-

Notes to the financial statements

30.Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

Micro Finance Sector Support Credit
Annual Reports and Financial Statements for the year ended June 30, 2025.

31. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of xxx.
Its ultimate parent is the Government of Kenya.

32. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

*Micro Finance Sector Support Credit
Annual Report and Financial Statements for the financial year ended June 30, 2025*

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. of the external audit report	Issue / Observations / Recommendations	Management Comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
Para 111	Failure to close the Project	The Project is in the final stages of closure. Further, adequate accounting records have been kept by the project. So far as appears from the examination of those records and the projects financial statement are in agreement with the accounting records and returns	The Project closure is progressing on well. Once the process of transfer of funds is concluded the project will be deemed closed.	Ongoing



Dr. Chris Kiptoo, CBS
Principal Secretary



Mr. Albert Mwenda, MBS
Project Coordinator


Annex 2: Reconciliation of inter-entity transfers

Project Name:				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
		Total	-	
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
		Total	-	
C.	Others			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Total	-	
		Total (A+B+C)	-	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department



 Mr. Albert Mwenda, MBS
 Project Coordinator



 George K. Gichuru
 Head of Accounting Unit
 ICPAK Member No. 9262

Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total					

Notes

There were no fixed Assets during the year under review

Annex 4: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2025
- ii. Board of Survey Report
- iii. Other correspondences in respect to reallocation of the funds.

**THE NATIONAL TREASURY
BANK RECONCILIATION
MICRO FINANCE SECTOR SUPPORT CREDIT**
As at 30th JUNE 2025 STATION NAIROBI

	Sh.	Sh.	Sh.
Balance as per Bank Certificate			90,491,999.30
Less -----			
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)		-	
2. Receipts in Bank Statement not yet recorded in Cash book		-	
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			90,491,999.30

I certify I have verified the bank balance in the cash book with the bank statement and that the above reconciliation is correct

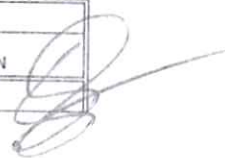


HAU THE NATIONAL
TREASURY

Signature



Date

PREPARED BY		
	S G MATIBA	SIGN 
DATE	01/07/2025	

COPY TO

- 1 INTERNAL AUDITOR
- 2 AUDITOR GENERAL
- 3 D.G.A.S & Q A

THE NATIONAL TREASURY
MICRO FINANCE SECTOR SUPPORT CREDIT
As at 30th JUNE 2025 STATION NAIROBI

PAYMENT IN CASHBOOK NOT IN BANK STATEMENT

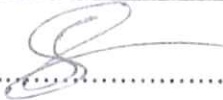
DATE	V.NO.	PARTICULARS	AMOUNT	REMARKS
			-	
		TOTAL	-	

DATE: 01/07/25 SIGN: 

THE NATIONAL TREASURY
MICRO FINANCE SECTOR SUPPORT CREDIT
As at 30th JUNE 2025 STATION NAIROBI
RECEIPTS IN BANK STATEMENTS NOT IN CASH BOOK

Value Date	REF.NO.	Transaction Details	Cr. Amount
			-
	TOTAL		-

DATE: 01/07/25

SIGN: 

THE NATIONAL TREASURY
MICRO FINANCE SECTOR SUPPORT CREDIT
As at 30th JUNE 2025 STATION NAIROBI
PAYMENTS IN BANK STATEMENT NOT IN CASH BOOK

DATE	REF.NO.	Transaction Details	AMOUNT	REMARKS
			0.00	
		TOTAL	-	

DATE: 01/07/25 SIGN: 

THE NATIONAL TREASURY
MICRO FINANCE SECTOR SUPPORT CREDIT
As at 30th JUNE 2025 STATION NAIROBI

RECEIPTS IN CASH BOOK NOT IN BANK STATEMENTS			
DATE	PV NO	PARTICULARS	AMOUNT
			-
TOTAL			-

DATE: 01/07/25 SIGN: 

A/C 1000187506 MICRO FINANCE SUPPORT CREDIT CAPACITY BUILDING

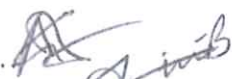


REPUBLIC OF KENYA

F.O. 51

Date:.. 1ST July, 2025.

Report of the board of survey on the Cash and Bank Balances of THE NATIONAL TREASURY .as at the close of Business on.... 30th June, 2025....

The Board consisting of—(Names and official titles)

MR. Godfrey Busolo.....	Chairman..	
MR. Charles Kisingu	Member.....	
MR. Joseph Kothya.....	Member.....	

Assembled at the office of *THE NATIONAL TREASURY*
At...10.55 AM. (Time) on the1ST July., 2025.....

And the following cash was produced:-

Notes	Sh	<i>NIL</i>
Silver.....	Sh	<i>NIL</i>
Copper.....	Sh	<i>NIL</i>
Cheques(as per details on reverse) ...	Sh	<i>NIL</i>
		<u>NIL</u>

It was observed that cheques amounting to Sh.....*NIL*.....cts...*NIL*..... had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the30th June..., 2025....

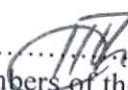
Cash on hand..	Sh..... <i>NIL</i>
Bank balance.....	Sh. <u>90,491,999.30...</u>

The Bank Certificate of Balance showed a sum of Sh 90,491,999.30..... Amounting to the credit of the account on...30th June..., 2025.....

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.

.....

Chairman

.....

Members of the Board

Date.....

GPK (L)

LIST OF CHEQUES INCLUDED AS PART OF CASH ON HAND

	Drawer	Date of Cheque	Date received	Amount

26 JUL 2025



BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

noted
[Signature]
28/7/25

July 23, 2025

Haile Selassie Avenue
P.O. Box 60000 - 00200 Nairobi, Kenya
Telephone: 2860000, Fax: 3340192

CERTIFICATE OF BALANCES

Customer: 100094 MINISTRY OF FINANCE

Balance Date: 30-Jun-25

Account No	Account Name	Currency	Balance
1000000977	TREASURY BILLS ACCOUNT	KES	9,240,017,070.56
1000000988	TREASURY BONDS ACCOUNT	KES	0.00
1000000996	REVENUE DEPOSIT ACCOUNT	KES	19,342,556,859.26
1000004045	TREASURY BONDS ISSUE	KES	1,143,082.35
1000004053	TREASURY BONDS REDEMPTION	KES	0.00
1000004061	TREASURY BONDS INTEREST	KES	0.00
1000004088	TREASURY BILLS REDEMPTION SUSP.	KES	0.00

Customer: 120373 NATIONAL TREASURY

Balance Date: 30-Jun-25

Account No	Account Name	Currency	Balance
1000181467	REC-THE NATIONAL TREASURY	KES	459,222,624.32
1000181664	DEV-THE NATIONAL TREASURY	KES	47,817,402.85
1000182137	DEP-THE NATIONAL TREASURY	KES	4,097,673,491.85
1000182528	CBK165-THE NATIONAL TREASURY	KES	0.00
1000187506	MICRO FINANCE SEC SUP CR-CAP BLDG	KES	90,491,999.30
1000201924	VOLUNTARY PAY CUT	KES	0.00
1000204378	REC-PUBLIC DEBT	KES	614,032,145.91
1000204419	REC-SALARIES ALLOWA MISC AND NSSSFC	KES	189,100,135.55
1000205024	PETROLEUM DEVELOPMENT LEVY FUND	KES	5,274,474,480.25
1000209518	NATIONAL TREASURY REVENUE COLL.	KES	0.00
1000221518	KENYA PETROLEUM TECHNICAL ASS PROJ	KES	0.00
1000268743	AFRICAN INSTITUTE FOR REMITTANCES	KES	17,127,569.60
1000323876	A U OTHER INTERNAT. ORG SUBSC FUND	KES	1,005,835,330.76
1000331747	GREEN GROWTH AND EMPLOY CREATION PR	KES	5,000,000.00
1000349538	PPP PROJECT FACILITATION FUND ACC.	KES	4,952,597,674.65

1000368632	INFRASTRUCTURE FIN AND PUB PART PRJ	KES	2,743,225.00
1000409018	INFRAS T FINANCE AND PPP-CAT. 2EEP	KES	593,097,697.15
1000447575	KEN. FINANCING LOCALLY LED CLIMATE	KES	160,044,123.55
1000473851	PUBLIC DEBT MANAGEMENT SUPPORT PROJ	KES	2,324,324.05
1000476858	CREDIT GUARANTEE SCHEME ACCOUNT	KES	548,416,673.00
1000484675	FINANCIN LOCAL-LED CLIMATE ACTION B	KES	408,288.50
1000516534	GREEN CLIMATE FUND READINESS PROJ	KES	16,426,732.80
1000528885	AFFORDABLE HOUSING FINANCE PROJ	KES	2,312,350.40
1000528893	ADB:NATIONAL TREASURY CAPACITY STRE	KES	395,047.40
1000539135	EU KENYA COOPERATION AND PARTNERSHI	KES	0.00
1000662794	KFW FINANCING LOCAL LED CLIMATE ACT	KES	1,872,203.35
1000693096	SUPPORTING ACCESS TO FIN & ENT RECO	KES	644,389,496.80
1000709596	SUPP ACESS TO FIN ENTERP RECOV A	KES	3,804,132,755.65
1000709607	SUPP ACESS TO FIN ENTERP RECOV B	KES	0.00
1000741236	ADB - AFRICA CLIMATE SUMMIT	KES	2,159,365.00
1000762373	FINANCING LOC LED CLIMATE ACT IDA L	KES	0.00
1000762381	FINANCE LOC LED CLIMATE A IDA TRUST	KES	0.00
1000762397	FINANCE LOC LED CLIMATE ACT KFW LOA	KES	0.00
1000764406	GOVERNMENT DIGITAL PAYM UNIT AIA	KES	353,518,210.55

Customer:

100133

ACCOUNTANT GENERAL -
TREASURY

Balance Date:

30-Jun-25

Account No	Account Name	Currency	Balance
1000122501	GOVERNMENT OVERDRAFT ACCOUNT.	KES	(67,628,794,748.17)

Customer:

152575

STATE OFF AND PUB OFF
CAR LOAN SCH

Balance Date:

30-Jun-25

Account No	Account Name	Currency	Balance
1000537876	STATE OFF AND PUB OFF CAR LOAN SCH	KES	9,968,106.00



Micah Nabori
Authorised Signatory
Banking Services Division



Joyce Nasieku
Authorised Signatory
Banking Services Division

AFD CKE 3004



AMENDMENT LETTER N° 4

TO THE CREDIT FACILITY AGREEMENT N° CKE 3004

AGENCE FRANÇAISE
DE DÉVELOPPEMENT
#WorldInCommon

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REALLOCATION OF THE FUNDS TRANSFERRED FROM THE
MICROFINANCE SECTOR SUPPORT CREDIT PROJECT (CKE
3004) TO THE RURAL KENYA FINANCE INCLUSION
FACILITY (RK FINFA)

Reference is made to:

- The Credit Facility Agreement CKE 3004 01 E signed between the Agence Française de Développement and the Republic of Kenya the 25 May 2005;
- The Amendment n°1 signed 15 October 2010;
- The Amendment n°2 signed 16 November 2011;
- The Amendment n°3 signed 10 August 2012;
- The letter ANO/AFD/NAI/2023/GP/149 dated 27 February 2023 agreeing the reallocation of the balance funds of KSH 146 Million to RK FINFA.

Following the last letter from AFD, confirming no-objection to the reallocation of the balance funds, AFD sends this amendment letter to the credit facility agreement CKE 3004 01 E. National Treasury shall countersign this amendment letter validating the transfer of funds, its allocation between Financial Sector Deepening Trust Kenya (FSD Kenya) and NT and also the use of those funds.

The purpose of this letter is to specify:

- The Project to which the balance funds will be allocated
- The entities that will be in charge of managing the funds for the project
- The scope of works covered by those funds

Reallocated Funds (146,428,317.30 KES) remaining from the Microfinance sector support credit project (MFSSC - CKE 3004) are constituted of two categories of funds:

- Funds not disbursed as of December 31st 2022 remaining on FSD account and amounting to KES 55,936,318
- Funds not disbursed as of December 31st 2022 remaining on NT account and amounting to KES 90,491,999.30.





AGENCE FRANÇAISE
DE DÉVELOPPEMENT
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cid.fr

Use of the Reallocated Funds:

The Borrower undertakes:

- To fully use the Reallocated Funds for the purpose of the RK FINFA Project, as defined in the agreement signed between IFAD and the Government of the Republic of Kenya (the RK FINFA Project Financing Agreement).
- To use the Reallocated Funds according to the provisions specified in the RK FINFA Project Financing Agreement and according to the Project Implementation Manual signed August 2022.
- To allow the FSD and the NT using the respective amount of money available on their accounts for the purpose of the RK FINFA Project.
- That the Reallocated funds be used to finance technical assistance in line with the RK-FINFA project design including support to AFC following two stages. First, an institutional appraisal of AFC including an assessment of the recommended institutional framework including the possibility to become a Tier-2 institution. This assessment could include recommendations and terms of reference for a technical assistance program. Second, a technical assistance program to AFC to support the institutional transformation and support the implementation of the RK-FINFA project such as the policy work needed to support AFC to be the anchor institution of the Green Finance Facility. The content of this TA program will depend on the outputs of the assessment mentioned above. This second phase will be implemented based on the results of the first phase. It will require a no-objection from AFD. If the findings of phase one are not satisfactory, funding will be redirected to other components of RK FINFA Project provided AFD approval.

Organisation, monitoring and reporting:

NT, IFAD, FSD Kenya, and AFD will sign a memorandum of understanding (MoU) that will describe the role of each stakeholder, the processes to be followed and the reports to be provided.





Executed in two (2) originals, one (1) for the Lender, at Nairobi, on 28 February 2024.

AGENCE FRANÇAISE
DE DÉVELOPPEMENT
#WeBuildInCommon

BORROWER

THE GOVERNMENT OF THE REPUBLIC OF KENYA

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C. + 254 722 20 77 21
C. + 254 734 33 33 31

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Represented by:

Name: Njuguna Ndung'u, CBS
Title: Cabinet Secretary, The National Treasury and Economic Planning

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75598 Paris Cedex 12 France
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F. + 33 1 44 87 99 39

afd.fr

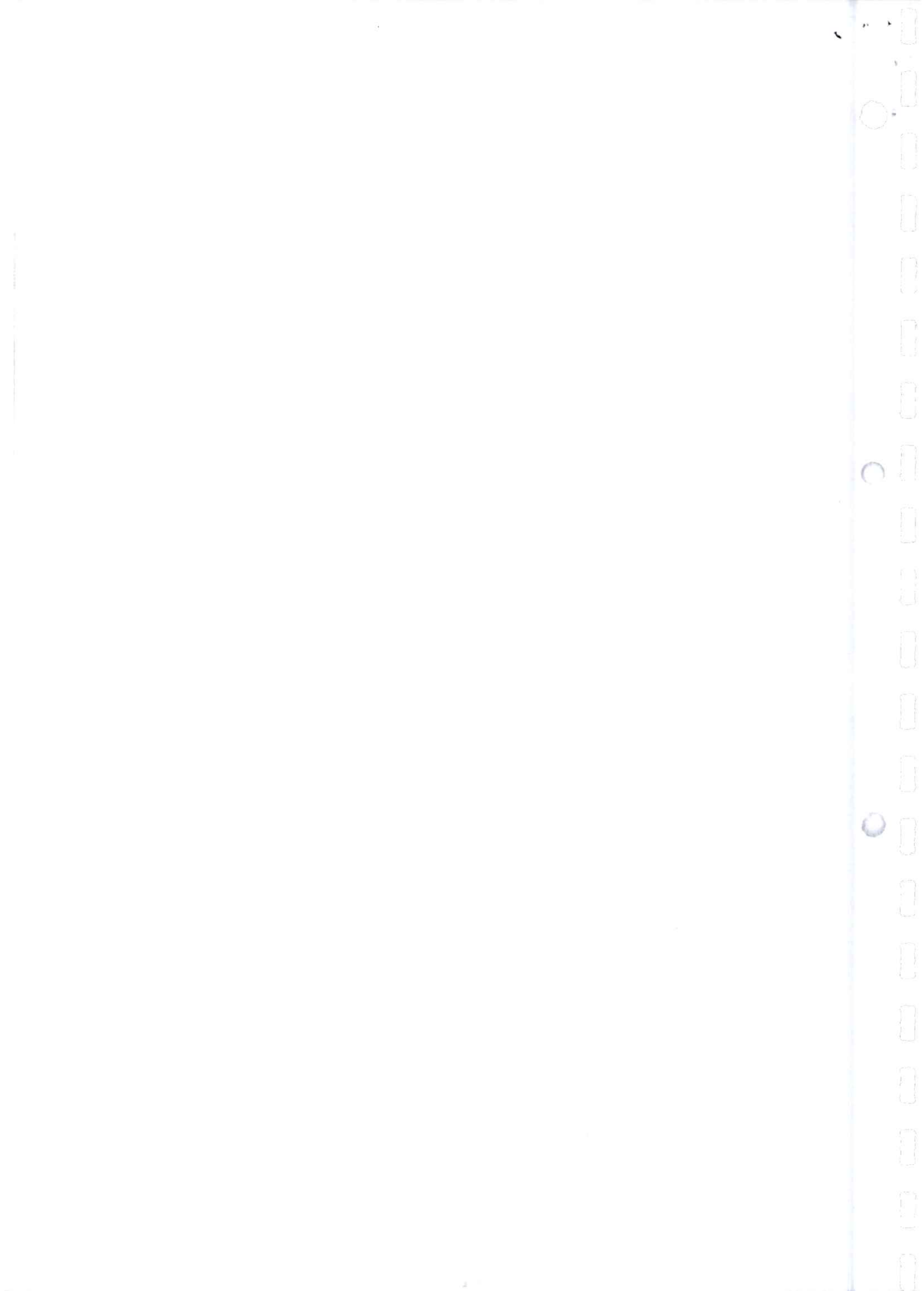
LENDER

AGENCE FRANÇAISE DE DÉVELOPPEMENT

Represented by:

Name: Bertrand WILLOCQUET

Title: AFD Director for Kenya



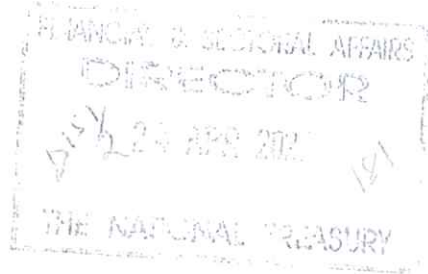


DIRECTORATE OF PUBLIC DEBT MANAGEMENT
RESOURCE MOBILIZATION DEPARTMENT
INTERNAL MEMORANDUM

MOF/ERD/20/154/78/01 (53)

22nd April 2025

Director, FSAD



Thro'
D, RMD

*Forwarded
22/4/25*

**RE: RE-ALLOCATION OF FUNDS FROM THE MICROFINANCE SECTOR
SUPPORT CREDIT PROJECT TO THE RURAL KENYA FINANCE
INCLUSION FACILITY PROJECT**

Reference is made to our memo ref. no. MOF/ERD/20/154/78/01 (49) dated 13th March 2025 on the above subject matter.

We have reviewed documents available to the RMD and established the following:

1. The Agence Française De Développement (AFD) and the National Treasury & Economic Planning signed Amendment No. 4 reallocating Ksh.146,428,317.30 which remained unutilized on the Microfinance Sector Support Credit (MFSSC) Project to the RK FINFA Project.
2. A letter from the Financial Sector Deepening dated 17th April 2025 forwarding a bank statement shows a balance of Ksh.73,033,851.35 of which Ksh. 55,936,318 is the amount disbursed from the MFSSC Project.
3. A memo from the Programme Coordinator to the Rural Kenya Financial Inclusion Facility (RKFINFA) Project ref.no. DFN/126/13/20 VOL.II (37) TY dated 17th March 2025 indicates that Ksh. 90,491,999 of the MFSSC Project is held in the A/C No. 10001887506 at the Central Bank of Kenya.

In view of the above we wish to make the following submissions:

4. The CS, NT & EP signed the Amendment letter No. 4 reallocating the funds, therefore the letter reference TNT/Conf/282/18/02 'AL' (6) dated 23rd January, 2023 seeking approval once again was not necessary.

PC - Rk Ke - FINFA

Note the comments from Mung'ala deal with the matter on line, respect the law



Bank Statement
availed *[Signature]*

5



Investing in rural people

REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING

RURAL FINANCIAL INCLUSION KENYA FACILITY



Ref : DFN/126/13/20 VOL.II (37) IV

TO : DAS/HAU

Thro' : D/FSA

DATE : 17 MARCH, 2025

*Forwarded for necessary action
18/03/2025*

RE: ALLOCATION OF FUNDS FROM MICRO-FINANCE SECTOR SUPPORT PROJECT TO RURAL KENYA FINANCIAL INCLUSION FACILITY PROJECT - REQUEST FOR BANK STATEMENT

Letter Ref.No.TNT/CONF/282/18/02/ AL (6) dated 23rd January, 2025 refers (copy attached). As per the attached memo ref. MOF/ERD/20/154/78/01/ (49) dated 13th March, 2025, a bank Statement evidencing availability of Ksh. 90,491,999.00 is needful to progress the request for 2024/2025 Revenue Budget Allocations.

Relevant Account details are:

A/C No. 10001887506 maintained at the Central Bank of Kenya.

This is therefore to request for the Bank Statement to date in order for the Budget Request to be availed under 2024/2025 supplementary Estimates.

AUTHORISED SIGNATORY
[Signature]
NJERU MICHAEL
FOR PROGRAMME COORDINATOR

CC: Director RMD

Attn: Collins Aseka/Europe Division

*Please see
Statement as
per the Attachment
for your necessary action
19/03/2025*





REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING



Investing in rural people

RURAL KENYA FINANCIAL INCLUSION FACILITY

INTERNAL MEMO

DFN/126/13/20/VOL II (44)

August 08, 2025

TO : Senior Chief Finance Officer/NT

THRO' : Director FSA

Forwarded to NT by 8/8/2025

RE: RE-ALLOCATION OF FUNDS FROM THE MICROFINANCE SECTOR SUPPORT CREDIT PROJECT TO THE RURAL KENYA FINANCIAL INCLUSION PROJECT (RKFINFA) - REQUEST FOR REFLECTION UNDER FY 2025/6 SUPPLEMENTARY 1, KSH 90,491,999

Memo ref MOF/ERD/20/154/78/01(53) of April 22, 2025 refers.

In the Memo, the Head, Europe Division in paragraph 5 guided that the undisbursed amounts of Ksh 90,491,999 relating to Micro-Finance Sector Support Project (MFSSP) with CBK Account ref 1000187506, ought to be budgeted as Loan Revenue for the purposes of disbursement under Agence Francaise De Developpement (AFD) Amendment no. 4.

We note that the guidance was received after the conclusion of 2025/6 budgetary process and therefore the budget item could not be factored in the 2025/6 printed estimates.

The purpose of this memo is to therefore request that a budget line item under the MFSSP project, be availed under Supplementary 1 as Loan Revenue under AFD. Subsequently, and in line with Agence Francaise De Developpement (AFD) Amendment no. 4, the amount of Ksh 90,491,999 ought to be disbursed to RKFINFA.

John Kabutha
John Kabutha

Project Coordinator

CC:

i. Director RMD

Attn.: Head, Europe Division

ii. Director AS & HAU





REPUBLIC OF KENYA

THE NATIONAL TREASURY

OFFICE OF THE PRINCIPAL SECRETARY

401 03 FEB 2025

07 FEB 2025

DW/AS
Review and advise.
Castro

Telegraphic Address: 22921
Finance - Nairobi
FAX NO. 310833
Telephone: 2252299

THE NATIONAL TREASURY
P O BOX 30007 - 00100
NAIROBI

When Replying Please Quote

Ref: TNT/CONF./282/18/02'AL' (6)

② D/RMS

23rd January 2025

Hon. CPA John Mbadi Ng'ongo, EGH
Cabinet Secretary,
The National Treasury and Economic Planning
NAIROBI.

Here done
DW/AS
11/2/2025

CS 4) Head, American
RK-FINFA
under the
As 11/2/25
③ H. Gnipe
FINA
10/2/25

Dear

RE: RE-ALLOCATION OF FUNDS FROM MICROFINANCE SECTOR SUPPORT CREDIT PROJECT TO RURAL KENYA FINANCE INCLUSION FACILITY PROJECT

The above subject matter refers.

The Government of Kenya and Agence Francaise de Development (AFD) signed a Credit Facility agreement of **EURO.10 million** to support the Micro-Finance Sector Support Credit (MFSSC) project which commenced in 2005 and came to an end in 2014.

At the completion of the project in 2014, a balance of **Kshs.146,428,317.30** remained unutilized. The National Treasury requested AFD for re-allocation of the balance to Rural Kenya Inclusion Facility Project (RK FINFA) which is financed by IFAD. AFD accepted the request and provided amendment letter to the original Credit Facility Agreement to enable transfer of funds. The amendment letter was reviewed by The National Treasury and cleared by the Office of the Attorney General.

The International Fund for Agriculture Development (AFD) signed the Financing Agreement on 2nd June 2022 with GoK on Rural Kenya Financial Inclusion Facility (RK FINFA) for a loan of **EURO 18.9million**. The objectives of the project were to increase Rural Financial Inclusion and Green Investment by Agriculture value chain stakeholders.

The purpose of this letter therefore, is to request approval for the transfer of **Kshs.146,428,317.30** of which sum **Kshs.90,491,99.30** is Revenue and **Ksh.55,936,318.00** is AIA from MFSSC project to RK FINFA project accordingly, for the FY 2024/25 Supplementary Estimates No.2.

Yours Sincerely 19

Dr. Chris Kiptoo, CBS
PRINCIPAL SECRETARY/THE NATIONAL TREASURY

Encls.

THE NATIONAL TREASURY
DIRECTOR, RESOURCE MOBILIZATION
DEPARTMENT
640 10 FEB 2025
RECEIVED
P.O. Box 30007 - 00100, NAIROBI

