

REPUBLIC OF KENYA



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REPORT 24 FEB 2026 DAY: Tuesday

TABLED BY: OF Deputy Leader Majority Party
Hon. Owen Bayo, MP

CLERK AT TABLE: Mr. Benson Inzotu

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**SUPPORTING ACCESS TO FINANCE
AND ENTERPRISE RECOVERY
PROJECT (IDA CREDIT NO. 7018-KE)**

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

**KENYA DEVELOPMENT
CORPORATION**



PROJECT NAME:

**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT
(SAFER)**

IMPLEMENTING ENTITY:

KENYA DEVELOPMENT CORPORATION

PROJECT GRANT/CREDIT NUMBER: 7018-KE

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)**

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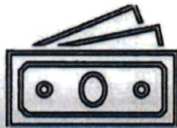
1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
CT	County Treasury
Comparative FY	Financial year preceding the current financial year.
DA	Designated Account
IDA	International Development Association
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
KDC	Kenya Development Corporation
MSME	Micro, Small and Medium Enterprises
NT	National Treasury
PFI	Participating Financial Institution
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
SAFER	Supporting Access to Finance Enterprise Recovery Project (SAFER)
WB	World Bank
GOK	Government of Kenya
SACCO	Savings and Credit Cooperative Organisation
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management System
BETA	Bottom up Economic Transformation Agenda
ESS	Environmental and Social Standards
SDG	Sustainable Development Goals
OSHA	Occupational Safety and Health Act
ESDD	Environmental and Social Due Diligence
SASRA	Sacco Societies Regulatory Authority
CGS	Credit Guarantee Scheme

2. Project Information and Overall Performance

2.1 Name and registered office

2.1 Name and registered office



Name

The project's official name is Supporting Access to Finance Enterprise Recovery Project (SAFER).



Objective

The key objectives of the project is to Increase Access to Financial Services and Supporting Covid-19 Recovery of Micro, Small & Medium Enterprises in Kenya.

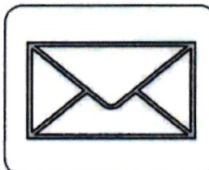
The project headquarters offices are in Nairobi, Nairobi County, Kenya. The address of its registered office is;



Address

Kenya Development Corporation
17th Floor, Uchumi House
Aga Khan Walk
Nairobi, Kenya

The following are the project contacts



P.O. Box: 12665-00100
Telephone: (254) 20-2771000
E-mail: info@kdc.go.ke
Website: www.kdc.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	1st December 2021
Project End Date:	31st December 2026
Project Coordinator:	Mr. Daniel Muimi
Project Development Partner:	World Bank - International Development Association (IDA)

2.3 Project Overview

Line Ministry or State departments/ County Department	The National Treasury
Project number	Credit Number: 7018-KE Project ID: P176517
Strategic goals of the project	The strategic goal of the project is to address market failures in access to finance by MSMEs that have been exacerbated by the negative impact of the COVID-19 pandemic through a mix of market instruments, leveraging existing financial channels. The objective of the project is to increase access to financial services and support COVID-19 recovery of Micro, Small and Medium Enterprises (MSMEs) in Kenya.

Summary of Project Strategies for achievement of strategic goals	The project is to be implemented in three parts namely; Part 1. Innovation and liquidity support to MSMEs Liquidity support to MSMEs through: (a) Window 1 – provision of a line of credit through the Apex PIE to PFIs operating digital channels for the provision of Sub-Loans to Eligible MSMEs.
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(b) Window 2 – provision of lines of credit through the Apex PIE to Participating Financial Institutions (PFIs) for the provision of Sub-Loans to Eligible MSMEs.

Part 2.

De-risking lending to MSMEs

Support for the recovery and growth of MSMEs through:

(a) Provision of financing to capitalize the Credit Guarantee Scheme (CGS) to enable the provision of partial credit guarantees to PFIs on their Sub-Loans to Eligible MSMEs; and

(b) Supporting the establishment, capitalization and operationalization of the Credit Guarantee Company (CGC).

Part 3.

Technical Assistance and Project Management

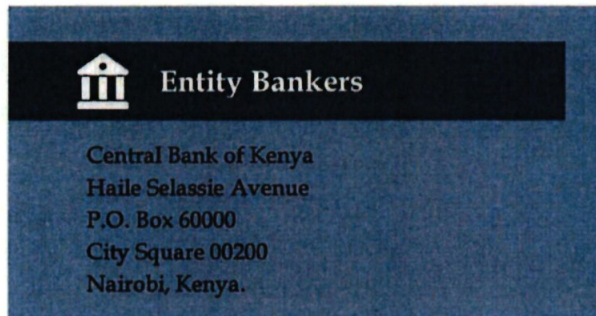
(a) Technical assistance to, (i) The National Treasury in setting up the CGC and market development for financial product, (ii) the CBK to develop prudential regulations for the CGC, and (iii) the CGC.


<p>Other important background information of the project</p>	<p>The SAFER Project seeks to increase access to financial services, enhance the capabilities, and support the post COVID-19 recovery of Micro, Small and Medium Enterprises (MSMEs) in Kenya.</p> <p>The project aims to achieve its objective through a mix of market instruments, channelled via the private sector and the Government.</p> <p>The total cost of the Project is EUR 85,900,000 and is expected to be allocated as follows-</p> <table border="1" data-bbox="635 660 1284 996"> <thead> <tr> <th>Category</th> <th>Amount in EUR Million</th> </tr> </thead> <tbody> <tr> <td>Innovation and liquidity support to MSMEs</td> <td>47,245,000</td> </tr> <tr> <td>De risking lending to MSMEs</td> <td>25,770,000</td> </tr> <tr> <td>Technical Assistance</td> <td>12,885,000</td> </tr> <tr> <td>TOTAL</td> <td>85,900,000</td> </tr> </tbody> </table>	Category	Amount in EUR Million	Innovation and liquidity support to MSMEs	47,245,000	De risking lending to MSMEs	25,770,000	Technical Assistance	12,885,000	TOTAL	85,900,000
Category	Amount in EUR Million										
Innovation and liquidity support to MSMEs	47,245,000										
De risking lending to MSMEs	25,770,000										
Technical Assistance	12,885,000										
TOTAL	85,900,000										
<p>Areas that the project was formed to intervene</p>	<p>The project main objective is to support the immediate response to the COVID-19 pandemic focused on resilient recovery of MSMEs especially those in hard hit sectors.</p>										
<p>Project duration</p>	<p>Five Years</p>										

Project Information and Overall Performance (Continued)

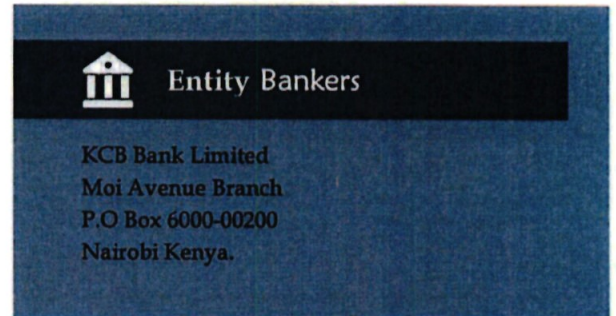
2.4 Bankers


The following are the bankers for the project:



 **Entity Bankers**

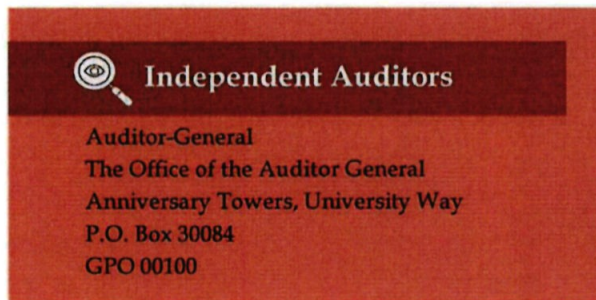
Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya.




 **Entity Bankers**

KCB Bank Limited
Moi Avenue Branch
P.O Box 6000-00200
Nairobi Kenya.

2.5 Independent Auditor



 **Independent Auditors**

Auditor-General
The Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100

2.6 Roles and Responsibilities

No	Names	Title designation	Key qualification	Responsibilities
1.	Norah Ratemo	Director General	Master's Degree in Business Administration-Finance, Bachelor's Degree of Commerce-Accounting, CPA(K), Certified Investment and Financial Analyst (CIFA) and Strategic Leadership	Overall leadership in the project implementation
2.	Daniel Muimi	Ag. Deputy Director Investment Appraisal and Administration	Bachelor's Degree in Business Administration, CPA(K) and Certified Investment and Financial Analyst (CIFA)	Project Coordinator
3	Kennedy Wanderi	Ag. Director Corporate Services and Deputy Director, Finance and Accounts	Master's Degree in Business Administration-Finance and Banking Bachelor's Degree in Business Management and CPA(K) and Advanced Management Program.	Ensure compliance with the financial management manual and relevant accounting laws
4	Herman Gacugi	Manager Risk Management and compliance	Master's Degree in of Science Information Communications Technology (ICT) Bachelor's Degree of Commerce-Accounting	Ensure project compliance to Environmental and Social Management Systems

			CPA(K), CISA and GRI Certified Professional.	
5	Erastus Njoroge	Deputy Director Portfolio Management	Master's degree in Financial Economics as well as a Bachelor's Degree with specialization in Mathematics and Economics.	Responsible for loans portfolio with a view to maximizing returns and mitigating risks and achieve corporate objectives.

Kenya development Corporation is well resourced with key accounting staff from all departments including Audit, ICT, Legal, Investments & Appraisal, Portfolio Management and Business Development being qualified and experienced with defined roles and responsibilities.

2.7 Funding summary

The Project is for a duration of 5 years from 2021 to 2026 with an approved budget of Euro 47,245,000 equivalent to Kshs.7,164,704,250 (CBK rate as at 30th June 2025 Exch. Rate - 1EURO=151.65). This is indicated in the Subsidiary Loan Agreement Addendum signed on the 31st October 2024 between Kenya Development (KDC) and the Government of the Republic of Kenya (GOK) as highlighted in the table below;

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date - (30 th June 2025)		Undrawn balance to date	
	<i>Euro</i>	Kshs	<i>Euro</i>	Kshs	<i>Euro</i>	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Loan	Exch. Rate - 1EURO=151.65					
World Bank (International Development Association)	47,245,000	7,164,704,250	16,707,765	2,350,000,000	30,537,235	4,814,704,250
Total	47,245,000	7,164,704,250	16,707,765	2,350,000,000	30,537,235	4,814,704,250

The exchange rate used for conversion of donor commitment is the CBK rate as at 30th June 2025 and the amount received is at the prevailing rate at the date of transfer.

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date - (30 th June 2025)		Cumulative amount paid to date - (30 th June 2025)		Unutilised balance to date (30th June 2025)	
	<i>Euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
World Bank (International Development Association)	16,707,765	2,350,000,000	17,647,895	2,475,008,598	(940,131)	(125,008,598)
Total	16,707,765	2,350,000,000	17,647,895	2,475,008,598	(940,131)	(125,008,598)

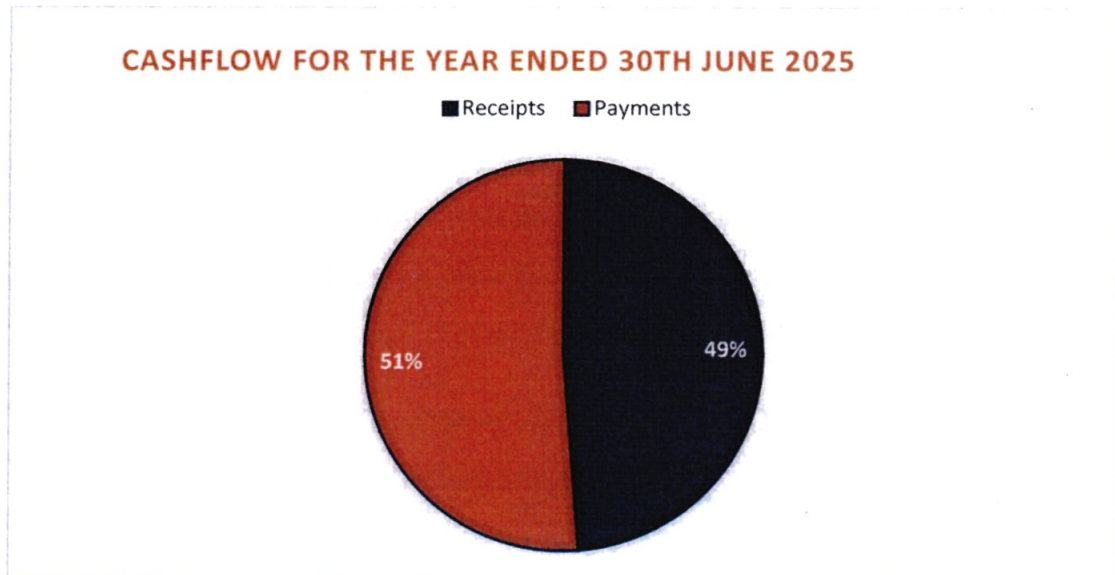
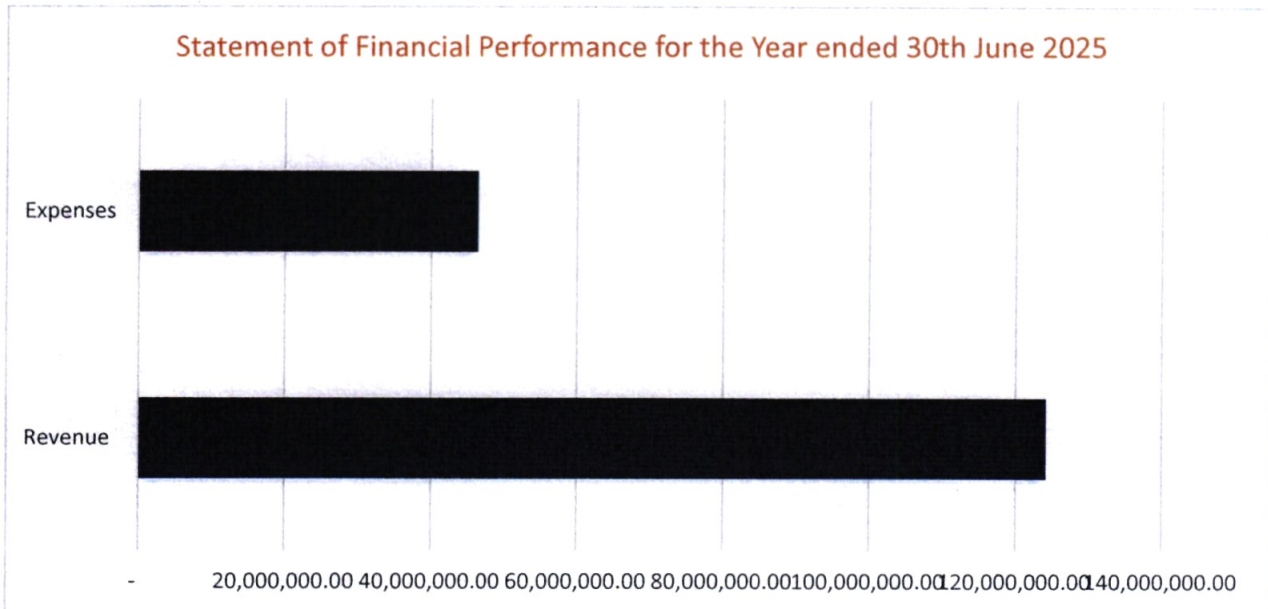
Project information and overall performance (continued)

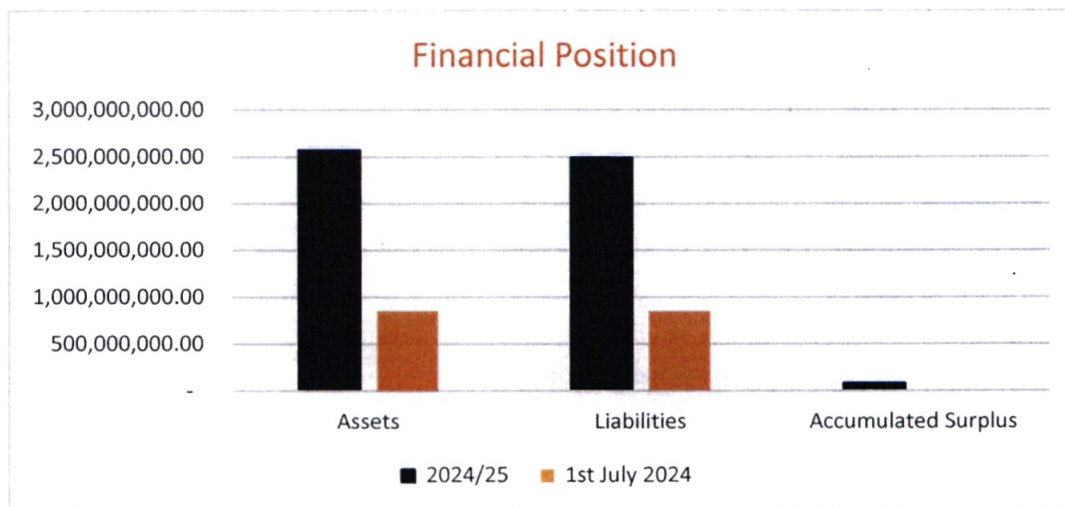
2.8 Summary of Overall Project Performance:

- i) The total funds received from The National Treasury by the end of the FY 24/25 amounted to Kshs.2,350,000,000 against the total approved project funding of Kshs.7,164,704,250 equivalent to Euros 47,245,000.
- ii) During the FY KDC approved four projects within the finance sector amounting to Kshs.1,050,000,000 with the main objective being to increase access to financial services and support COVID-19 recovery of Micro, Small and Medium Enterprises (MSMEs) in Kenya.

The SAFER Project has recorded measurable physical progress in key implementation areas since inception. The onboarding and financing of PFIs, digital lending activation, and repayment milestones reflect forward momentum. Continued focus on MSME-level monitoring, inclusivity, and digital transformation will ensure further progress toward achieving project outcomes.
- iii) The absorption rate for 2024/2025 stands at 39% an increment from 27% in the FY 2023/2024.
- iv) Implementation challenges and recommend the next steps
 - **Funding Adequacy:** Consider increasing the funding pool for SACCOs that demonstrate high absorption and impact potential
 - **Adequacy:** Consider increasing the funding pool for SACCOs that demonstrate high absorption and impact potential.
 - The PFIs have emphasized the need for flexible, adequate loan limits to serve their target markets better but the Corporation in liaison with the Project Implementation Unit is reviewing the lending limits to accommodate the MSME.
 - ESMS awareness is low and requires targeted training and integration into lending framework. The Corporation has enhanced ESMS Integration and

intends to roll out targeted training programs for PFI staff on E&S risk management and embed ESMS into standard credit processes.





2.9 Summary of Project Compliance:

- i) The project was compliant with all treasury circulars on project investment management, PFM Act 2012 and Kenya Vision 2030 flagship projects, and essential external financing agreements/covenants.
- ii) No consequences have been suffered since the project has not been non-compliant
- iii) Mitigation measures taken or planned to alleviate the adverse effects of actual or potential consequences of non-compliance.
 - a) **Contractual Enforcement**
KDC has built safeguards within the financing agreements, including clauses that allow for suspension of disbursement, call-backs, or termination of contracts in cases of serious or persistent non-compliance. These are enforced as necessary to protect project funds.
 - b) **Independent Audit and Evaluation**
External audits and evaluations, such as the mid-term review, serve as an additional layer of accountability. Findings from these exercises are used to inform continuous improvement and address compliance gaps.
 - c) **Strengthened Due Diligence and Risk Assessment Processes**
KDC has enhanced its due diligence procedures prior to disbursement to

ensure that all Participating Financial Institutions (PFIs) meet the set eligibility and compliance criteria. This includes financial, governance, and regulatory compliance checks.

d) Regular Monitoring and Reporting Mechanisms

A structured monitoring framework has been established, including quarterly and biannual reporting requirements for PFIs. These reports are reviewed to track performance, identify early signs of non-compliance, and initiate corrective actions promptly.

e) Collaboration with Regulatory Authorities

To strengthen oversight, KDC has established close working relationships with key regulators such as the Sacco Societies Regulatory Authority (SASRA) and the Central Bank of Kenya (CBK). Regular data sharing and joint monitoring are in place to flag concerns and enforce compliance.

These measures are intended to preserve the integrity of the SAFER Project, ensure prudent use of funds, and safeguard the project's intended outcomes for Micro, Small and Medium Enterprises (MSMEs).

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The key development objectives of the project's agreement/ plan are to:

- a) Increase the volume of MSME financing to enterprises affected by the COVID-19.
- b) Support MSMEs that survived the COVID-19 pandemic.
- c) Development of new financial products for MSMEs by participating financial institutions in response to the COVID-19 pandemic.

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

The SAFER Project, under KDC's stewardship of Component 1, has made significant progress in enhancing liquidity and innovation in MSME financing. With over 33,000 MSMEs reached, thousands of jobs supported, and a nationwide footprint, the project demonstrates high potential for long-term socio-economic transformation. Continued strategic oversight, capacity-building, and targeted funding are critical to sustaining and expanding this impact in the years ahead as per the table bel

Project	Objective	Outcome	Indicator	Performance
Supporting Access to Finance and Enterprise Recovery SAFER	Increase Access to Financial Services and Supporting Covid-19 Recovery of Micro, Small & Medium Enterprises.	Availability of financing to MSMEs	<p>a) Volume of additional private capital mobilized (including through the credit guarantee scheme, and lines of credit, and additional DFI capital mobilized)</p> <p>b) Volume of MSME financing to enterprises affected by the COVID-19.</p> <p>c) Share of beneficiary MSMEs under the Project that survive the COVID-19 pandemic (percentage).</p> <p>d) Number of new financial products for MSMEs launched by participating financial institutions in response to the COVID-19 pandemic (number).</p>	<p>In the financial year the disbursements done are expected to mobilize investments worth Kshs.1,975 million for onward lending to MSMEs</p> <p>The volume/ number of MSMSE beneficiaries are 33,905 and over 18,000 jobs created.</p> <p>38% of informal MSME loans extended to women-owned enterprises.</p> <p>within the FY PFIs have developed 12 new products from the SAFER fund that are reaching to the MSMES</p>

4. Environmental and Sustainability Reporting

The World Bank (WB) is supporting the Government of Kenya (GoK), through the project “Supporting Access to Finance and Enterprise Recovery (SAFER).” The objective of the project is to increase access to financial services, enhance the capabilities, and support the post Covid-19 recovery of Micro, Small and Medium, Enterprises (MSMEs) in Kenya. The project seeks to address market failures in the provision of finance to MSMEs, which have been exacerbated by the negative impact of COVID-19.

- The project funds will be used to finance working capital needs for MSMEs which will include; (i) salaries to employees and (ii) rent expenses among other uses.
- The Project will achieve its objective through a mix of market instruments, channelled via the private sector and Government.
- The funds will be channelled from the National Treasury to an apex financial institution (KDC) which will on-lend to several Participating Financial Institutions (PFIs) including Licensed Micro Finance Institutions, CBK Licensed Digital Lenders and SACCOs who in turn will on-lend to MSMEs.
- Lines of credit will be provided using digital channels operated through commercial banks and Mobile Network Operator(s) (MNOs).

Kenya Development Corporation has a robust Environment and Governance Framework (ESG) where, ESG processes and procedures focus on non-financial performance indicators that address a stakeholder’s approach towards responsible investment, sustainability, its impact on society and the environment, as well as other ethical and corporate governance considerations.

Fig.1.ESS Applicable standards.



1. Sustainability strategy and profile.

Aligned with the existing Environment and Social Governance framework, KDC is implementing Environmental and Social Management Systems (ESMS). These systems are aimed at assisting the Corporation manage its environmental and social risks and impacts arising from its on-lending operations.

Each Partner Financial Institution (PFI) is required put in place and maintain an ESMS to identify, assess, manage, and monitor the E&S risks and impacts of subprojects on an ongoing basis. The ESMS will be commensurate with the nature and magnitude of E&S risks and impacts of subprojects, the types of financing, and the overall risk aggregated at the portfolio level. The ESMS include the following elements: (i) E&S policy; (ii) clearly defined procedures for the identification, assessment and management of the E&S risks and impacts of subprojects; (iii) organizational capacity and competency; (iv) monitoring and review of E&S risks of subprojects and the portfolio; and (v) external communications mechanism.

These safeguards have been applied into the SAFER portfolio sustainability assessment process and being tracked for each financed beneficiary coupled with

the investment process, where; the investment policy outlines both financial and non-financial sustainability indicators.

The Corporation's SAFER interventions are being undertaken to fulfil the mandate of promoting sustainable national economic development in line with Bottom up Economic Transformation Agenda (BETA) and other development priorities identified from time to time by the government. This is inclusive of sustainable development goals initiatives aligned to vision 2030 and African Union Agenda 2063.

2. Environmental performance

The Corporation ESG processes and procedures aims to embed environmental stewardship in everything we do, as a responsibility to minimize the energy, carbon, water and waste impacts of our stakeholders universe and recognize that these impacts occur not just in the daily operations of our portfolio but also through our entire value chain. As a result, we strive to reduce environmental impacts across the full life cycle of our buildings and our corporate operations.

When conducting Environmental and Social Due Diligence (ESDD) of Partner Financial Institution (PFI), the Corporation's reviews the Environmental and Social capacity of the PFI. Reviewing the E&S capacity of PFI involves assessing its policies, practices, and performance in managing E&S risks and integrating sustainability considerations into its operations.

Through the Environment Social Management System, the Corporation has identified environmental impact activities where it shall not engage in directly or partner with financial institutions that are directly linked to or cause negative environmental and social impact. These activities include but are not limited to the following -:

- a) Any activities resulting or anticipated to result in permanent or temporary physical or economic displacement;

- b) Any activities involving adverse impacts on biodiversity conservation and sustainable management of living natural resources;
- c) Any activities that, due to the nature and scale of the activities, would result in a wide range of significant adverse impacts and risks, which are long-term, permanent, and/or irreversible, impossible to avoid entirely, and cannot be mitigated or require complex, unproven mitigation and excessive associated costs, rendering its risk classification as high;
- d) Production or trade-in pesticides/herbicides subject to international phase-outs or bans;
- e) Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous people, without full documented consent of such people.

The Corporation ESG framework promotes sustainable business options that must be considered as part of investment choices both for the Corporation and SAFER stakeholders covering the following:-

- a) Factors contributing to positive climate change.
- b) Efficient energy consumption.
- c) Responsible disposal of hazardous waste.
- d) Sustainability of resources and raw materials.
- e) The impact of climate change on businesses.

In the project implementation, the key challenge has been cascading the sustainability practices to final beneficiaries who are the PFI borrowers, where these are mitigated through continuous capacity building and collaboration.

This integrated understanding of sustainability guides all components of the project—from infrastructure development and investment facilitation to capacity building and regulatory compliance. It ensures that SAFER not only achieves short-term results but also lays the foundation for systemic transformation of Micro and Medium Enterprises Economies.

A preliminary assessment of subprojects reveals that many are still in the early stages of institutionalizing sustainability practices. Common issues observed across the regions include:


- a) Absence of formal environmental, social and governance (ESG) policies.
- b) Gaps in Occupational Safety and Health (OSH) frameworks.
- c) Limited use of formal employment contracts.
- d) Weak internal controls for risk identification, social safeguards and environmental management, stemming from low technical capacity and unfamiliarity with World Bank requirements.

Emerging Good Practices

Despite these challenges, several beneficiaries—particularly those led by more experienced private sector actors—have demonstrated commendable progress:

- a) Several subprojects have ESG screening tools integrated into their investment due diligence processes, often modeled after templates provided by KDC.
- b) A few investors have gone further to develop inclusive procurement policies, target hiring ratios for women and youth, and community benefit-sharing frameworks.
- c) Where relevant, projects have also adopted climate-smart designs, including water reuse systems, solar-powered infrastructure, and drought-resilient feed sourcing

3. Employee welfare

<p><i>ESS2 Labor and Working Conditions</i></p> 	<p><i>The standard recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Borrowers can promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the project fairly and providing safe and healthy working conditions.</i></p>
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The Corporation Human Resource Management policy and procedures align with SDG No 8. (Employee Involvement – decent work, economic growth & employee involvement). The strategic plan, budgeting process and business continuity policy gives priority to staff wellness and welfare and ensures there is no discrimination or favoritism. To drive sustainable operations and performance, the Corporation has an annual performance management plan, that is reviewed and reported periodically including collaboration with state agencies. This is also supported by a rewards and sanctions policy that enumerates causes for action and inaction.

The Corporation has a detailed mechanism to ensure compliance with Occupational Safety and Health Act of 2007, (OSHA), this has been implemented both at office design, internal operations and periodic sensitization to relevant stakeholders. The corporation also allows freedom of expression, association to collectively express, promote, pursue and defend common interests.

Similarly, the SAFER ESMS provides a framework of assessing PFIS labour and working conditions for PFIs, as such a detailed assessment is carried out whose outcome on areas of improvement is captured in the commitment plan as conditions precedent to disbursements. At a minimum, there is a review on human resources policies with regard to non-discrimination and equal employment, occupational health and safety (OHS), code of conduct and complaints and grievance management of internal stakeholders.

4. Marketplace practices-

a) Responsible Supply chain and supplier relations-

While the project doesn't have a budget for direct procurement, the project items procurement is guided by the corporate supply chain policy and manual which are aligned with the existing supply chain regulatory framework (Public Procurement and Asset Disposal Act and regulations).

The procurement plan is linked to the budget and the supply chain team works closely with contracting user department to ensure contract monitoring and delivery as per the agreed terms of delivery, any challenges are resolved within the provisions of the law. These practices are applied in all activities including project linked procurement where the baseline is compliance with the local procurement regulations.

b) Responsible ethical practices

The corporation has an elaborate human resources management manual that incorporates provisions of relevant legislations which are applicable on matters of Human Capital Management and Development. The Manual is aligned with the Constitution of the Republic of Kenya, Employment Act, and other applicable laws, policies/guidelines that may be issued by the Authority from time to time

Anchored in the manual is the staff code of conduct that detail employee behaviour and necessary requirements for ethical employee practices. The policy also outlines areas of non-discrimination and provisions for disciplinary and or grievance redress mechanism.

KDC is committed to timely completion of the projects within the awarded value without compromising on quality. It is not in the interest of KDC to deal with any stakeholder who commit deception (use fake/manipulated documents), fraud or other misconduct (manhandling of KDC employee or use of abusive words) of whatsoever nature in the contract execution.

The Corporation has an anticorruption and anti-bribery policy as well as whistle blowing policy, these provide the framework and channels of anonymous whistle blowing and witness protection as per the Kenyan laws and global best practices.

<https://kdc.go.ke/whistle-blower/>

c) Regulatory impact assessment

Guided by the elaborate ESMS framework, the corporation carries out detailed regulatory impact assessment on each partner financial institution to ascertain compliance with all statutory requirements as required by the world bank standards.

While all Environmental and Social Standards (ESSs) are applicable to all investments, the financial institutions information and assessments indicates that the Participating Financial Institution (PFI) have potential impacts which should be managed consistent with the following standards to safeguard the citizen and stakeholders' rights:

- Applicable national and county laws and regulations
- ESS 1: Assessment and Management of Environmental & Social Risks Impacts
- ESS 2: Labor and Working Conditions
- ESS 9: Financial Intermediaries
- ESS 10: Stakeholder Engagement

Additionally, the Participating Financial Institution (PFI) are expected to cascade the same assessments to their financial beneficiaries and include in its evaluation criteria an exclusion list of the projects that should not be financed in line with KDC investments and ESMS policy as listed below; -

List of Activities that KDC will not finance:

- a) Any activities resulting or anticipated to result in permanent or temporary physical or economic displacement.
- b) Any activities involving adverse impacts on biodiversity conservation and sustainable management of living natural resources.
- c) Any activities that have adverse impacts on cultural heritage as defined under ESS8.
- d) Any activities that, due to the nature and scale of the activities, would result in a wide range of significant adverse impacts and risks, which are long-term, permanent, and/or irreversible, impossible to avoid entirely, and cannot be

- mitigated or required complex, unproven mitigation and excessive associated costs, rendering its risk classification as high.
- e) Production or trade in any product or activity deemed illegal under the Recipient's laws or regulations or ratified international conventions and agreements.
 - f) Production or trade-in pesticides/herbicides subject to international phase-outs or bans.
 - g) Any activities that would curtail workers' fundamental rights. These would include: (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) prohibition of all forms of forced or compulsory labor; (iii) prohibition of child labor, including without limitation the prohibition of persons under 18 from working in hazardous conditions (which includes construction activities), persons under 18 from working at night, and that persons under 18 be found fit to work via medical examinations; (iv) elimination of discrimination in respect of employment and occupation, where discrimination is defined as any distinction, exclusion or preference based on race, color, sex, religion, political opinion, national extraction, or social origin.
 - h) Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.
 - i) Any other excluded activities as set out in the Environmental and Social Management Framework for the SAFER Project.

5. Community Engagements

The Corporation core business is intertwined with environmental, social, and governance (ESG) concerns. Through a strong Environmental, social, and governance (ESG) framework, the Corporation works with its stakeholders to incorporate personal values into their investment approach. This is achieved through inclusion, diversity and equality considerations in relation to the way in which businesses operate and generate competitive advantage.

From the SAFER portfolio, there are increasing commercial benefits for businesses which have inclusive and diverse work ethics and practices; and we look at the impact a company has on its employees, local communities and society.

The main areas of consideration are:

- a) Preservation of human rights, and avoidance of any complicity in human rights abuses.
- b) Equality and diversity amongst employees.
- c) Non-discriminatory employment practices.
- d) Ensuring there is no exploitation of child labour or indentured servitude.
- e) Health and safety.
- f) Environmental and Biodiversity conservation
- g) Animal welfare.

While the project doesn't have corporate social responsibility budget, the Corporation reviews partner financial institutions corporate social responsibility policies and monitors implementation. From a majority of the PFIs, most CSR activities include financial literacy for schools, members and farmers, tree planting and solar lighting for needy institutions.

Alignment with the Sustainable Development Goals (SDGs)

The SAFER project contributes directly to several Sustainable Development Goals. By enabling inclusive, climate-smart, and environmentally responsible development, the ESMS supports **SDG 1** by increasing income and livelihood security through market access and de-risked investments. It promotes **SDG 4** by offering financing and CSR to entrepreneurs in the education value chain. **SDG 5** is addressed by enabling women to lead and participate actively in value chains, while **SDG 8** benefits from the creation of decent, ESG-compliant jobs in rural areas. The ESMS also promotes **SDG 10** by including micro, small and medium enterprises to sustainable financial inclusion and contributes to **SDG 12** through sustainable production practices. Importantly, **SDG 13** is supported by mainstreaming climate risk management, and **SDG 17** by through strategic partnerships to support enterprises affected by Covid 19 for recovery and job creation.



5. Statement of Project Management Responsibilities

The Director General for the Kenya Development Corporation and the Project Coordinator 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.

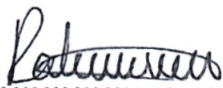
The Director General for the Kenya Development Corporation and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General for the Kenya Development Corporation and the Project Coordinator 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 Director General for the Kenya Development Corporation and the Project Coordinator 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 Director General for the Kenya Development Corporation and the Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year 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 Project financial statements were approved by the Director General, Kenya Development Corporation and the Project Coordinator on 27th August 2025 and signed by:


.....

CPA/FA Norah Ratemo
Director General


.....

CPA Daniel Muimi
Project Coordinator

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT (IDA CREDIT NO. 7018-KE) FOR THE YEAR ENDED 30 JUNE, 2025 – KENYA DEVELOPMENT CORPORATION

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 Supporting Access to Finance and Enterprise Recovery Project set out on page 1 to 30, which comprise of the statement of financial position 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 Supporting Access to Finance and Enterprise Recovery 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 the Public Finance Management Act, 2012 and the Financing Agreement IDA Credit No. 7018-KE between the International Development Association and the Republic of Kenya dated 8 February, 2022.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Supporting Access to Finance and Enterprise Recovery 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.

Emphasis of Matter

1. Amount Withdrawn but Not Claimed

Part B of the statement of Special (designed) Account No 1000568976 reconciliation for the Program reflects EUR.30,216,007.20 (Kshs.4,385,167,541.72 - at an exchange rate of 1 EUR at Kshs.145.1273) as withdrawn but unclaimed as at 30 June, 2025. This represents cumulative funds' transfers to the local Program bank account but whose expenditure returns had not been submitted to The National Treasury by the close of the financial year.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual on comparable basis of Kshs.5,849,998,850 and Kshs.1,849,998,850 respectively resulting to an underfunding of Kshs.4,000,000,000 or 68% of the budget.

In the circumstances, the under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

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 Information

The Management is responsible for the Other Information set out on page iii to xxiv 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, I confirm that nothing 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

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 International Development Association Financing Agreement, 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. 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 of 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

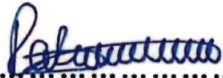
Nairobi

27 October, 2025

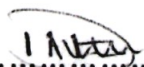
7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	2024/2025 Kshs
Revenue		
Interest Income on loans to PFI's	6	111,170,190
Miscellaneous Revenue	7	12,994,331
Total revenue		124,164,520
Expenses		
Use of goods and services	8	9,088
Finance Charges	9	46,375,000
Total expenses		46,384,088
Surplus		77,780,433


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



 CPA/FA Norah Ratemo
 Director General



 CPA Daniel Muimi
 Project Coordinator

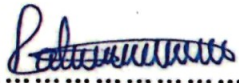


 CPA Kennedy Wanderi
 Project Accountant
 ICPAK Member No:3349

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

	Note	2024/2025 Kshs	1 st July 2024 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	10	187,210,332	353,748,850
Total Current Assets		187,210,332	353,748,850
Non-Current Assets			
Loan Receivable from PFI's	11	2,387,909,388	505,573,770
Total Non- Current Assets		2,387,909,388	505,573,770
Total Assets (a)		2,575,119,720	859,322,620
Liabilities			
Current Liabilities			
Trade and Other Payables	12	143,695,834	5,679,167
Total Current Liabilities		143,695,834	5,679,167
Long Term Liabilities			
SAFER Loan	13	2,350,000,000	850,000,000
Total Long-Term Liabilities		2,350,000,000	850,000,000
Total Liabilities (b)		2,493,695,834	855,679,167
Net Assets (a-b)		81,423,886	3,643,454
Represented By:			
Accumulated Surplus		81,423,886	3,643,454
Total Net Assets		81,423,886	3,643,454

The financial statements were approved on 27th Aug 2025 and signed by:



 CPA/FA Norah Ratemo
 Director General



 CPA Daniel Muimi
 Project Coordinator



 CPA Kennedy Wanderi
 Project Accountant
 ICPAK Member No:3349

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


Description	Note	2024/2025 Kshs
Cashflow from operating activities		
Receipts		
Loan Funds Transfer		1,500,000,000
Transfer from KDC internal funds to the project		126,000,000
Appraisal fees		11,125,000
Loan repayment by the PFI's		203,834,572
Finance income		1,869,330
Total receipts		1,842,828,902
Payments		
Use of goods and services		9,088
Disbursements to the Participating Financial Institutions (PFI)		1,975,000,000
Total payments		1,975,009,088
Net cash flow from operating activities	14	(132,180,185)
Net cash flows from investing activities		-
Cash flow from financing activities		
KDC loan repayment to National Treasury		(34,358,333)
Net cash flow from financing activities		(34,358,333)
Net increase/Decrease in cash and cash equivalents		(166,538,518)
Cash and cash equivalent at 1st July 2024	10	353,748,850
Cash and cash equivalent at end of 30th June 2025	10	187,210,332

9. Statement of Changes in Net Assets


Description	Accumulated Surplus Kshs
As at 30th June 2024 (Cash Basis)	353,748,850
Adjustments:	
Asset Recognition	505,573,770
Liabilities recognition	(855,679,167)
As at 1st July 2024	3,643,454
Surplus for the year	77,780,433
As at 30th June 2025	81,423,886

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


The financial statements were approved on 27th Aug 2025 and signed by:



CPA/FA Norah Ratemo
Director General



CPA Daniel Muimi
Project Coordinator



CPA Kennedy Wanderi
Project Accountant
ICPAK Member No.3349

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

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods		349,998,850	349,998,850	349,998,850	-	100
Receipts						
Loan Funds Transfer	5,500,000,000	-	5,500,000,000	1,500,000,000	4,000,000,000	27
Total Revenue	5,500,000,000	349,998,850	5,849,998,850	1,849,998,850	4,000,000,000	32
Payments						
Use of Goods and services	7,448	-	7,448	7,448	-	100
Disbursement to PFI's	5,499,992,552	349,998,850	5,849,991,402	1,975,000,000	3,874,991,402	34
Total Payments	5,500,000,000	349,998,850	5,849,998,850	1,975,007,448	3,874,991,402	34
Deficit	-	-	-	(125,008,598)	125,008,598	

Budget notes;

a) Revenue Transfers

The lower percentage of utilization is due to lower revenue transfer as compared to the budgeted amount during the year.

b) Disbursements to PFI's

The lower percentage of utilization is due to lower revenue transfer as compared to the budgeted amount during the year.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(125,008,597)
1	KDC repayable advance to the project	126,000,0000
2	Cash held in the SAFER project Collection account current account	5,703,339
3	Cash held in the SAFER project Collection account - Fixed deposit	180,515,591
	<i>Closing Cash and Cash Equivalent as per the statement of Cash flows</i>	<i>187,210,332</i>

12. Notes to the Financial Statements

1. General Information

Kenya Development Corporation is established by and derives its authority and accountability from Companies Act and its Articles of Association. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to promote sustainable socio-economic development by providing development finance, infrastructure finance, business support and advisory services to medium and large-scale industries, infrastructure projects and commercial undertakings in target sectors.

2. 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).

These financial statements were authorized for issue by the accounting officer on

22nd August 2025

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> 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

Standard	Effective date and impact:
	<p>the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p>
<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>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> <ol style="list-style-type: none"> <li data-bbox="491 1570 1402 1688">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. <li data-bbox="491 1688 1402 1778">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; <li data-bbox="491 1778 1402 1901">iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

Supporting Access to Finance and Enterprise Recovery Project (SAFER)

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

Standard	Effective date and impact:
	The standard also introduces a public sector specific measurement bases called the current operational value.

(The Directors have assessed the new and amended standards and interpretations in issue effective in the year ended 30 June 2025. Based on their assessment of the expected impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements)

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<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><i>The entity shall adopt the new standard in disclosing the revenue from non-exchange transactions</i></p>
IPSAS 48- Transfer Expenses	<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> <p><i>No expected impact of the standard to the Entity</i></p>
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><i>No expected impact of the standard to the Entity</i></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.

Standard	Effective date and impact:
	<p>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> <p><i>No expected impact of the standard to the Entity</i></p>

iii) Early adoption of standards

The Entity did not early - adopt any new or amended standards in the financial year

4. 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 National Treasury on 30th June 2024. 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. 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 under section 11 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 cont'd

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. 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.

Notes to the financial statements cont'd

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.

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.

Notes to the financial statement cont'd

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.

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.

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 *Entity*.

Notes to the financial statements cont'd

i) Provisions

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

Contingent assets

The *Entity* 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 *Entity* 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) Changes in accounting policies and estimates

The *Entity* recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the financial statement cont'd

k) 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.

l) 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.

m) Related parties

The Entity 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.

n) 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

Supporting Access to Finance and Enterprise Recovery Project (SAFER)

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

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.

Notes to the financial statement cont'd

o) 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.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Entity's* 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.

Notes to the financial statements cont'd

6. Interest Income on Loans

Description	2024/2025
	KShs
Interest Income on loans to PFI's	111,170,190
Total Interest income for the Year	111,170,190

This is revenue earned from interest charged on loans extended to PFI's for onward lending to MSMES to increase Access to Financial Services and Supporting Covid-19 Recovery as per the subsidiary loan agreement.

7. Miscellaneous Revenue

Description	FY 2024/2025
	Kshs
Appraisal Fees	11,125,000
Finance Income	1,869,330
Total	12,994,331

Appraisal fees are amount charged to customers on application of the SAFR Loan facility. Interest income received from fixed and call deposits in financial institution on the loan repayments by the PFI's, the interest yield was on average for the year ended 30th June 2025 is 11.86% (2023/24: 12.42%)

8. Use of Goods and Services

Description	FY 2024/2025
	Kshs
Bank charges- SAFER Disbursement Account	7,448
Bank charges- SAFER Collection Account	1,640
Total	9,088

Notes to the financial statements cont'd

9. Finance Charges

Description	FY 2024/2025
	Kshs
Interest on GOK SAFER loan	46,375,000
Total	46,375,000

The SAFER Project loan is charged to KDC at the interest of 3% p.a. GOK facility for onward lending to SMEs. As at 30th June 2025 the outstanding loan to KDC was Kshs.2,350,000,000

10. Cash and Cash Equivalents

Description	2024/2025	1 st July
	Kshs	Kshs
Cash at Bank	6,694,741	353,748,850
Short Term Deposits	180,515,591	
Total Cash and Cash Equivalents	187,210,332	353,748,850

Project Bank Accounts

Details	2024/2025	1 st July 2024
	Kshs	Kshs
Foreign Currency Accounts		
Central Bank of Kenya [A/c No. 1000568976]	1,486	56,897,742
Total Foreign Currency balances	<u>1,486</u>	<u>56,897,742</u>
Local Currency Accounts		
Kenya Commercial Bank [A/c No.1325212520]	991,403	349,998,850
Kenya Commercial Bank [A/c No.1325218642]	5,703,339	3,750,000
Kenya Commercial Bank [A/c No.1325218642]- Fixed deposit	180,515,591	-
Total Local Currency balances	<u>187,210,332</u>	<u>353,748,850</u>

Notes to the financial statements cont'd

The special deposit account is managed by the National Treasury and the outstanding balance as at 30th June 2025 was Euros 9.80 and Euros 375,191.18 as at 30th June 2024 converted at (CBK rate as at 30th June 2025 Exch. Rate - 1EURO=151.65) to the Kenya Shilling.

KDC operates a SAFER Project Collection account with KCB bank Limited Ac No.1325218642 to receive repayments – both principal and interest – from PFIs, which are to be used to repay the KDC loan instalments to the National Treasury as they fall due. The amounts received are held in both fixed deposit and current account.

11. Loan Receivable from PFI's

Description	FY 2023/24	FY 2024/25
	Kshs	Kshs
Loan Repayment by the PFI's	2,387,909,388	505,573,770
Total Loan Receivable	2,387,909,388	505,573,770

These are outstanding loan balances on lend to the PFI's.

11(a) Loan receivable Movement Schedule

Description	FY 2023/24	FY 2024/25
	Kshs	Kshs
Balance as at the Beginning of the Year	505,573,770	-
Disbursements during the year	1,975,000,000	500,000,000
Interest accrued during the year	111,170,190	5,573,770
Loan repayment during the year	(203,834,572)	-
Loan Receivable at the end of the year	2,387,909,388	505,573,770

12. Trade and Other Payables

Description	2024/2025		1 st July 2024	
	Kshs		Kshs	
Transfer from KDC internal funds to the project	126,000,000		-	
Interest accrued on KDC loan to National Treasury	17,695,834		5,679,167	
Total trade and other payables	143,695,834		5,679,167	
Ageing analysis: (Trade and other payables)	2024/2025	% of the Total	202	% of the Total
Under one year	143,695,834	100%	5,679,167	100%
Total (tie to above total)	143,695,834		5,679,167	

These are reimbursable amounts advanced by KDC from its internally generated funds to the SAFER project and interest accrued on KDC loan to the National Treasury.

Notes to the financial statements cont'd

13. SAFER Loan

Description	FY 2023/24	FY 2024/25
	Kshs	Kshs
SAFER Loan to KDC	2,350,000,000	850,000,000
Total SAFER Loan	2,350,000,000	850,000,000

This is the outstanding loan balance advanced as a loan to KDC under the project.

13(a) SAFER Loan Movement

Description	FY 2023/24	FY 2024/25
	Kshs	Kshs
Balance as at the Beginning of the Year	850,000,000	-
Amount Received from TNT during the year	1,975,000,000	850,000,000
Loan repayment during the year	-	-
SAFER loan at the end of the year	2,350,000,000	850,000,000

14. Cash Generated from Operations

Description	2024/2025
	Kshs
Surplus for the year	77,780,433
Adjusted for:	
Working capital adjustments	
Increase in payables	1,672,375,000
Increase in receivables	(1,882,335,618)
Net cash flow from operating activities	(132,180,185)

Notes to the financial statements cont'd

15. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Kenya Development Corporation 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 Kenya Development Corporation, holding 100% of the KDCs' equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external..

Other related parties include:

- i) Ministry of Investment, Trade and Industry
- ii) The National Treasury
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

Description	Insert Current FY
	Kshs
Transactions with related parties	
a) Loan/transfers from the government	
Loan Transfers from The National Treasury	1,500,000,000
Total	1,500,000,000

Notes to the financial statements cont'd

16. Events after the Reporting Period

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

17. Ultimate And Holding Entity

The Entity is a State Corporation under the Ministry of Investments, Trade and Industry. Its ultimate parent is the Government of Kenya.

18. Currency

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

13. Annexes

Annex 1: Prior Year Auditor-General’s Recommendations – Not Applicable there were no activities to report.


Annex 2: Reconciliation of inter-entity transfers


Project Name: Supporting Access to Finance and Enterprise Recovery Project (SAFER)				
Break down of transfers from the National Treasury				
a.	Loan Received from World Bank (IDA)			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		3rd December 2024	800,000,000	FY 2024/2025
		23rd December 2024	200,000,000	FY 2024/2025
		25th March 2025	500,000,000	FY 2024/2025
		Total	1,500,000,000	

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

CPA Daniel Muimi
 Project Coordinator
 Kenya Development Corporation

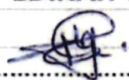
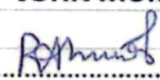
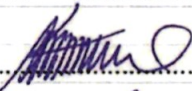
Sign -----


 Head of Accounting Unit
 The National Treasury


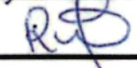



 Sign-----

Annex 4: Other Support Documents

ii. Bank Reconciliations statement as at 30th June 2025

KENYA DEVELOPMENT CORPORATION LIMITED	
KDC SAFER DISBURSEMENT ACCOUNT A/C NO 1325212520	
<u>BANK RECONCILIATIONS AS AT 30TH JUNE 2025</u>	
	AMT (KES)
BALANCE AS PER BANK STATEMENT	991,402.50
LESS:	
UNPRESENTED PAYMENTS/CHEQUES	
UNRECEIPTED DIRECT BANK DEPOSITS	
ADD:	
UN CREDITED RECEIPTS	
JUNE 2025 BANK CHARGES	-
UNPOSTED PAYMENTS	
ROUNDING OFF ADJUSTMENT	
ADJUSTED BALANCE AS PER CASH BOOK	991,402.50
BALANCE AS PER CASH BOOK	991,402.50
DIFFERENCE	-
PREPARED BY: EDINAH TONGWA	CHECKED BY: JOHN MUKUNA
SIGNATURE..... 	SIGNATURE..... 
DATE..... 7/7/2025	DATE..... 11/07/2025
APPROVED BY: KENNEDY WANDERI	
SIGNATURE..... 	
DATE..... 12 th July 2025	

Annex 4(iii): Board of Survey Report

KENYA DEVELOPMENT CORPORATION			
KDC SAFER PROJECT			
Report of the Board of Survey on the Cash and Bank Balances of Kenya Development Corporation for the SAFER Project as at the close of business on 30th June, 2025			
The Board consisting of - (Names and official titles)			
1.	Kennedy Wanderi - Chairperson		
2.	Caroline Misoi - Member		
3.	John Mukuna - Member		
4.	Rosalpha Kiprotich - Secretary		
assembled at the Cash Office at 11.00am. (time)			
on the 16th July, 2025 and the following cash was produced:-			
	Notes	Kshs -
	Silver	Kshs -
	Cheques	RD CHEQUE	Kshs -
		Total	Kshs -
It was observed that Cheque amounting to Kshs. NIL Cts NIL had been on hand for more than 14 days prior to the date of Survey.			
The cash consisted of Kshs. Nil and did not contain any demonetized coins or notes.			
The Cash Book reflected the following balances as at the close of business on the 30.06.2025			
	Cash on hand		Kshs -
	Bank Balance - SAFER Project Disbursement Account Ac No. 13		Kshs 991,402.50
	Bank Balance - SAFER Project Collection Account Ac No. 13		Kshs 5,703,338.55
	Fixed Deposit - SAFER Project Collection Account Ac No. 13		Kshs 180,515,590.75
	Total		Kshs 187,210,331.80
The Bank Certificate of Balances showed a sum of Kshs. 991,402.50 standing to the credit of the account on 30.06.2025.			
The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement attached.			
			Signature & Date
Chairperson:	Kennedy Wanderi		
Secretary :	Rosalpha Kiprotich		
Member :	Caroline Misoi		
Member :	John Mukuna		

Annex 4(iv): Special Deposit Account(s) reconciliation statement(s)

**SUPPORTING ACCESS TO FINANCE & ENTERPRISE RECOVERY PROJECT (SAFER)
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2025**

Credit No.: IDA LOAN CREDIT NO.70180-KE (DA-A)

Bank Account No.: 1000568976 Held with CENTRAL BANK OF KENYA

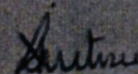
	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		42,958,167.27
	Less:		
2	Total amount documented		12,742,150.27
3	Outstanding amount to be documented		30,216,017.00
	Represented by:		
4	Ending Special account Balance as as 30 June 2025		9.80
5	Amounts claimed but not credited as at 30 June 2025		
6	Amounts withdrawn and not claimed		30,216,007.20
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2025		30,216,017.00

Discrepancy between total appearing on line 3 and 9

-

Notes:

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


AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY

DATE: 05-08-2025

KDC wishes to report for disclosure purposes, that there were no activities to report on the below annexes. These annexes are;

Annex 3: Fixed Asset Register

Annex 4(i): Signed confirmations from beneficiaries in Transfers to Other Government Entities