

REPUBLIC OF KENYA



*Enhancing Accountability*



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**REPORT**

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**OF**

**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR INVESTMENT  
PROMOTION**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

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**REPUBLIC OF KENYA**

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**STATE DEPARTMENT FOR INVESTMENT PROMOTION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

***State Department for Investment Promotion***

***Annual Report and Financial Statements for the year ended 30th June 2024***

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**1. Acronyms and Glossary of Terms**

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
CPPMD	Central Planning and Projects Monitoring Department
ICPAK	Institute of Certified Public Accountants (Kenya)
IHRM	Institute of Human Resource Management
SEZA	Special Economic Processing Zones
EPZA	Export Processing Zones Authority
KENIVEST	Kenya Investment Authority
KDC	Kenya Development Corporation
FY	Financial Year
PSC	Public Service Commission
IIA	Institute of Internal Auditors
IHRM	Institute of Human Resources Management
ICPAK	Institute of Certified Public Accountants
KISM	Kenya Institute of Supply Management
OSHA	Occupation Safety and Health Act 2007
CETP	Common Effluent Treatment Plant
MLD	Million Litres Per Day
KLDC	Kenya Leather Development Council

**State Department for Investment Promotion**

**Annual Report and Financial Statements for the year ended 30th June 2024**

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## **2. Key Entity Information and Management**

### **(a) Background information**

The investment promotion function in Kenya dates back to early years of independence where the Government formulated various strategies and policies in an effort to boost investment growth in the country. In 1964, the Foreign Investment Protection Act was passed to provide basic investor protection. This Act was enacted as a statutory guarantee to the protection of certain approved investments in the country. In 1982, the Investment Advisory and Promotion Centre was set up under the then Ministry of Finance. It was later converted to the Investment Promotion Centre (IPC) in 1986 through the Investment Promotion Centre Act, Cap 485 of 1986, with the mandate of promoting private investments in Kenya by both local and foreign investors.

In the year, 1990 the Export Processing Zone Act was enacted to provide for the establishment of export processing zones and the Export Processing Zones Authority; to provide for the promotion and facilitation of export oriented investments and the development of enabling environment for such investment and for connected purposes . The Act was amended in 1992 to empower IPC to issue a Certificate of General Authority to investments that have no policy, planning, security, health or environmental implication, and are not on the restricted list, viz mining, forest products, Manufacturing under Bond (MUB), Export Processing Zones, excisable goods, petroleum operations, tourism, ferries, insurance, banks, financial institutions and mortgages.

Kenya enacted the Investment Promotion Act, 2004 to promote and facilitate investment by assisting investors in obtaining the licenses necessary to invest and by providing other assistance and incentives for related purposes. The Special Economic Zones Act was enacted 2015 to provide for the establishment of Special Economic Zones (SEZs) in the Country, a flagship project under the Economic Pillar of the Vision 2030. The National Investment Policy 2019 was formulated to support and stimulate private sector development by attracting high value added and inclusive investment that contributes to the country's economic diversification and ultimately to sustainable development.

## ***State Department for Investment Promotion***

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Investment Promotion in Kenya has remained a strategic priority for the government, aimed at attracting both domestic, diaspora and foreign investments to spur economic growth, create jobs, and enhance the country's global competitiveness. Hence the Executive Order No 2 of 2023 on the organization of the Government of the Republic of Kenya established the State Department for Investment Promotion (SDIP) under the Ministry of Investments, Trade and Industry to coordinate attraction, facilitation and retention of local and foreign private investments. The State Department is headed by the Principal Secretary who is the Accounting Officer and is responsible for the general policy and strategic direction of the State Department.

#### **Vision and Mission**

**Vision:** The Premier Investment Destination in Africa

**Mission:** To coordinate, promote, enable, and facilitate local, diaspora and foreign private investments through creation of a competitive investment climate and business environment for a sustainable transformed economy

#### **Mandate:**

- i. Investment policy and strategy;
- ii. Promote, both locally and internationally, the opportunities for investment in Kenya;
- iii. Promotion and Oversight of the Development of Special Economic Zones;
- iv. Coordinating the transformation of the Eco-system supporting private sector development;
- v. Development of a business reform agenda across the entirety of Government; and
- vi. Championing automation and re-engineering Government business and services processes.

#### **Core Values:**

*Table 1: Core Values*

	<b>Value</b>	<b>Description</b>
1	Transparency and Accountability	Uphold transparency and accountability in service delivery

## **State Department for Investment Promotion**

### **Annual Report and Financial Statements for the year ended 30th June 2024**

2	Integrity	Adhere to highest level of corporate governance and rule of law
3	Innovation and creativity	Embrace originality, flexibility and effectiveness in creation of value and growth in the investment sector
4	Professionalism	Uphold competence, high moral standards and excellence in service delivery.
5	Inclusivity	Ensure all stakeholders are involved in key decision making

### **Core Functions**

The State Department's mandate and commitment to the Government is to drive the country's economic transformation agenda towards increased investments in a competitive and conducive business environment using 'Five Tools', one (1) Autonomous and three (3) Semi-Autonomous agencies, of which the three (3) receive transfers from the exchequer. The fifth being a Directorates in the State Department. These are;

1. Kenya Development Corporation (KDC) - Autonomous
2. Special Economic Zones (SEZA) - Semi-Autonomous
3. Export Processing Zones (EPZA) - Semi-Autonomous
4. Kenya Investment Authority (KenInvest) - Semi-Autonomous
5. The Directorate of Business Reforms Transformation (DBRT) & Directorate for Business Environments and Private Sector Development (DBEPS)

#### **1. Kenya Development Corporation (KDC)**

Kenya Development Corporation Ltd is a Development Finance Institution mandated 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 here and elsewhere.

#### **2. Special Economic Zones Authority (SEZA)**

The Special Economic Zones Authority is mandated to promote and facilitate local and foreign investments; develop and manage SEZs (both private and public). It is responsible for attracting, facilitating and retaining domestic and foreign direct investments in Special Economic Zones by

creating an enabling environment through development of integrated infrastructure facilities and creation of incentives that eliminate the barriers to doing business.

### **3. Export Processing Zones Authority (EPZA)**

EPZA is mandated to promote and facilitate export-oriented investments and the development of an enabling environment. Development of all aspects of the export processing zones with particular emphasis on the provision of advice on the removal of impediments to, and creation of incentives for, export-oriented production in areas designated as export processing zones; Regulation and administration of approved activities within the export processing zones and protection of government revenues and foreign currency earnings.

### **4. Kenya Investment Authority (KenInvest)**

Kenya Investment Authority (KenInvest) is mandated to promote investment with core functions of; Policy Advocacy; Investment Promotion; Investment Facilitation, which includes Investor Tracking and After-care Services. It is responsible for facilitating the implementation of new investment projects, providing after-care services for new and existing investments and organizing investment promotion activities both locally and internationally.

#### **5a. Directorate for Business Reforms & Transformation**

The Business Reforms & Transformation plays an important role in developing the Kenyan economy through spearheading reforms especially on improvement of Business climate and Investment environment. The directorate implements Business Reforms and Transformation across all levels and arms of government.

#### **5b. Business Environment & Private Sector Development**

The Business Environment and Private Sector Development is responsible for coordinating private sector engagements both locally and internationally as well as receiving and addressing their business concerns

### **Programmes and Sub-Programmes implemented by the Investment Sub-Sector**

The State Department for Investment Promotion executes its mandate through one (1) Programme and three (3) sub-programmes as follows:

## ***State Department for Investment Promotion***

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#### **Programme**

Investments Development and Promotion

#### **Sub-programmes**

- i. Business Environment and Investments Promotion
- ii. Investments Profiling and Development

General Administration, Planning and Support Services

#### **Annual Reports and Financial Statements**

At the Cabinet level, the Ministry is represented by the Cabinet Secretary for Investment Promotion, Trade and Industry who is responsible for guiding on the general policy formulation and provides strategic direction to the Ministry.

#### **(b) Key Management**

The State Department for Investment Promotion's, day-to-day management is under the following key organs:

- i. Office of the Cabinet Secretary (OCS)
- ii. Office of the Principal Secretary (OPS)
- iii. Directorate of Administration
- iv. Directorate of Investment Services
- v. Directorate of Business Transformation
- vi. Central Planning and Projects Monitoring Department
- vii. Human Resource Management and Development Department
- viii. Finance Department
- ix. Accounts Department
- x. Supply Chain Management Department
- xi. Public Communications Department
- xii. Legal Department
- xiii. Internal Audit and
- xiv. Information, Communication and Technology

**State Department for Investment Promotion**

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**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

*Table 2: Fiduciary Management*

No.	Designation	Name
1	Cabinet Secretary, Ministry of Investments, Trade and Industry	Hon. Rebecca Miano, EGH
2	Principal Secretary, State Department for Investment Promotion	Abubakar Hassan Abubakar
3	Senior Deputy Secretary	Joseph Nguyo
4	Director of Business Transformation	Reuben Ng'eno
5	Director of Investment Services	Stephen Odua
6	Director of Central Planning and Projects Monitoring	Hussein Adan
7	Director Human Resource and Development	Dr. Paul K'angira,
8	Deputy Director Supply Chain Management Services	David Wabwile
9	Chief Finance Officer	Poire Kakui
10	Senior Deputy Accountant General	Esther Waweru

**d) Fiduciary Oversight Arrangements**

The key State Department fiduciary oversight arrangements include:

**Ministerial Audit committee**

The term of office for the Audit Committee members for the defunct Ministry of Industrialization, Trade and Enterprise Development lapsed on 5th January 2023 after serving their second and last term of office.

As provided for in Section 73 (5) of the Public Finance Management Act, 2012, The Cabinet Secretary, Ministry of Investments, Trade and Industry concluded the recruitment process of audit committee members and appointments for the chairman and members positions have made on 21<sup>st</sup> June, 2024 but it had not commenced operations by year end.

**Budget Implementation Committee**

This is the committee charged with the responsibility of implementation of the State Department's budget and its prudent management. The duties of the committee include:

- i. To review and consider the cash flow plans
- ii. To review the utilization of the cash limits and consider any changes as may be required;
- iii. To review the utilization of the donor funds voted for the State Department.
- iv. To advice the accounting officer on the challenges related to the budget implementation
- v. To review and recommend the reallocation of payments
- vi. To review and approve the submission of the payment returns, payroll IPPDs, pending bills and A-I-A returns for The State Department and recommend actions to be taken
- vii. To participate in sector working groups
- viii. To review budgets, supplementary estimates and performance of budget against actual for the State Department in consultation with the Heads of Directorates.

The following shows the number of budget committee meetings held during the year ended 30<sup>th</sup> June 2024 and the attendance of individual members:

**State Department for Investment Promotion**

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*Table 3: Budget Implementation Committee*

NO	NAME	POSITION	2023-2024	Total attendance
1	Poire Kakui	Chairperson	xx	xx
2	Esther Waweru	Secretary	xx	xx
3	Joseph Nguyo	Member	xx	xx
4	Hussein Adan	Member	x	x
5	Stephen Odua	Member	xx	xx
6	Rueben Ng'eno	Member	x	x
7	Paul Kang'ira	Member	xx	xx
8	James Kebwaro	Member	xx	xx
9	Edward Olem	Member	x	x
10	David Wabwile	Member	xx	xx
11	Rose Ngare	Member	xx	xx

**(d) SDIP Headquarters**

P.O. Box 30057 - 00100

Social Security House, Block A, 12<sup>th</sup> Floor

Bishop Road, Capitol Hill

**NAIROBI, KENYA**

**SDIP Contacts**

Telephone: **(254) 020 – 2731531 - 9**

E-mail: [ps@investmentpromotion.go.ke](mailto:ps@investmentpromotion.go.ke)

Website: [www.investmentpromotion.go.ke](http://www.investmentpromotion.go.ke)

***State Department for Investment Promotion***

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**(e) SDIP Bankers (all banks)**

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

**NAIROBI, KENYA**

**(f) Independent Auditors**

Auditor - General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

**NAIROBI, KENYA**

**(g) Principal Legal Adviser**

The Attorney General

State Law Office & Department for Justice.

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

## ***State Department for Investment Promotion***

### ***Annual Report and Financial Statements for the year ended 30th June 2024***

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#### **3. Statement of Governance**

The Executive Order No.2 of 2023 on the organization of the Government of the Republic of Kenya established The State Department for Investment Promotion (SDIP) under the Ministry of Investments, Trade and Industry. The mandate of The State Department is to implement Investment policy and coordinate promotion (attraction, facilitation and retention) of local and foreign private investments into the Kenyan economy to position Kenya as a preferred investment destination in Africa.

Its specific functions include:

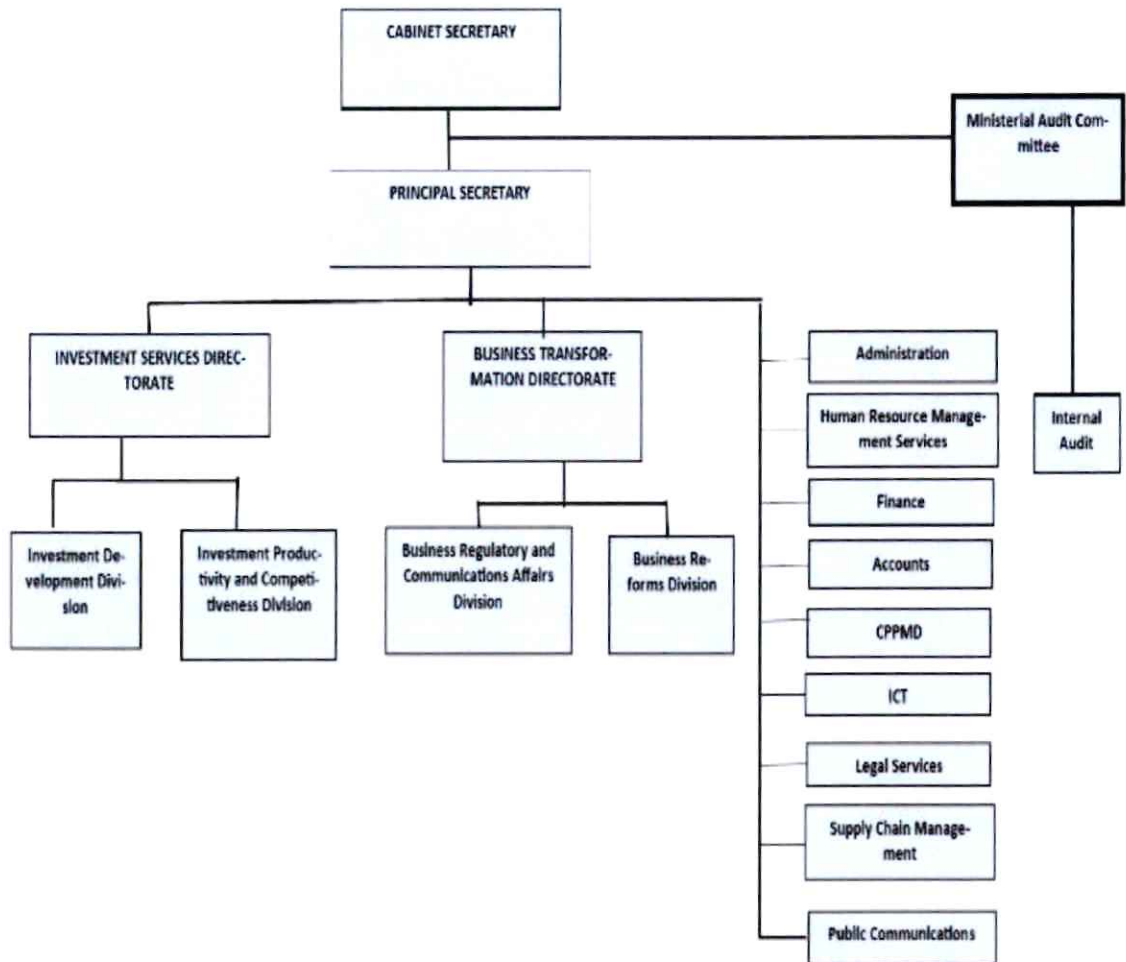
- (a). Investment policy and strategy;
- (b). Promote, both locally and internationally, the opportunities for investment in Kenya;
- (c). Promotion and Oversight of the Development of Special Economic Zones;
- (d). Coordinating the transformation of the Eco-system supporting private sector development;
- (e). Development of a business reform agenda across the entirety of Government; and
- (f). Championing automation and re-engineering of Government business and service processes.

The existing structure comprises of two technical directorates namely: Business reforms and Transformation and Business Environment and Public Sector Environment. It also comprises of the Administration and Support Services with nine (9) divisions and the Internal Audit Division.

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**Figure 1: Approved Organizational Structure for State Department for Investment Promotion**



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Table 4: Senior Management- State Department for Investment Promotion

	<p>Hon. Rebecca Miano, EGH, is the Cabinet Secretary for the Ministry of Tourism and Wildlife. She is the immediate former Cabinet Secretary for the Ministry of Investments, Trade and Industry, and previously served in the Ministry of East African Community, Arid and Semi-Arid Lands (ASALs) &amp; Regional Development. In her previous roles, she was part of the EAC Council of Ministers and an Ex-Officio Member of the East African Legislative Assembly (EALA).</p> <p>Prior to her cabinet appointments, Mrs. Miano served as the Managing Director &amp; CEO of Kenya Electricity Generating Company (KenGen PLC), becoming the first woman in Eastern Africa to lead an electricity-generating company. She held this position for five years.</p> <p>With a 25-year multifaceted career in the energy sector, Mrs. Miano is a recognized continental business leader. She led KenGen as a sustainable entity and is respected for her expertise in renewable energy, structuring international and regional multi-million business deals, and mastery of international regulatory frameworks in sustainability development and climate change. She is also skilled in policy development, corporate governance, and business law. Mrs. Miano founded the Pink Energy forum to address female and gender parity issues in the energy sector.</p>
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**Hon. Rebecca Miano, EGH.**

**Cabinet Secretary**

**State Department for Investment Promotion**

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**Abubakar Hassan  
Abubakar  
Principal Secretary**

Abubakar Hassan Abubakar is the Principal Secretary for The State Department for Investment Promotion, Ministry of Investments, Trade, and Industry. He is the immediate former Director of Market Operations at Capital Market Authority in charge of market oversight and investors' confidence. He holds a Master's in Financial Services Law (Project ongoing), a Master's of Business Administration (Strategic Management), and a Bachelor's Degree in Law all from the University of Nairobi. He is an Advocate of the High Court of Kenya, Certified Public Accountant, and Certified Public Secretary, Certified Fraud Examiner, and Certified Investment & Financial analyst and holds a Certification in the Management of Banking Risks.

Abubakar is a Member of the Law Society of Kenya (LSK), Member of the Institute of Certified Public Secretaries of Kenya (ICPSK), Member of Association of Certified Fraud Examiners (USA), and Member of the Institute of Certified, Investment and Financial Analysts (ICIFA).

From his background in legal, finance, and investment, he has wide experience in facilitating the mobilization of capital, allocation of the said capital into productive areas of the economy, and protection of the investor's interest.



**Joseph K. Nguyo  
Senior Deputy Secretary**

Mr. Joseph K. Nguyo is the Senior Deputy Secretary in The State Department for Investment Promotion where he currently heads Administration Department. He holds a Bachelor of Education Degree (2<sup>nd</sup> Class Upper) from Moi University and a Master's in Business Administration, Strategic Management from Dedan Kimathi Memorial University. He has studied for other courses like Strategic Leadership Management course and Senior Management course from Kenya School of Government and Strategic Leadership at Gretsia University in Kenya.

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Mr. Stephen A. Odua

**Director of Investment Services**

Mr. Stephen Odua is the Director, Business Environment and Private Sector Development in The State Department for Investments Promotion, Ministry of Investments, Trade and Industry.

He holds a Master of Science Degree in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology, a Bachelor of Science Degree in Statistics and Computer Science from the University of Nairobi, and a Postgraduate National Diploma in Business Management from the Kenya Institute of Management.

He has over thirty-two (32) years of working experience out of which fourteen (14) years have been in Senior Management position and continues to be a director for the last five (5) years. His experience spans through corporate and strategic management, project management, investment promotion, private sector development, industrial development, policy formulation and implementation, entrepreneurship and business development services, statistical research and analysis, industrial registration and information dissemination, systems design and computer programming, trade and investment negotiations amongst others and has been a Board member in several State Corporations.

He is a member of the Institute of Directors (Kenya).



**Dr. Paul W.C. K'angira**  
**Director, HRM&D**

Dr. K'Angira holds a Doctorate degree in Leadership and Management from Northwestern University, Master's degree in Business Administration, Bachelor's degree in Law (LLB) and Bachelor of Arts all from the University of Nairobi. Professionally, He holds a Diploma in Law from the Kenya School of Law and is an Advocate of the High Court of Kenya. He is a Certified Human Resource Practitioner and Public Secretary.

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Reuben Ng'eno

**Director of Business  
Transformation**

Mr. Reuben K. Ng'eno is a deputy director at the Directorate of Business Reforms & Transformation, State Department for Investment Promotion in the Ministry of Investments, Trade and Industry. He holds Master's Degree in Economics from Ritsumeikan University in Japan and a Bachelor of Arts in Economics from the University of Nairobi. He is a distinguished Civil Servant who has worked in three different ministries for 12 years with an achievement with others in the development of the EAC E-commerce Strategy and being a National co-ordinator in spearheading Trade in Services within EAC and AfCFTA





Adan Hussein

**Director, Central Planning  
and Projects Monitoring**

Mr. Hussein is a holder of a Master's degree in Development Studies from St. Paul university and a Bachelor's Degree in Economics from the University of Nairobi. Previously, Mr. Hussein served as a Senior Economic Policy Advisor to the Cabinet Secretary National Treasury and Economic, Mr Ukur Yatani. He also was the Head of the Governor's Delivery Unit and Economic Advisor to the Governor of Marsabit. He has worked for the Kenya Investment Authority in the Investor Services and Post Establishment Services and as a technical advisor to the CEO, KenInvest. Mr. Hussein has served in the Office of the President as a District Officer/ Administrator. Mr. Hussein has extensive experience in social economic policy formulation and implementation, project governance, partnership building and public private partnership structuring. He is a PPP expert from the IP3 Institute in Washington DC and a member of the Institute of Economic Affairs of Kenya.

**State Department for Investment Promotion**

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 <p>Esther Waweru <b>Senior Deputy Accountant General</b></p>	<p>CPA Esther W. Waweru is the Head of Accounting Unit at the State Department. She represents the Principal Secretary in the Board of LAPPSET Corridor Development Authority.</p> <p>She has many years' experience in Civil Service having worked in different Departments.</p> <p>She holds a Master's Degree in Business Administration Corporate Management and holds a Bachelor of Arts degree in Finance and Accounting and is a member of ICPAK.</p>
 <p>David S. Wabwile <b>Deputy Director Supply Chain Management Services</b></p>	<p>I am a holder of a Bachelor's degree from Egerton University having specialised in Mathematics and Economics. I also have a postgraduate Diploma in Purchasing and Supply Chain Management from Kenya School of Government (KSG), and a member of Kenya Institute of Supplies Management (KISM).</p> <p>Since employment, I have worked for Thirty-two years in various Government Ministries and Departments rising through the ranks to become a Deputy Director. The Ministries I have worked for include The Ministry of Finance, Environment and Natural Resources, Health, Office of the President, Office of the Prime Minister, National Youth Service, Kenya Prison Service, State Department for Diaspora Affairs, and currently State Department for Investment Promotion.</p>

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Poire Kakui

**Chief Finance Officer**

CPA Poire Kakui is the Chief Finance Officer in The State Department for Investment Promotion. He has 20 years' experience in Accounting and Finance and has worked in the Non-Governmental Organisations, County Government and National Government. CPA Poire Kakui is an ICPAK member and also holds a Bachelor's Degree in Commerce.



James Kebwaro

**Deputy Director ICT**

Mr, James Kebwaro is a holder of Bachelors of Science in Applied Computer Science from Daystar University, he is also a Cisco Certified Network Associate (CCNA) and Postgraduate in Project Management from Kenya Institute of Managements (KIMS)

Mr. James has vast experience in ICT field with over 15 years' experience in the Public Service and is currently the Head of ICT

## ***State Department for Investment Promotion***

### ***Annual Report and Financial Statements for the year ended 30th June 2024***

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#### **Management Committees**

##### **a) Ministerial Human Resource Management Committee**

The PSC Circular REF NO: PSC/SEC/93/37/VOL.VI(31) dated 14th December 2022 gives The State Department the power to constitute a Ministerial Human Resource Committee (MHRMAC) in discharging the delegated authority. The State Department for Investment Promotion's functions of the Ministerial Human Resource Management Advisory Committees entail making recommendations to the Principal Secretary regarding:

- i. Recruitment, selection and appointment;
- ii. Performance management;
- iii. Promotions;
- iv. Confirmation in appointment;
- v. Training and Development;
- vi. Training Impact Assessment;
- vii. Management of skills inventory;
- viii. Establishment and Complement control;
- ix. Payroll management;
- x. Deployment;
- xi. Promotion of values and Principles of Public Service;
- xii. Recommendation for secondment and unpaid leave;
- xiii. Recommendation for retirement under 50 years rule;
- xiv. Recommendation for retirement on medical grounds;
- xv. Recommendation for re-designation;
- xvi. Recommendation for renewal of contract;
- xvii. Discipline

##### **b) Ministerial Performance Management Committee**

The Public Service Commission (Performance Management) Regulations 2021 States that the authorized Officer will be answerable for the performance of staff in The State Department and ensure that all staff are allocated duties linked to their areas of work performance which will be

## ***State Department for Investment Promotion***

### ***Annual Report and Financial Statements for the year ended 30th June 2024***

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linked to organizational performance/Performance Contract. The appointment of members to this committee was done in May 2024. There was no meeting during this financial year.

The Functions of the Ministerial Performance Management Committee (MPMC) shall be as follows:

- i. Undertake quarterly review of implementation of Strategic Plans and Performance Contracts;
- ii. Ensure linkage between Institutional Performance Contract and Performance Appraisal System;
- iii. Ensure that the overall assessment of employee performance is within the context of institutional performance as evaluated through staff Performance Appraisal System;
- iv. Ensure that the performance of all officers is evaluated and feedback on performance is relayed in writing at the end of the year;
- v. Hold quarterly performance review meetings;
- vi. and make recommendations for improvement;
- vii. Review cases of appeals on appraisal ratings between supervisors and appraisees;
- viii. Make recommendations to the Cabinet Secretary on the application of Rewards or Sanctions
- ix. Develop and implement the internal monitoring and evaluation and reporting system; and
- x. Ensure that the integrity and credibility of the overall process of rewards and sanction system is safeguarded and maintained at all times.

#### **Risk Management, Compliance, and conflict of interest**

Pursuant to the provisions of the Public Finance Management (PFM) Regulation 165, The State Department for Investment Promotion has commenced the process of developing an Institutional Risk Management Policy Framework and Risk registers.

Towards achievement of this goal, the State Department conducted sensitization on risk management and has developed a draft risk management framework and risk registers. It has also developed a comprehensive action plan with a detailed schedule of activities from the formal

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appointment of the risk committees to the eventual completion and launch of the strategies after which regular monitoring and evaluation will be carried out.

According to the developed implementation action plan, the completed risk management policy framework and risk registers are expected to be approved and officially launched by October 2024. The policy framework is expected to provide a clear strategy on how the SDIP will mitigate its risks, including fraud risks.

#### **Training and Development in Governance**

The State Department for Investment Promotion did not conduct training for its key leadership during the last financial year 2023-2024 due to limited resource allocation however funds available were used for capacity building for junior and senior level employees. In the previous financial year, 2022/23 the State Department had held a training for its top management on Sensitization and Development of Institutional Risk Management Policy Framework (Irmf) and Risk Registers to setup a robust system of risk management.

#### **Public participation activities**

Article 118(1) of the Constitution of Kenya, 2010 introduced mandatory public participation in all decisions and engagements that have an effect on Kenyans. During the year in review, however, The State Department did not carry out any public participation.

#### **Compliance with laws and regulations among others**

Kenya enacted the Investment Promotion Act, 2004 to promote and facilitate investment by assisting investors in obtaining the licenses necessary to invest and by providing other assistance and incentives for related purposes. With regard to the execution of its mandate as per the **Executive Order No. 2 of 2023**, The State Department for Investment Promotion adhered to the Constitution of Kenya, 2010, Public Financial Management Act, 2012, Public Financial Management Regulation, 2015 and The Public Service Commission (Performance Management) Regulations 2021.

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The procurement processes within the State Department, were in accordance to the Public Procurement and Disposal Act 2015 and the Public Procurement and Asset Disposal Regulations 2020.

The State Department also complied with the National Treasury Circulars, Public Service Commission Circulars among others. There was no breach of law, misconduct nor non-adherence to the laws and regulations reported in the financial year under review.

#### **4. Statement by the Cabinet Secretary/Chairman Statement**

Investment Promotion in Kenya is a strategic priority for the government and the State Department for Investment Promotion (SDIP) is mandated to play this role.

The State Department is actively fulfilling its mandate in alignment with national development priorities, these include the Kenya Vision 2030, the Bottom-Up Economic Transformation Agenda (BETA), and the Medium Term Plans, (MTPs) with the current one under implementation being the MTP IV: themed “Accelerating Socio-Economic Transformation to a more Competitive, Inclusive, and Resilient Economy” The national priorities also support international commitments such as Africa Agenda 2063 and the Sustainable Development Goals (SDGs).

Investment Promotion is aimed at attracting domestic, diaspora and foreign investments to spur economic growth, create jobs, and enhance the country's global competitiveness while achieving sustainable development. The functions of Investment Promotion confer the officers of the State Department the responsibility to put in their best efforts to seek and attract investment to the country. This includes the dissemination of information on investment prospects, rendering support and attraction, enhancing the business environment, and other measures to influence investors to invest in our territory where prospects for investment exist.

This Annual Report and Financial Statements for the year 2023/2024 is the second by the State Department for Investment Promotion since establishment by the Executive Order No 2 of 2023 on the organization of the Government of the Republic of Kenya. Its functions are: to implement an Investment Policy and Strategy; coordinate the transformation of the ecosystem supporting private sector development; promote and oversee the development of Special Economic Zone and the development of a Business Reform Agenda across the entirety of Government while championing automation and reengineering government businesses and service processes.

The Kenyan government has established several institutions, policies, and legal frameworks to facilitate investment promotion and create a conducive environment for investors. These have been presented in more detailed in the report.

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To this end, the Special Economic Zones and Export Processing Zones comprise key enablers for investors. In the medium term, the Department, as a Sub-Sector in the Finance and Production MTP IV Sector, seeks to increase the value of Foreign Direct Investments (FDI) from USD 500 Million in 2022 to USD 10 Billion by 2027. This means the increase of contribution of private investments could stand at 20% of GDP by 2027 and 24% of GDP at 2030. This is our strategic intent, with this Financial Year 2024/2025 seeing an increase from the current 15% to 16% of GDP being realized.

During the year under review, the State Department Committed to: Participate in local and international business and investment forums to market Kenya as the preferred investment destination in Africa; develop Business Climate Reforms agenda through legislative policy and administrative measures; Fast track operationalization of public Special Economic Zones and gazette Export Processing Zones; Develop investment related Bills; develop the County Competitiveness Index; develop the National Investment Strategy; Enhance the One Stop Shop at Kenya Investment Authority (KenInvest) to a One Start One Stop Centre and to De-risk private investments through co-investment mechanisms through Kenya Development Corporation (KDC).

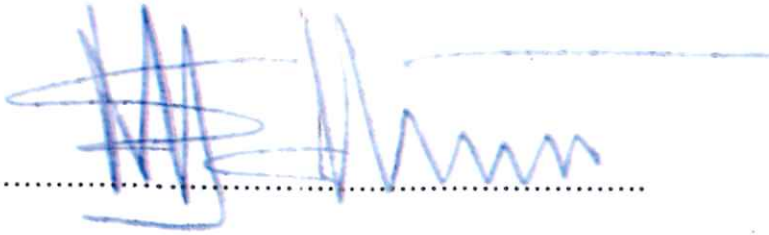
The State Department met most of the targets with the few challenges common to new organisations and a government in a new transition. The details of the achievements are broken down to detail in this report. We are fully committed to the implementation of the Bottom-Up Economic Transformation Agenda (BETA) through our strategic interventions. These interventions when fully implemented will create employment opportunities for the youth, spur economic growth, enhance Kenya's competitiveness by improving its global ranking as the preferred investment destination and attract investments in various sectors of the economy.

SDIP embraced the Whole of Government Approach (WOGA) in its strategies, working collaboratively with all government agencies towards shared national objectives to enhance efficiency, improve service delivery and governance in its effort to deliver on the country's National Development Agenda – Bottom-up Economic Transformation Agenda (BETA).

*State Department for Investment Promotion*

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HE. Salim Mvurya, EGH

Cabinet Secretary

Ministry of Investments, Trade and Industry

**5. Statement by the Principal Secretary / Accounting Officer**

The State Department for investment Promotion is mandated to implement investment policies and Strategies and coordinate promotion of private (foreign and domestic) investments into Kenyan economy towards positioning Kenya as the preferred investment destination in Africa. The Departments Strategic Intent is to increase the contribution of private investments to 20% of GDP by 2027 and to 24% of GDP by 2030.

The Executive Order No 2 of 2023 on the organization of the Government of the Republic of Kenya established the State Department for Investment Promotion (SDIP) under the Ministry of Investments, Trade and Industry. The mandate of the State Department is to implement Investment policy and coordinate promotion (attraction, facilitation and retention) of private investments into the Kenyan economy to position Kenya as the preferred investment destination in Africa. Its specific functions include:

- Investment policy and strategy;
- Promote, both locally and internationally, the opportunities for investment in Kenya;
- Promotion and Oversight of the Development of Special Economic Zones;
- Coordinating the transformation of the Eco-system supporting private sector development;
- Development of a business reform agenda across the entirety of Government; and
- Championing automation and re-engineering of Government business and service processes.

Hence the Department's strategic intent is to increase the level of private investments from the current GDP level of 15% to 20% of GDP by 2027 (investments valued at USD 10B) and by 24% of GDP by 2030. SDIP endeavours to accomplish this increase in the level of investments by using five tools. These are through the;

- i. Special Economic Zones (SEZA),
- ii. Export Processing Zones (EPZA),
- iii. Kenya Investment Authority (KenInvest),
- iv. Kenya Development Corporation (KDC) and
- v. The Directorate of Business Reforms Transformation (DBRT)

## ***State Department for Investment Promotion***

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The strategic goals of the State Department include; enhancing competitiveness of the investment climate and business environment; improving investment products, targeting and positioning; upholding an investor centric culture development and deepening stakeholder engagements; optimizing institutional capacity and operational efficiency. To achieve these goals, the Department executed its mandate through a three prong strategy comprising of investment attraction, investment facilitation and investment enabling. These pillars of strategy were budgeted for and activities implemented under one (1) programme; Investment Development and Promotion and three (3) sub programmes; Business Environment and Investments Promotion; Investments Profiling and Development and General Administration, Planning and Support Services.

The State Department budget utilization for the FY was a total gross current expenditure of Kshs. 1,506,721,438.75 against an approved budget of Kshs. 1,673,422,306.00. This represents an absorption rate of 90 per cent while development budget was allocated Kshs. 5,517,000,000.00 as a Capital grants to SAGA's against capital expenditures of Kshs. 1,256,500,000.00 representing an absorption rate of 23 per cent. The FY 2023/2024 was the second year for the State Department and hence setting up structures, staffing and acquisition of office space was still ongoing. The recurrent budget for the State Department alone was Kshs. 457,291,000 of which the absorption was at 66%.

In the last year, albeit budget constraints, the State Department has implemented several strategic interventions that have led to the following achievements:

- Increased Value in investments
- Economic Zones Development
- Increase in Employment numbers
- De-risking private investment

There were a number of notable achievements in the FY 2023/24 which included: Gazettement and development of six (6) Flagship EPZ projects. Four (4) flagship EPZ projects commenced development and are currently at various levels of completion of the Phase one (1) stage of the Project. The four flagship EPZs are located in Busia, Uasin Gishu, Murangá and Kirinyaga Counties. The two zones not started are in Kwale and Nakuru Counties. The zone locations were

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identified, advertised; evaluated; and sites handed over to the contractors. Phase 1 development scope included: Physical planning, land use and Master planning, development of four (4) warehouses, fencing of the sites, erection of a gate and gate house, drilling of a borehole and the building of an office/administrative block and associated civil works within the warehouses. The Nasewa, Busia County project is currently at 35%, Eldoret Uasin Gishu project is at 10%, Kabati Muranga project is at 15% and the Sagana, Kirinyaga County project is at 8%. All this projects are scheduled to end by the end of the FY 2024/25.



*Nasewa Flagship EPZ. Busia County*

On other notable achievements, the Department was able to attract Foreign Direct Investments (FDI) valued at USD 1.504 Billion and Domestic Direct Investments (DDI) valued at Kshs. 480 Billion. On Value of Exports from the EPZ programs Kshs 189.18 Billion was realized while 11 Special Economic Zones and 104 Economic Processing Zones were gazetted. Naivasha SEZ was operationalized and Dongo Kundu SEZ was handed over to Kenya port Authority when at an 8% completion rate in it operationalization. Over 95,000 employment opportunities were created across all Agencies in the cause of this reporting year.

## ***State Department for Investment Promotion***

### ***Annual Report and Financial Statements for the year ended 30th June 2024***

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Kenya Development Corporation (KDC) mobilized Wholesale Funding through SACCOs to MSMEs through SAFER: Supporting Access to Finance and Enterprise Recovery and mobilized funds to DRIVE: De-Risking, Inclusion and Value Enhancement to communities with the objective to intervene to protect pastoral communities against drought shocks by Increasing financial inclusion and connecting them better to the market.

The challenges that were faced during the implementation period were delayed exchequer releases and none or minimal development budget allocations, high cost of energy, multiplicity of licenses (an investor concern), and limited investment spaces. This challenges can be overcome by mobilizing external resources, ensuring implementation of the SEZ power tariff which was gazetted in March 2023, developing the Kenya Economic Zones Bill and submitting it to Cabinet for approval and developing the County Licensing (Uniform Procedures) 2024 Regulations and submitting it to Cabinet for approval, prioritizing investor concerns in an effort to resolve or undertake the needed reforms and Finalizing the Development of the flagship EPZs to provide more industrial sheds to investors. There are a few other risks which would threaten the implementation of the commitments for the FY 2024/25: political interference, which will be mitigated by strict adherence to the legal provisions or by having constructive stakeholder engagements and Litigation issues which will be mitigated by strict adherence to the legal provisions or alternative dispute resolution mechanisms.

The heavy long rains, with floods experienced in many areas slowed down the on boarding of enterprises and also operations in some zones due to infrastructure challenges. This unpredictable weather harshness and changes is an issue that emerged and needed to be addressed. Part of the mitigation measured carried out is the plan to grow many trees in the zones over the next three years under the presidential directive of combating deforestation and enhancing environmental conservation to address the effects of climate change, while increasing the forest cover and restoring degraded Ecosystems.

The year saw Kenya, through SDIP, make significant strides in investment promotion, with notable achievements in both Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI). Kenya ranked third globally in terms of FDI opportunities for 2024, underscoring the country's

***State Department for Investment Promotion***

***Annual Report and Financial Statements for the year ended 30th June 2024***

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appeal to international investors. This reflect Kenya's robust strategy to position itself as a leading investment destination in Africa.



A handwritten signature in blue ink, appearing to read 'Abubakar Hassan Abubakar', is written over a horizontal dotted line.

**Mr. Abubakar Hassan Abubakar**  
**Principal Secretary**  
**State Department for Investment Promotion**

**6. Statement of Performance against Predetermined Objectives for the FY2023/24**

**Introduction**

The State Department aimed at achieving the following strategic objectives as drawn from the draft Strategic Plan to contribute to the goals as outlined in the Bottom-Up Economic Transformation Agenda (BETA), Kenya Vision 2030 Medium Term Plan IV (2023-2027), the objectives include;

- i. To improve competitiveness of business environment
- ii. To improve investment climate
- iii. To increase access to investment ready economic zones
- iv. To enhance bankability of investment projects
- v. To increase local and foreign investments
- vi. To enhance investor entry, establishment and aftercare management
- vii. To increase access to information on investments
- viii. To enhance partnerships and collaborations with stakeholders
- ix. To optimize Institutional capacity and performance

**Progress on the attainment of Strategic Objectives through Performance Contracting**

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

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**Table 5: Performance and Objectives**

<b>Program</b>	<b>Strategic Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Target</b>	<b>Achievement</b>	<b>comment</b>
Investments Development and Promotion	To improve competitive ness of business environment	A competitive Business Environment	No. of Business Amendment Bills developed	1	2	SEZ Amendment Bill and investment promotion and facilitation bill
			% of business environment concerns resolved	100	100	6 private sector organizations engagements and diaspora conferences held in Nairobi
	To increase access to Investment Ready Economic Zones	Investments in Economic Zones increases	No. of jobs created)	10,000	19,838	Target surpassed due to increase in licensed enterprises
	To increase local and foreign investments	Increase in local and foreign investments	Value of new investments attracted (USD Billion)	2.5	1.504	MOUs signed met the target but the Actualization of investments has taken time
To enhance bankability of investment products/ projects	Enhanced bankability of investments products/ projects	No of bankable projects developed	15	12	Target not met due to financial constraints	

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	To improve Investor entry, establishment and aftercare management	Improved investor entry and establishment	Investor entry and establishment turnaround time (days)	7	7	Target achieved
			% investor concerns resolution rate	100	100	Target achieved
	To increase access to investment data and information	Increased generation and dissemination of investment data and information	No. of investment related publications	4	1	Target not met due to financial constraints
	To enhance partnerships and collaborations with stakeholders	Increased stakeholder engagements and collaborations	No. of new MOUs signed	3	3	MoUs signed with MITI and US department of Commerce, MITI and Coca-Cola Central East and West Africa ltd and Coca-cola Beverage ltd, MITI and British
No. of business and investment fora held			12	15	Target surpassed	

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			No of joint commissions of cooperation	4	4	JCC participation in Ghana, Egypt, Ethiopia, Uganda
	To enhance institutional capacity and performance	Improved Employee Satisfaction	% employee satisfaction index improved	X (baseline index)	0	Baseline survey not done
	To enhance institutional capacity and performance	Increased Productivity	% productivity index improved	X (baseline index)	N/A	A Productivity Mainstreaming, committee was formed, members and champions of the committee were trained, baseline data information was collected

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**7. Management Discussion and Analysis**

**a) Operational and financial performance**

The State Department for Investments Promotion, was created through Executive Order No. 2 of January 2023 and was mandated to implement Business and investment Climate Reform programme and Business Environment & Private Sector Development. Table 6 provides the summary of financial performance during the FY 2023/2024.

**Table 6: Actual performance against budget for the year ended 30<sup>th</sup> June 2024**

<b>Economic Classification</b>	<b>Approved Budget</b>	<b>Actual Expenditures</b>	<b>Balance</b>	<b>% of Utilization</b>
<b>Current Expenditure</b>				
<i>2100000 Compensation to Employees</i>	<b>89,189,340</b>	<b>70,017,804</b>	<b>19,171,536</b>	79
<i>2210200 Communication, Supplies and Services</i>	6,535,000	3,580,591	2,954,409	55
<i>2210300 Domestic Travel and Subsistence, and Other Transportation Costs</i>	64,830,000	64,869,132	-39,132	100
<i>2210400 Foreign Travel and Subsistence, and other transportation costs</i>	52,700,000	31,602,086	21,097,914	60
<i>2210500 Printing, Advertising and Information Supplies and Services</i>	10,242,000	1,040,890	9,201,110	10
<i>2210600 Rentals of Produced Assets</i>	25,000,000	24,563,567	436,433	98
<i>2210700 Training Expenses</i>	11,910,850	9,034,186	2,876,664	76
<i>2210800 Hospitality Supplies and Services</i>	13,630,730	13,567,771	62,959	100
<i>2211000 Specialised Materials and Supplies</i>	2,500,000	28,000	2,472,000	1
<i>2211100 Office and General Supplies and Services</i>	9,355,186	2,725,114	6,630,072	29
<i>2211200 Fuel Oil and Lubricants</i>	6,622,500	4,277,200	2,345,300	65

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2211300 Other Operating Expenses	32,247,200	17,893,017	14,354,183	55
2220100 Routine Maintenance - Vehicles	4,290,500	3,620,393	670,107	84
2220200 Routine Maintenance - Other Assets	3,425,000	98,000	3,327,000	3
<b>2200000 Use Of Goods And Services</b>	<b>243,288,966</b>	<b>176,899,946</b>	<b>66,389,020</b>	<b>73</b>
2600000 Current Transfer to other Gov't entities:				
Exchequer Releases	506,280,000			
Adjustments	<u>211,173,500</u>			
Appropriation in Aid	717,453,500	559,996,657	157,456,843	
Total	507,000,000	505,041,544.00	1,958,456.00	
	<u>1,224,453,500</u>	<u>1,065,038,201</u>	<u>159,415,299</u>	87
<b>3100000 Acquisition of Non- Financial Assets</b>	<b>116,490,500</b>	<b>68,285,770</b>	<b>48,204,730</b>	<b>59</b>
<b>Gross Current Expenditure Kshs.</b>	<b>1,673,422,306</b>	<b>1,380,241,721</b>	<b>293,180,585</b>	<b>82</b>
<b>Capital Expenditure</b>				
2630200 Capital Grants to Government Agencies	5,517,000,000.00	1,256,500,000	4,260,500,000.00	23
<b>Total Gross Expenditure Kshs.</b>	<b>7,190,422,306.00</b>	<b>2,636,741,721.00</b>	<b>4,553,680,585.00</b>	<b>37</b>

**Budget Utilization**

The State Department budget utilization for the FY which represents the total gross recurrent expenditure of Kshs. 1,380,241,721 against an approved budget of Kshs.1,673,422,306.00 representing an absorption rate of 82 per cent while development budget was allocated Kshs. 5,517,000,000.00 as a Capital grants to SAGA's against capital expenditures of Kshs.1,256,500,000.00 representing an absorption rate of 23 per cent. The balance of Kshs.4,260,500,000 remained unfunded The National Treasury. Cumulative expenditure for recurrent and development was Kshs. 2,636,741,721 against a Kshs.7,190,422,306 budget representing an overall 37 per cent utilization of the budget.

Transfer to other government entities was to the three SAGAs which comprised Kshs. 506,280,000.00 from exchequer releases and Ksh. 507,000,000.00 from Appropriation in Aid

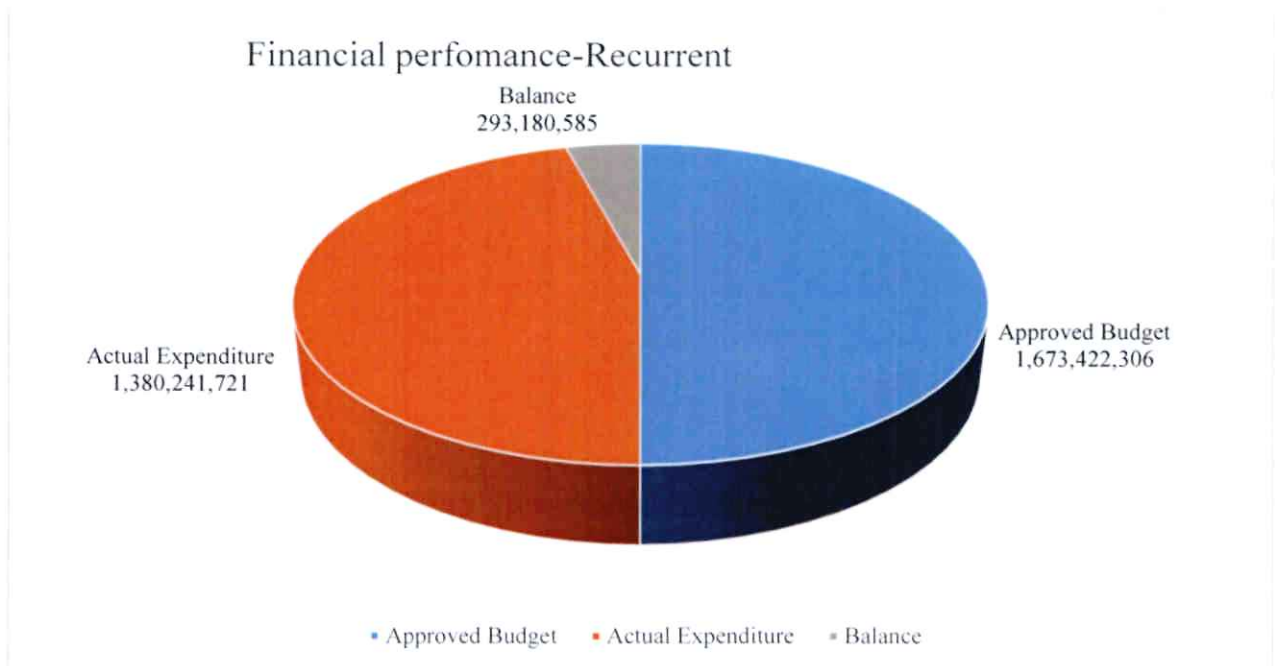
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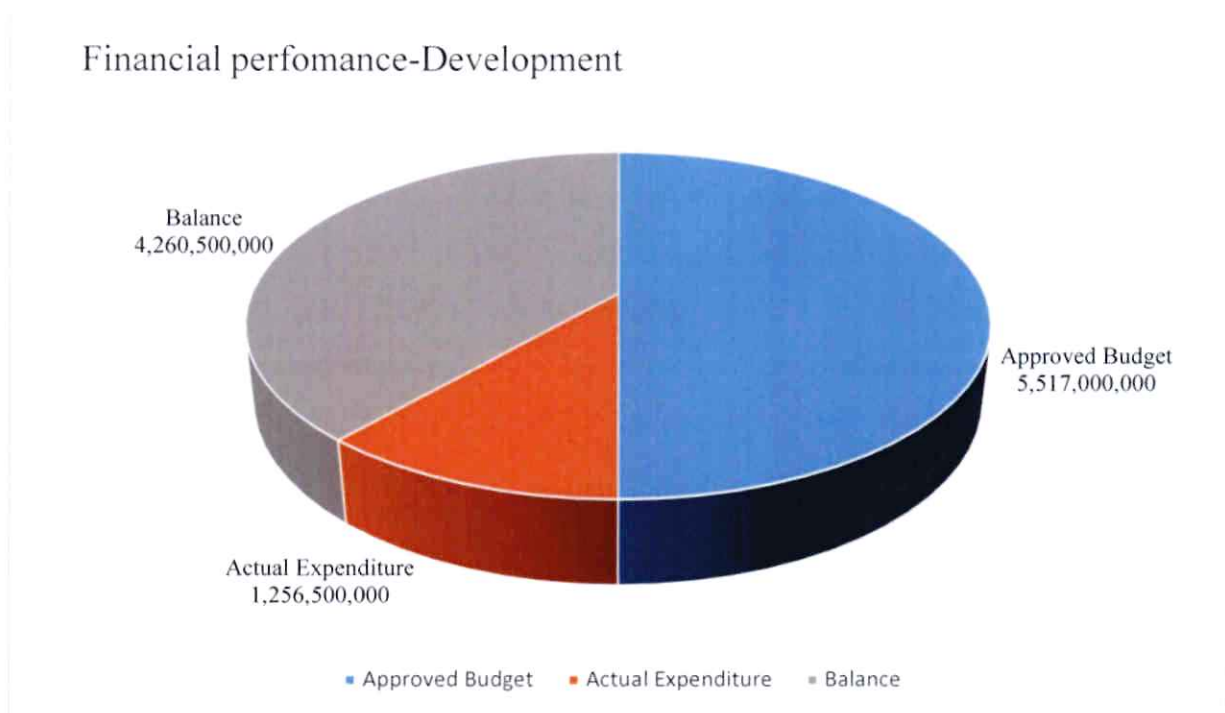
which is spent at source. An additional budget of Kshs. 211,173,500.00 had been granted during Supplementary Estimates No.2 an exchequer amounting Kshs.157,456,843.00 remained unfunded by the National Treasury.

Budget implementation during the FY focused on achieving core mandate objectives and operationalization of The State Department through acquisition of office space, equipment and tools after commitments/payments had already been done. Use of Goods and Acquisition of Assets was utilized within the approved budget allocation at Kshs. 176,899,946 and Kshs. 68,285,770.00 respectively. The over expenditure of Kshs. 39,132 under Domestic Travel was due to budget cuts during Supplementary No.2

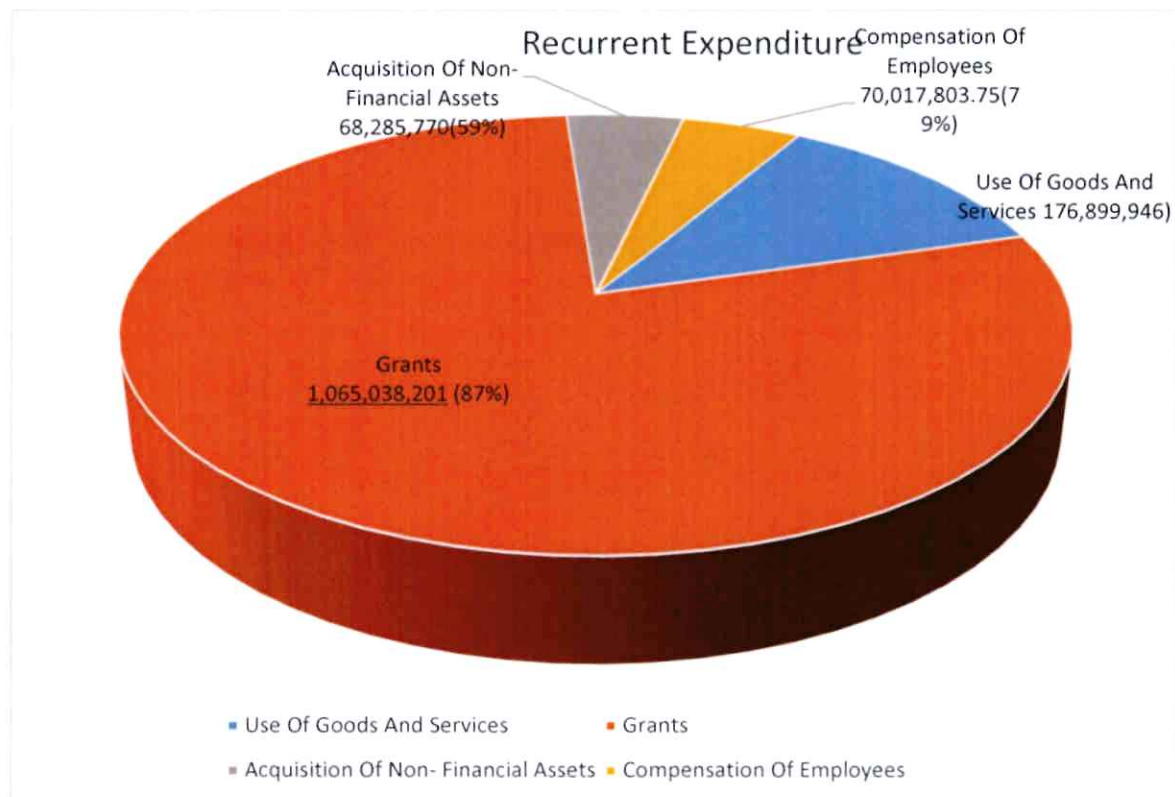
**Figure 2: Financial Performance- Recurrent**



**Figure 3: Financial Performance- Development**



**Figure 4: Recurrent Expenditure**



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**b) SDIP Project Information FY 2023/2024**

The SDIP Project portfolio for FY 2023/24 included: Development of SEZ Textile Park Naivasha **SEZA**; Development of Athi River Textile hub- **EPZA**; Development of Railway Siding and Related Infrastructure – **EPZA**; Construction of Investors Sheds **EPZA**; Construction of an Effluent Treatment Plant- Kenanie – **EPZA**; Flagship Export Processing Zone Hubs - **EPZA**; Central Repository & Complaint Handling Single Window – **KENINVEST** and Establishment of One stop shop Centre for Investment – **KENINVEST**. In the Financial Year 2023/24, The State Department was allocated of Kshs.5,517,000,000.00 as Development expenditure. Table 6 below provides an analysis of project performance and a summary of the Projects details.

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Table 7: project implementation

Project Name	Project Commence Date	Project End Date	Source of Funds	Estimated Value of the Project (KShs.) Millions	Total Approved Estimates FY 2023/24 (KShs.) Millions	Actual Expenditure FY 2023/24 (KShs.) Millions	Total Cumulative Expenditure as at 30th June 2024 (KShs.) Millions	Outstanding Project Cost as at 30th June 2024	Percentage of Completion	Remarks/Challenges faced in implementing Projects
1. Development of SEZ Textile Park Naivasha SEZA	1/7/2019	30/06/2027	GOK	8,938	305	109	449	8,489	5%	Transfer to Semi-Autonomous Government Agency
2. Development of Athi River Textile hub-EPZA	1/7/2014	30/06/2026	GOK	8,240	250	0	5,418	2,822	66%	Transfer to Semi-Autonomous Government Agency

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3. Development of Railway Siding and Related Infrastructure - EPZA	7/1/2020	30/06/20 26	GOK	3,750	10	0	101	3,649	3%	Transfer to Semi-Autonomous Government Agency
4. Construction of Investors Sheds EPZA	1/7/2022	30/06/20 26	GOK	12,900	1,240	295	341	12,559	3%	Transfer to Semi-Autonomous Government Agency
5. Establishment of One stop shop centre for Investment - KENINVEST	1/7/2016	30/06/20 27	GOK	500	22	22	200	300	40%	Transfer to Semi-Autonomous Government Agency
6. Central Repository & Complaint Handling Single	1/7/2023	30/06/20 27	GOK	260	80	40	40	220	15%	Transfer to Semi-Autonomous Government Agency

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Window - <b>KENINVEST</b>										
7. Construction of an Effluent Treatment Plant Kenanie ETP - EPZA	1/7/2015	30/06/2025	GOK	1,132	1,210	490	943	189	83%	Transfer to Semi-Autonomous Government Agency
8. Flagship Export Processing Zone Hubs (EPZA)	1/7/2023	30/06/2027	GOK	30,000	2,400	300	300	29,700	1%	Transfer to Semi-Autonomous Government Agency
<b>Total</b>	-	-	-	<b>65,720</b>	<b>5,517</b>	<b>1,256</b>	<b>7,099</b>	<b>57,928</b>	-	<b>Underutilization attributed to lack of exchequer release</b>

**c) Priorities for FY 2024/2025**

The State Department is fully operationalized and is expected to implement programmes more efficiently during the FY2024/2025. The following interventions have been prioritized towards the increase in the level of local and foreign private investments, the development of economic zones and enhancing the ease of doing business in Kenya:

1. Filling up of existing EPZs and SEZs and Completing the development and operationalization of 4 Flagship EPZs to increase industrial investments and contribution of export performance
2. Instituting 10 reforms aimed at improving Kenya's investment climate and business environment
3. Developing the County Licensing (uniform procedure) regulations to enhance ease of doing business for SMEs for cabinet consideration
4. Positioning KDC to de-risk Kenya Kwanza priority value chains and strategic sectors through concessional loans and co-investments
5. To review and recast Investor Journey Structure to enhance conversion of investment leads to actual investment deals.

## **8. Environmental and Sustainability Reporting**

The mandate of The State Department is to implement Investment policy and coordinate promotion (attraction, facilitation and retention) of local and foreign private investments into the Kenyan economy to position Kenya as a preferred investment destination in Africa. The State Department has the following strategic goals; Enhanced competitiveness of the investment climate and business environment, Improved investment products, targeting and positioning, Upheld Investor-centric culture and deepened stakeholder engagement, Optimized Institutional capacity and operational efficiency. These goals will be achieved by delving into the following areas; Investment climate and Business environment reforms, economic zones development, coordinated facilitation of investment and ensuring there is institutional operational excellence. If all this areas are looked into it will lead to improved economic growth leading to an upsurge of investments in future.

### **a) Sustainability strategy and profile**

The State Department is keen on making reforms that improve the ease of doing business in Kenya, It is also has six (6) flagship EPZ projects being developed. This will provide warehouses to investors who will be given leases and in turn will create employment for the Kenyans. It also has skilled and trained staff who can handle investor complaints. If an investor is treated well they can refer other investors into the country or also increase their investments. There are a number of economic factors that influence sustainability which include the cost of raw materials, energy, prices, consumer preferences and regulatory environment. The State Department is keen on encouraging investors to set up in economic zones so that they can enjoy the incentives in the zones. The State Department is keen on actualizing the Sustainable Development Goals (SDGs) in addition to engaging investors in in all sectors of the economy with the goal of creating job opportunities for economic empowerment.

### **b) Environmental performance /climate change/ mitigation of natural disasters**

The State Department is guided by Sustainable Waste Management Act No 31 of 2022 which sets the legal and institutional framework for the sustainable management of waste, and also article 69 of the Constitution of Kenya 2010 which obligates the Government to protect and conserve the environment. The State Department, as part of its implementation of its mandate is to promote

green investments to address environmental sustainability. The Naivasha Special Economic Zone is being marketed as a Green Industrial Park as it will be powered using geothermal energy. Ten (10) per cent of the land has also been reserved for greening and planting of trees. Currently TAD Motor SEZ Limited is focused on manufacturing and assembling of Electric Vehicles in the zone.

EPZA is constructing the Common Effluent Treatment Plant (CETP) which will be used for collecting, conveying, treating and disposing of the effluents from the industrial estates. There are currently two projects on CETP with a capacity of 2.5 million litres per day (MLD) and 10 million litres per day (MLD) respectively. 10 MLD is to be used by EPZ investors located in Athi River zone and surrounding community while 2.5 MLD would be used by Leather Park. The 2.5 MLD is key for the investors involved in the leather value addition and will use this facility as a primary treatment plant. Thereafter, it undergoes the secondary treatment under the 10 MLD. The combined implementation of the two projects is at 40%. The following is the status of the project:

Works are being implemented jointly with KLDC; EPZA currently does not have budget for the works; KLDC is currently honoring all payment certificates as part of their 50% portion of contract cost

**c) Employee welfare**

Employment into the Public service is currently a pre-rogative of the Public Service Commission (PSC). Through the delegated instrument the Authorized Officer have powers to recruit lower cadre job groups (Job group A-H). In this process the PSC and MDAs are guided by the Values and Principles of Public Service stipulated in article 232 of the Constitution. Recruitment is undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minority groups.

As Stated earlier, the recruitment process is usually done by PSC unless delegation is done by the same body to the Authorised Officers in the MDA's where PSC will at that point supervise the hiring process. During this financial year 2023/2024 The State Department for Investment Promotions has not done any independent recruitment.

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***Annual Report and Financial Statements for the year ended 30th June 2024***

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The training policy by the PSC is to ensure that employees' skills are upgraded for efficiency and upward mobility. Public officers are eligible for at least five (5) days training in a year while newly recruited or transferred officers are supposed to be inducted within three (3) months of joining the organization. The function is usually done through Human Resource Development Committee. Employees are advised to do annual training projections in a financial year. Nomination and selection of the individual and group training is based on prioritized training projections and it should address organization and individual goals. Before training is done, the organisation is required to prepare a Training Needs Assessment to assess the inadequacy of knowledge and skills in an organization which then guides the Committee in nominating officers for training. Employees are encouraged to look for training institutions that have trainers that are professionally qualified, have experience in their field of expertise and are government accredited. Training programmes are also supposed to be cost effective. Officers with professional qualifications are advised to register with their respective professional bodies.

In the financial year 2023/2024, The State Department for Investment Promotion managed to train some employees on courses like guidance and counselling, record management, public relations, project management, senior leadership development program among others. The State Department has been involved in continuous personal development by ensuring that staff attend the annual conferences and seminars, offered by their professional bodies like IHRM, ICPAK, KISM, IIA etc.

Performance Management system is aimed at getting better results from the employees. Goals and objectives are set and are supposed to be met within an agreed framework. Appraisals provide employees with clear understanding of job expectations, regular feedback about performance, advice and steps for improving performance. The State Department for Investment Promotion being a new established Department did not manage to set strategic objectives and performance targets in the government human resource information system platform for performance management but did it manually since the heads of departments had not been given rights to access the system by the Ministry of public service, gender and affirmative action.

The Occupational Safety and Health Act, 2007 is an Act of Parliament to provide for the safety, health and welfare of workers and all persons lawfully present at work places to provide for the establishment of the national council for occupational safety and connected purposes.

## ***State Department for Investment Promotion***

### ***Annual Report and Financial Statements for the year ended 30th June 2024***

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The State Department is in the process of coming up with the policy on Safety and Compliance with Occupation Safety and Health Act 2007 (OSHA.) Last year, The State Department set a Health and Safety Committee which came up with some guidelines on health and safety as below:

- That cleanliness in the work place should be the norm of the day
- The offices should always have enough light to avoid eye strains.
- Employees should have office equipment that are functional and meet the needs of employees.
- Where the floor is slippery, sign boards should be put up to alert the employees and the stake holders to be careful when walking.
- The offices should always have good ventilation to facilitate free air circulation
- The Committee should always be in check that employees are not working in dumpy places.
- Naked electrical wire should be sealed.
- The employees should be provided with clean drinking water.

#### **d) Operational practices/ Market place practices**

The State Department has put in place a Service Charter focused on providing satisfactory services to its clients with seven main areas of services as following:

- i. Facilitate the Private sector with information about investment upon request
- ii. Support the Private Sector resolve emerging business concerns
- iii. Provide information to support Private sector development and facilitate engagements with development partners and other stakeholders
- iv. Coordinate, organize, participate in investment promotion forums with local and international partners
- v. Provision of information on Global competitive Index

***State Department for Investment Promotion***

***Annual Report and Financial Statements for the year ended 30th June 2024***

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- vi. Guide on labour, capital and technological productivity for enterprises
- vii. Providing Regulatory and Investment Information to investors both local and foreign investors

The State Department also issued a gazette notice on the pre-qualification of suppliers listing requirements for goods and services for two financial years. It then formed a committee to vet all the requests that came through to ensure that the vetting process was free and fair. The State Department strives to ensure that all suppliers are paid and there are no pending bills at the end of the financial year.

**e) Community Engagements-**

In the financial year 2023-24 State Department was involved in planting of trees in Lamu, Narok and Embu. This was in collaboration with the locals and a total 2500 trees were planted. Last financial year, The State Department planted 6000 trees. Planting of trees will enhance air quality, reduce heavy rains, prevent excessive heat, provide shade and remove carbon from the atmosphere.

The State Department, spearheaded by the CS and PSs within the Ministry, distributed food and general materials to persons affected by the floods in Kangemi – Westlands and in Dide Waride, Chalaluma and Moa in Lamu County. The department sponsored a Hustler Capacity Building workshop for small businessmen and held a motivational talk in Mpeketoni Boys High School and another Capacity Building forum at the Lamu County Assembly under the theme:- Role of youth in security, peace and stability. The State Department helped mobilize funds to support orphaned Children as a give back to society during the festive season's celebrations.

**9. Statement of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial Statement in respect of that entity. Section 81 (3) requires the financial Statement so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of The State Department for Investment Promotion is responsible for the preparation and presentation of The State Department for Investment Promotion financial Statements, which give a true and fair view of the State of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2024. 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 entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial Statements, and ensuring that they are free from material mis Statements, whether due to error or fraud, (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of The State Department for Investment Promotion accepts responsibility for The State Department for Investment Promotion financial Statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department for Investment Promotion financial Statement give a true and fair view of the entity' transactions during the financial year ended June 30, 2024, and the financial position as at that date. The Accounting Officer in charge of the State Department further confirms the completeness of the accounting records maintained for this entity, which have been relied upon in the preparation of The State Department for Investment Promotion financial Statement as well as the adequacy of the systems of internal financial control.

**State Department for Investment Promotion**

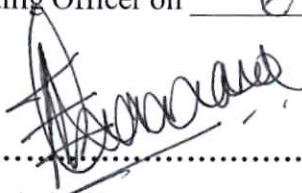
**Annual Report and Financial Statements for the year ended 30th June 2024**

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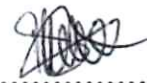
The Accounting Officer in charge of the State Department for Investment Promotion confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that The State Department for Investment Promotion funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that The State Department for Investment Promotion financial Statement have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial Statements**

The State Department for Investment Promotion financial Statement were approved and signed by the Accounting Officer on 6<sup>th</sup> November 2024.



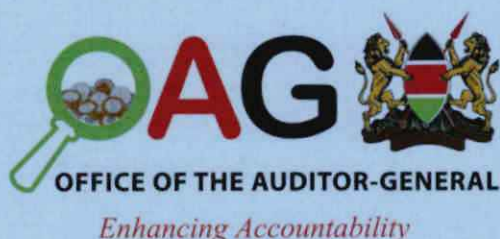
.....  
**Name:** Abubakar Hassan Abubakar  
**Accounting Officer**



.....  
**Name:** Diana Kiondo  
**Head of Accounting Unit**  
**ICPAK M/No 16103**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR INVESTMENT PROMOTION FOR THE YEAR ENDED 30 JUNE, 2024

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### 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 Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of State Department for Investment Promotion set out on pages 1 to 34, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2024, and the statement of receipts

and payments, statement of cash flows and the 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 the State Department for Investment Promotion as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **1. Pending Accounts Payables**

Note 15.2 to the financial statements reflects pending accounts payable of Kshs.6,636,284 in respect of retention and pending bills of Kshs.5,107,724 and Kshs.1,528,560 respectively. The amount was not settled during the year but instead carried forward to 2024/2025 financial year. Management has not explained why the bills were not settled during the year they occurred.

Failure to settle bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

#### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual combined on comparable basis of Kshs.7,190,422,306 and Kshs.2,637,416,150 respectively resulting in an under-funding of Kshs.4,553,006,156 or 63% 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 Matter**

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

## **Other Information**

The Management are responsible for the other information set out on page iii to li which comprise of Key Entity Information and Management, Statement of Governance, Statement by the Cabinet Secretary, Statement by the Principal Secretary, Statement of Performance Against Predetermined Objectives, Management Discussion and analysis, Environmental and Sustainability Reporting and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the State Department for Investment Promotion'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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Compliance with the Approved Staff Establishment**

Review of the human resource records reflects that the State Department had an approved establishment of one hundred and fifty-five (155) staff members across all cadres. However, the actual number in position was seventy-four (74) staff leading to an under establishment of eighty-one (81) staff. This was contrary to Section A.15 of the Human Resource Policies and Procedures Manual for Public Service, May 2016, which states that the functions of Ministerial Human Resource Management Advisory Committees (MHRMAC) entail making recommendations to the Authorized Officer regarding: - inter alia (viii) establishment and complement control.

In the circumstances, the service delivery to the public may be negatively affected and Management was in breach of the law.

## **2. Failure to Deduct and Remit Statutory Deductions**

The statement of receipts and payments reflects compensation of employees amount of Kshs.69,635,422 as disclosed in Note 3 to the financial statements. However, review of the payroll revealed that the Management deducted National Social Security Fund (NSSF) of Kshs.360 and Kshs.1,080 were done for tier one and two instead of Kshs.420 and Kshs.1,740 respectively. Further, it was not clear how the deductions were done and if the remittances were done to the NSSF fund account during the year under review. This was contrary to National Social Security Fund Act No.45 of 2013 on the monthly deductions from the employee salaries or other remuneration and remittance of the contribution to the Fund on behalf of and to the exclusion of that person.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards requires that I comply with ethical requirements, plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities 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 overall governance were not effective.

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue sustaining its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the State Department or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the State Department for Investment Promotion's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.


### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP 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

23 December, 2024

**State Department for Investment Promotion**

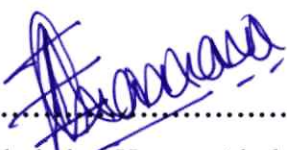
**Annual Report and Financial Statements for the year ended 30th June 2024**

**11. Statement of Receipts and Payments for the Year ended 30<sup>th</sup> June 2024**

	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from National Treasury	1	2,132,374,606	401,133,598
Other Revenues	2	505,041,544	494,632,000
<b>TOTAL REVENUES</b>		<b>2,637,416,150</b>	<b>895,765,598</b>
<b>PAYMENTS</b>			
Compensation of Employees	3	70,017,804	-
Use of goods and services	4	176,899,946	72,141,845
Transfers to Other Government Units	5	2,321,538,201	730,417,000
Acquisition of Assets	7	68,285,770	92,016,403
<b>TOTAL PAYMENTS</b>		<b>2,636,741,721</b>	<b>894,575,248</b>
<b>SURPLUS/DEFICIT</b>		<b>674,429</b>	<b>1,190,350</b>

The accounting policies and explanatory notes to these financial Statement form an integral part of the financial Statements. The entity financial Statement were approved on

6<sup>th</sup> November 2024 and signed by:



Name: Abubakar Hassan Abubakar  
Accounting Officer



Name: Diana Kiondo  
Head of Accounting Unit  
ICPAK M/No 16103

**State Department for Investment Promotion**

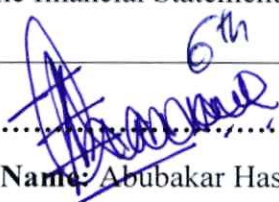
**Annual Report and Financial Statements for the year ended 30th June 2024**

**12. Statement Of Financial Assets And Financial Liabilities As At 30<sup>th</sup> June 2024**

	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8A	6,294,582	3,724,677
Cash Balances	8B	-	-
<b>Total Cash And Cash Equivalents</b>		<b>6,294,582</b>	<b>3,724,677</b>
Accounts Receivables - Outstanding Imprest and Clearance Accounts	9	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>6,294,582</b>	<b>3,724,677</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	10	5,620,152	2,534,327
<b>NET FINANCIAL ASSETS</b>		<b>674,429</b>	<b>1,190,350</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	11	1,190,350	-
Prior year adjustments	12	-1,190,350	-
Surplus/Deficit for the year		674,429	1,190,350
<b>NET FINANCIAL POSSITION</b>		<b>674,429</b>	<b>1,190,350</b>


The accounting policies and explanatory notes to these financial Statement form an integral part of the financial Statements. The entity financial Statement were approved on

6<sup>th</sup> November 2024



Name: Abubakar Hassan Abubakar  
Accounting Officer

2024 and signed by:



Name: Diana Kiondo  
Head of Accounting Unit  
ICPAK M/No 16103

**State Department for Investment Promotion**

**Annual Report and Financial Statements for the year ended 30th June 2024**

**13. Statement of Cash Flows For The Year Ended 30<sup>th</sup> June 2024**

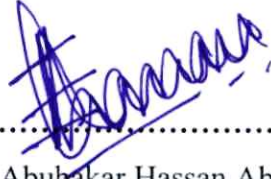
	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Transfers from National Treasury	1	2,132,374,606	401,133,598
Other Revenues	2	505,041,544	494,632,000
		<b>2,637,416,150</b>	<b>895,765,598</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	3	70,017,804	-
Use of goods and services	4	176,899,946	72,141,845
Transfers to Other Government Units	5	2,321,538,201	730,417,000
		<b>2,568,455,951</b>	<b>802,558,845</b>
<b>Adjusted for:</b>			
Increase/(Decrease) in Accounts Payable: (deposits and retention)	14	3,085,826	2,534,327
		<b>70,855,675</b>	<b>95,741,080</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	7	-68,285,770	-92,016,403
<b>Net cash flows from Investing Activities</b>		<b>-68,285,770</b>	<b>-92,016,403</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>2,569,905</b>	<b>3,724,677</b>
Cash and cash equivalent at BEGINNING of the year	8A+B	3,724,677	-
Cash and cash equivalent at END of the year	8A+B	<b>6,294,582</b>	<b>3,724,677</b>

**State Department for Investment Promotion**


**Annual Report and Financial Statements for the year ended 30th June 2024**

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The accounting policies and explanatory notes to these financial Statement form an integral part of the financial Statements. The entity financial Statements were approved on 6th November 2024 and signed by:



.....  
**Name:** Abubakar Hassan Abubakar  
**Accounting Officer**



.....  
**Name:** Diana Kiondo  
**Head of Accounting Unit**  
**ICPAK M/No 16103**

**State Department for Investment Promotion**

***Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024***

**14. Statement of Comparison of Budget and Actual Amounts for FY2023/2024: Combined**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	7,530,029,340	-846,607,034	6,683,422,306	2,132,374,606	4,551,047,700	32%
Other Receipts	507,000,000	-	507,000,000	505,041,544	1,958,456	99.60%
<b>Total Receipts</b>	<b>8,037,029,340</b>	<b>-846,607,034</b>	<b>7,190,422,306</b>	<b>2,637,416,150</b>	<b>4,553,006,156</b>	<b>37%</b>
<b>Payments</b>						
Compensation of Employees	144,189,340	-55,000,000	89,189,340	69,635,422	19,171,536	79%
Use of goods and services	310,600,000	-67,311,034	243,288,966	177,282,328	66,389,020	73%
Transfers to Other Government Units	7,479,740,000	-738,286,500	6,741,453,500	2,321,538,201	4,419,915,299	34%
Acquisition of Assets	102,500,000	13,990,500	116,490,500	68,285,770	48,204,730	59%
<b>Grand Total</b>	<b>8,037,029,340</b>	<b>-846,607,034</b>	<b>7,190,422,306</b>	<b>2,636,741,7214</b>	<b>4,553,680,585</b>	<b>37%</b>
<b>Surplus/Deficit</b>	-	-	-	<b>674,429</b>	<b>-674,429</b>	

## **State Department for Investment Promotion**

### ***Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024***

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#### ***Receipts***

##### ***Exchequer issue***

The exchequer issue amounted to Kshs.2,132,374,606 against Kshs.7,190,422,306 of the total budget (recurrent and development) representing 32% funding. The exchequer received was for recurrent and development budget at Kshs.875, 874,606.15 and 1,256,500,000 respectively.

##### ***Appropriations-in-Aid***

Appropriations-in-aid reported as other receipts in Notes to financial statements (*Note 2*) was Kshs.505,041,544 against the budgeted Kshs.507,000,000. This represented 99.9% actualization of funds received against the budget. Consequently, SEZA and EPZA collected surplus revenue of (Kshs) 47,628,217 and 587,802,310 respectively against a budgeted estimate of (Kshs) 30,000,000 and 475,000,000 respectively. However, KENINVEST collected Kshs.41,544, which was a deficit against a budgeted amount of Kshs.2,000,000. The cumulative revenue collected by the three SAGA's is Kshs. 635,472,071.

Table 7: A-I-A Computation

<b>REVENUES-AIA</b>	<b>SEZA</b>	<b>EPZA</b>	<b>KENIVEST</b>	<b>TOTAL</b>
Actual	47,628,217	587,802,310	41,544	635,472,071
Budget Estimates	30,000,000	475,000,000	2,000,000	507,000,000
Surplus/Deficit	17,628,217	112,802.310	(1,958,456)	

*The consolidated receipts of the exchequer releases and the AIA translated to 37% funding of the overall budget for recurrent and development for the SAGAs and Headquarters.*

#### ***Expenditure***

The total payments were Kshs. 2,634,666,512 against Kshs.7,190,422,306 representing a 37% utilization of the budget for recurrent and development expenditures. The underutilization of budget was majorly due to partial funding of the development budget. The recurrent budget was adequately funded based on the exchequer requests placed at the National Treasury. The Expenditure was therefore almost equal to the disbursed funding leaving a surplus of funding of Kshs.674,429.

**State Department for Investment Promotion**

**Annual Report and Financial Statements for the year ended 30th June 2024**

The entity financial Statement were approved on 6<sup>th</sup> November 2024

and signed by:

  
.....

**Name:** Abubakar Hassan Abubakar

**Accounting Officer**

  
.....

**Name:** Diana Kiondo

**Head of Accounting Unit**

**ICPAK M/No 16103**

**State Department for Investment Promotion**

*Annual Report and Financial Statements for the year ended 30th June 2024*

**14 (a) Statement Of Comparison of Budget and Actual Amounts: Recurrent for FY2023/2024**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	978,029,340	188,392,966	1,166,422,306	875,874,606	290,547,700	75%
Other Receipts	507,000,000	-	507,000,000	505,041,544	1,958,456	100%
<b>Total Receipts</b>	<b>1,485,029,340</b>	<b>188,392,966</b>	<b>1,673,422,306</b>	<b>1,380,916,150</b>	<b>292,506,156</b>	<b>83%</b>
<b>PAYMENTS</b>						
Compensation of Employees	144,189,340	(55,000,000)	89,189,340	70,017,804	19,171,536	79%
Use of goods and services	310,600,000	(67,311,034)	243,288,966	176,899,946	66,389,020	73%
Transfers to Other Government Units	927,740,000	296,713,500	1,224,453,500	1,065,038,201	159,415,299	87%
Acquisition of Assets	102,500,000	13,990,500	116,490,500	68,285,770	48,204,730	59%
<b>Grand Total</b>	<b>1,485,029,340</b>	<b>188,392,966</b>	<b>1,673,422,306</b>	<b>1,380,241,721</b>	<b>293,180,585</b>	<b>82%</b>
Surplus/Deficit	-	-	-	- 674,429	-674,429	

**State Department for Investment Promotion**

**Annual Report and Financial Statements for the year ended 30th June 2024**

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Notes

**i. Expenditure**

a) *The recurrent expenditure amounting Kshs1,380,241,721 comprised of Kshs 1,065,038,201 Current Grants to Government Agencies and other levels of Government SAGA's whereas the balance of Kshs 315,203,520. Below are the reasons for under absorption of the budget items:*

i. *Compensation of employees of 79% was because of transfer of staff from the State Department to other MDA's that occurred in the course of the financial year with no immediate replacements.*

ii. *Use of goods was at 73% expenditure which comprised some procurement items. The under absorption was attributed to non-purchase of these item due to delayed procurement process other reasons for under absorption were the austerity measures in foreign travels*

iii. *Acquisition of Assets was at 59% The under absorption was due to delay in the procurement process*

b) *Transfers to SAGAs was at 87% the difference was due to lack of funding for exchequer request by the National Treasury*

**ii Reallocations within the year**

*Reallocation within the year. The reallocation of the budgetary items did not affect our approved budget estimate but was done in order to facilitate the State Department carry out its mandatory activities. During the financial year under review, there was one reallocation request to the National Treasury which was done on 26<sup>th</sup> January 2024 amounting Kshs 24,500,000. The reallocation was approved on 8<sup>th</sup> February 2024. A total of Kshs 24,500,000 was reallocated.*

**State Department for Investment Promotion**

**Annual Report and Financial Statements for the year ended 30th June 2024**

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The entity financial Statement were approved on 6th Nov 2024 and signed by:



.....  
**Name:** Abubakar Hassan Abubakar  
**Accounting Officer**



.....  
**Name:** Diana Kiondo  
**Head of Accounting Unit**  
**ICPAK M/No 16103**

**State Department for Investment Promotion**

*Annual Report and Financial Statements for the year ended 30th June 2024*

**14 (b) Statement Of Comparison of Budget and Actual Amounts: Development for FY2023/2024**

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	6,552,000,000	-1,035,000,000	5,517,000,000	1,256,500,000	4,260,500,000	23%
<b>Total Receipts</b>	<b>6,552,000,000</b>	<b>-1,035,000,000</b>	<b>5,517,000,000</b>	<b>1,256,500,000</b>	<b>4,260,500,000</b>	<b>23%</b>
<b>Payments</b>						
Transfers to Other Government Units	6,552,000,000	-1,035,000,000	5,517,000,000	1,256,500,000	4,260,500,000	23%
<b>Grand Total</b>	<b>6,552,000,000</b>	<b>-1,035,000,000</b>	<b>5,517,000,000</b>	<b>1,256,500,000</b>	<b>4,260,500,000</b>	<b>23%</b>
<b>Surplus/Deficit</b>	-	-	-	-	-	

*The final development budget of Kshs. 5,517,000,000 was allocated to the Semi-autonomous and Government agencies. The National Treasury funded Kshs. 1,256,500,000 whereas, Kshs. 4,260,500,000 remained unfunded. This was attributed to inadequate exchequer funding by the National Treasury to full the development expenditure.*

The entity financial Statement were approved on 6th November 2024 and signed by:

.....  
**Name:** Abubakar Hassan Abubakar  
**Accounting Officer**

.....  
**Name:** Diana Kiondo  
**Head of Accounting Unit**  
**ICPAK M/No 16103**

**State Department for Investment Promotion***Annual Report and Financial Statements for the year ended 30th June 2024***14 (c) Budget Execution by Programmes and Sub-Programmes for FY2023/2024**

<b>Programme</b>	<b>Sub-programme</b>	<b>Description</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
<b>301000000</b>		<b>General Administration Planning and Support Services</b>	<b>0</b>	<b>0</b>	<b>0</b>
	301010000		0	0	0
<b>302000000</b>		<b>Industrial Development and Investments</b>	<b>0</b>	<b>0</b>	<b>0</b>
	302010000	Promotion of Industrial Development and Investments	0	0	0
<b>322000000</b>		<b>Investment Development and Promotion</b>	<b>7,190,422,306.00</b>	<b>2,636,741,721.05</b>	<b>4,553,680,584.95</b>
	322010000	Business Environment and Investment Promotion	6,312,849,240.00	2,003,841,119.75	4,309,008,120.25
	322020000	Investments Profiling and Development	506,083,500.00	377,951,533.00	128,131,967.00
	322040000	General Administration, Planning and Support Services	371,489,566.00	254,949,068.30	116,540,497.70
		<b>Grand Total</b>	<b>7,190,422,306.00</b>	<b>2,636,741,721.05</b>	<b>4,553,680,584.95</b>

**15. Notes to the Financial Statements**

**1. Statement of Compliance and Basis of Preparation**

The financial Statement have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial Statement comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

**2. Reporting entity**

The financial Statement are for The State Department for Investment Promotion. The financial Statement encompass the reporting entity as specified under Section 81 of the PFM Act 2012. The State Department's expenditures are recurrent. Development projects are under the Semi-autonomous Government Agencies which report independently.

**3. Reporting Currency**

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

**Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by State Department for Investment Promotion for all the years presented.

**a) Recognition of Receipts**

The State Department for Investment Promotion recognises all receipts from the various sources when the event occurs, and the related cash has been received.

***State Department for Investment Promotion***

***Annual Report and Financial Statements for the year ended 30th June 2024***

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**Significant Accounting Policies (Continued)**

**(i) Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the State Department .

**(ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment. During the year ended 30<sup>th</sup> June 2024, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**(iii) Miscellaneous receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial Statement the time associated cash is received. The State Department did not receive any receipts in this financial year. We however carried forward from the previous financial year a receipt of Kshs.10,000 from sale of tender documents and have been disclosed in the financial Statements. Appropriation-in- Aid were for the Semi-Autonomous Government Agencies which we have reported as Kshs.505,041,544.

**b) Recognition of payments**

The State Department for Investment Promotion recognises all payments when the event occurs, and the related cash has been paid out.

**Significant Accounting Policies (Continued)**

**i) Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of Goods and Services**

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

**iii) Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for. The State Department for Investment Promotion had no borrowings in the financial year and therefore no interest on borrowing.

**iv) Principal on borrowing**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. State Department for Investment Promotion had no borrowings in the financial year and therefore no principal on borrowing.

**v) Acquisition of Fixed Assets**

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

The State Department has maintained A fixed asset register and is provided for purposes of consolidation.

**Significant Accounting Policies (Continued)**

**vi) In-kind contributions**

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

**vii) Third Party Payments**

Included in the receipts and payments, are payments made on The State Department for Investment Promotion behalf to third parties. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the Statement of receipts and payments as proceeds from foreign borrowings or grants.

**c) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. A bank account register is maintained, and a summary provided for purposes of consolidation. This summary is disclosed in Note 5B.

**Restriction on Cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As of 30th June 2024, this amounted to

**Significant Accounting Policies (Continued)**

Kshs5,620,152, this includes previous year's balance of Kshs.2,534,327 and additions of Kshs.3,085,826.

**d) Imprests and advances**

For the purposes of these financial Statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or Authority to Incur Expenditure (AIE) holders. This is an enhancement to the cash accounting policy. The State department did not have outstanding at the year ending June, 2024.

**e) Third party deposits and retention**

For the purposes of these financial Statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial Statements.

**f) Pending Bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made. The State Department has accumulated Kshs. 1,528,560 in pending bills which were verified as payable by the pending bills committee.

***State Department for Investment Promotion***

***Annual Report and Financial Statements for the year ended 30th June 2024***

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**Significant Accounting Policies (Continued)**

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial Statements. The FY2023/24 budget was approved by Parliament in June 2023 as required by Law and there were two (2) numbers of Supplementary Budget Estimates during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial Statements. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers

**h) Comparative Figures**

The State Department is reporting for the second time in this financial year. Last year financials covered half of the year of 2022/2023 since The State Department started operations in May 2023. The financial Statement therefore have one comparative year.

**i) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial Statement for the year ended 30<sup>th</sup> June 2024.

**j) Prior Period Adjustment**

During the year, errors should be corrected and disclosed explaining the nature and amounts. The State Department did not have any errors to disclose during the financial year.

**k) Related Party Transactions**

Related party means parties are related if one party has the ability to

a) Control the other party or

## **State Department for Investment Promotion**

### **Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024**

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#### **Significant Accounting Policies (Continued)**

- a) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

#### **a) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of The State Department ; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The State Department does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial Statement unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. The State Department did not have any contingent liabilities to disclose in the year.

## State Department for Investment Promotion

### Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024

#### Notes to the Financial Statements

##### 1 Exchequer releases

Description	-	-
	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Exchequer	2,132,374,606	401,133,598
<b>Total</b>	<b>2,132,374,606</b>	<b>401,133,598</b>

The state department received exchequer from the National Treasury amounting to Kshs.2,132,374,606 for recurrent and development.

##### 2 Other Receipts

Description	2023-2024	2022-2023
	Kshs	Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	505,041,544	494,632,000
<b>TOTAL</b>	<b>505,041,544</b>	<b>494,632,000</b>

Other Receipts totaling Kshs.505.041,544 have been captured as Appropriations in Aid for the three SAGAs as follows:

- i. Export Processing Zones Authority Kshs. 475,000,000
- ii. Kenya Investment Authority Kshs 41,544
- iii. Special Economic Zone Authority Kshs 30,000,000

As stated earlier, EPZA actual AIA collected was Kshs.587,802,310 which is in excess of the budgeted amount of Kshs.475,000,000. Therefore EPZA had an over-collection of Kshs. 112,802.310. SEZA actual AIA collected was Kshs. 47,628,217 which was also in excess of budgeted amount of Kshs.30,000,000 therefore having an over-collection of Kshs.17,628,217. Keinvest on the other hand collected Kshs.41,544 against a budget of Kshs.2,000,000. Keinvest therefore under-collected by Kshs.1,958,456.

**State Department for Investment Promotion**

*Annual Report and Financial Statements for the year ended 30th June 2024*

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**3 Compensation to Employees**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	41,076,435	-
Basic wages of temporary employees	-	-
Personal allowances paid as part of salary	28,941,369	-
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions		-
Employer contributions to compulsory national social security schemes	-	-
Employer contributions to compulsory national health insurance schemes	-	-
<b>Total</b>	<b>70,017,804</b>	<b>-</b>

*The State Department for Investment Promotion produced the first payroll in September 2023. Under the circumstances, there were no changes recorded since the Department did not have a payroll in 2022/2023 financial year.*

**State Department for Investment Promotion**

**Annual Report and Financial Statements for the year ended 30th June 2024**

**Notes to the Financial Statement (Continued)**

**4 Use of Goods and Services**

Description	2023-2024	2022-2023
	Kshs	Kshs
Utilities, supplies and services	-	-
Communication, supplies and services	3,580,591	3,127,410
Domestic travel and subsistence	64,869,132	18,097,585
Foreign travel and subsistence	31,602,086	10,341,539
Printing, advertising and information supplies & services	1,040,890	4,477,650
Rentals of produced assets	24,563,567	2,500,000
Training expenses	9,034,186	4,587,400
Hospitality supplies and services	13,567,771	4,888,388
Specialised materials and services	28,000	1,194,925
Office and general supplies and services	2,725,114	6,457,360
Fuel Oil and Lubricants	4,277,200	4,706,498
Other operating expenses	17,893,017	8,623,673
Routine maintenance – vehicles and other transport equipment	3,620,393	3,097,417
Routine maintenance – other assets	98,000	42,000
<b>TOTAL</b>	<b>176,899,946</b>	<b>72,141,845</b>

*There is a significant increase in the expenditure of Use of Goods and Services as compared to last financial year. The state department started operations in the last half of financial year 2022/2023 therefore the budget allocation then was for half year as compared to the current financial year.*

## State Department for Investment Promotion

### Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024

#### Notes to the Financial Statement(Continued)

##### 5 a: Grants and Transfers to other Government Entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Grants to Government Agencies and other levels of Government	1,065,038,201	730,417,000
Capital Grants to Government Agencies and other levels of Government	1,256,500,000	-
<b>TOTAL</b>	<b>2,321,538,201</b>	<b>730,417,000</b>

We have confirmed these amounts with the recipient entities and attached these confirmation as an Appendix to this financial report.

##### 5 b: Transfers to self – reporting entities in the year

Description	Recurrent(2023-2024)	Development (2023-2024)	AIA (2023-2024)	Cumulative 2023-2024
	Kshs	Kshs		Kshs
<b>Transfers to SAGAs and SCs</b>				-
Export Processing Zones Authority	153,716,667	1,085,000,001	475,000,000	1,238,716,668
Kenya Investment Authority	315,909,990	61,999,999	41,544	377,909,989
Special Economic Zone Authority	90,370,000	109,500,000	30,000,000	199,870,000
<b>TOTAL</b>	<b>559,996,657</b>	<b>1,256,500,000</b>	<b>505,041,544</b>	<b>2,321,538,201</b>

We transferred Kshs.559,996,657 as Current grants and Kshs.1,256,500,000 as Capital grants to the self-reporting entities. Additionally, there was an Appropriation in Aid of Kshs. 505,041,544 reported in Note 2 as other receipts which was spent at source by the three SAGAs.

## State Department for Investment Promotion

### Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2024

#### Notes to the Financial Statement (Continued)

##### 6 Social Security Benefits

Description	-	-
	2023-2024	Comparative 2022-23
	Kshs	Kshs
Government pension and retirement benefits	0	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Social Benefits to the aged (above 70 years)	-	-
<b>Total</b>	<b>0</b>	

*The state department did not record any social security benefits*

##### 7 Acquisition of Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Non Financial Assets</b>		
Refurbishment of Buildings	25,833,975	25,243,270
Purchase of Vehicles and Other Transport Equipment	27,007,179	32,540,000
Purchase of Office Furniture and General Equipment	2,986,300	11,393,699
Purchase of Specialised Plant, Equipment and Machinery	11,611,916	10,865,495
Research, Studies, Project Preparation, Design & Supervision	834,400	11,973,940
<b>TOTAL</b>	<b>68,273,770</b>	<b>92,016,403</b>

*In the FY2023/24, the state department acquired less assets than it did the previous financial year. The state department commenced operations in the previous year and was therefore required to purchase a considerable amount of assets to enable start of operations.*

**State Department for Investment Promotion***Annual Report and Financial Statements for the year ended 30th June 2024**Notes to the Financial Statement (Continued)***8 Cash and Bank Accounts**

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Accounts (Note 8A)	6,294,582	3,724,677
Cash on hand (Note 8 B)	-	-
<b>Total</b>	<b>6,294,582</b>	<b>3,724,677</b>

In FY 2023/2024 the bank account balance of Kshs.6,294,582 comprised of Kshs. 5,620,152 in deposit account and Kshs.674,429 in recurrent account. There was additional deposits from retention and geral deposits which increased this amount from 3.724,677.

**8A: Bank Accounts**

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit e.t.c	Exc rate (if in foreign currency)	2023-2024	2022-2023
				Kshs	Kshs
Central Bank of Kenya, 1000695412 , Recurrent Kes- State Department for Investment Promotion		Recurrent	1	674,429	1,190,350
Central Bank of Kenya, 1000695447 , Development Kes – State Department for Investment Promotion		Development	1	-	-
Central Bank of Kenya, 1000695428, Deposits Kes – State Department for Investment Promotion		Deposit	1	5,620,152	2,534,327
<b>Total</b>	-			<b>6,294,582</b>	<b>3,724,677</b>

**State Department for Investment Promotion**

*Annual Report and Financial Statements for the year ended 30th June 2024*

*Notes to the Financial Statement(Continued)*

**8B: Cash on hand**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash in hand – Held in domestic currency	-	-
Cash in hand – Held in foreign currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*[Provide board of survey certificates for each as attachments to the financial State ments]*

**9 : Imprests and Advances**

<i>Description</i>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	-	-
Clearance accounts	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**10 Accounts Payable (Third party deposits and retention)**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Retention	5,107,723.95	2,524,327
Deposits	512,428	10,000
Other payables	-	-
<b>TOTAL</b>	<b>5,620,152</b>	<b>2,534,327</b>

*There was an increase of Kshs. 2,583,396.95 in the retention monies from the previous financial year 2022/2023 figure of Kshs.2,524,327. General deposits also increase in the financial year by Kshs.502,428.*

**State Department for Investment Promotion**

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**Notes to the Financial Statement (Continued)**

**11 Fund Balance Brought Forward**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	3,724,677	-
Cash in hand	-	-
Receivables - Outstanding Imprests	-	-
Payables - Deposits	(2,534,327)	-
	1,190,350	-

**12 Prior Year Adjustments**

<b>Description</b>	<b>Balance b/f</b>	<b>Adjustments</b>	<b>Adjusted Balance cb/f</b>
	<b>FY 2022/2023 as per Financial State ments</b>		<b>FY 2023/2024</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Bank account Balances	3,724,677	-1,190,350	2,534,326.95
Cash in hand	-	-	-
Accounts Payables	-2,534,327	-	-2,534,327
Receivables	-	-	-
Others (specify)	-	-	-
	1,190,350	-1,190,350	-

*The adjustments reported in the financial year of Kshs.1,190,350 were surrender of balance of the exchequer which is usually swept by the National Treasury upon closure of a financial year.*

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*Notes to the Financial Statement (Continued)*

**13 (Increase)/ Decrease in Advances and Imprests**

Description	2023-2024	2022-2023
	KShs	KShs
Receivables as at 1st July (A)	-	-
Receivables as at 30th June (B)		-
(Increase)/ Decrease in Receivables (C=(B-A))		-

**14 Increase/ (Decrease) in Retention and Third-Party Deposits**

Description	2023-2024	2022-2023
	KShs	KShs
Payables as at 1st July (A)	2,534,327	-
Payables as at 30th June (B)	5,620,152	-
Increase/ (Decrease) in payables (C=(B-A))	3,085,825	-

**15 Related Party Disclosures**

The following comprise of related parties to the *State Department for Investment Promotion*

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Department s and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

**State Department for Investment Promotion**

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**Notes to the Financial Statement (Continued)**

**15.1 Related party transactions:**

Description	2023-2024	2022-2023
	Kshs	Kshs
Key Management compensation		
Transfers to the Other Ministries Department s and Agencies		
Transfers to other State Corporations and Semi-Autonomous Government Agencies	1,816,496,667	235,785,000
Transfers to Government Development Projects		
Transfers to Counties		
Transfers from other Ministries Department s and Agencies		
Transfers from Counties		

*The transfers to SAGAs disclosed reflects only transfers to SAGA's from Exchequer releases*

**15.2 Pending Accounts Payable: Retentions and Pending bills (See Annex 1)**

	Balance b/f Previous FY	Additions for the period	Paid during the year	Balance c/f 2023-2024
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	2,524,327	2,583,396.95	-	5,107,723.95
Construction of Civil Works	-	-	-	-
Supply of Goods	-	-	-	-
Supply of Services		1,528,560	-	1,528,560
<b>Total</b>		<b>4,111,956.95</b>	<b>-</b>	<b>6,636,283.95</b>

*Detailed breakdown on accounts payable is provided in annex 1*

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**16. Program for Results (PforR) Disclosure**

*This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.*

Name of PforR: <i>State Department for Investment Promotion</i>			Name of Financing Partners: <i>GOK</i>			
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code: 301000000 - General Administration Planning and Support Services	87,973,920.00	67,237,309.00	-	-	87,973,920.00	67,237,309.00

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Sub-program: 301010000 - General Administration Planning and Support Services	87,973,920.00	67,237,491.00	-	-	87,973,920.00	87,973,920.00
<b>Sub-Total</b>	<b>87,973,920.00</b>	<b>67,237,491.00</b>	-	-	<b>87,973,920.00</b>	<b>87,973,920.00</b>
					-	-
<b>Program code:</b> <b>302000000 -</b> <b>Industrial</b> <b>Development</b> <b>and</b> <b>Investments</b>	<b>2,125,906,044.00</b>	<b>827,337,939.00</b>	-	-	<b>2,125,906,044.00</b>	<b>2,125,906,044.00</b>
Sub-program: 302010000 - Promotion of Industrial	2,125,906,044.00	827,337,939.00	-	-	2,125,906,044.00	2,125,906,044.00

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*Annual Report and Financial Statements for the year ended 30th June 2024*

Development and Investments						
<b>Sub-Total</b>	<b>2,125,906,044.00</b>	<b>827,337,939.00</b>	<b>-</b>	<b>-</b>	<b>2,125,906,044.00</b>	<b>2,125,906,044.00</b>
<b>Program code:</b> <b>322000000 - Investment Development and Promotion</b>	<b>-</b>	<b>-</b>	<b>7,190,422,306.00</b>	<b>2,638,066,314.45</b>	<b>7,190,422,306.00</b>	<b>2,638,066,314.45</b>
Sub-program: 322010000 - Business Environment and Investment Promotion	-	-	6,312,849,240.00	2,004,167,787.75	6,312,849,240.00	2,004,167,787.75
Sub-program: 322020000 - Investments	-	-	506,083,500.00	377,951,533.00	506,083,500.00	377,951,533.00

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Profiling and Development						
Sub-program: 322040000 - General Administration, Planning and Support Services	-	-	371,489,566.00	255,946,993.70	371,489,566.00	255,946,993.70
<b>Sub-Total</b>	-	-	<b>7,190,422,306.00</b>	<b>2,638,066,314.45</b>	<b>7,190,422,306.00</b>	<b>2,638,066,314.45</b>
<b>Total</b>	<b>2,213,879,964.00</b>	<b>894,575,430.00</b>	<b>7,190,422,306.00</b>	<b>2,638,066,314.45</b>	<b>9,404,302,270.00</b>	<b>4,851,946,278.45</b>

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**Annual Report and Financial Statements for the year ended 30th June 2024**

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**Notes to the Financial Statement(Continued)**

**16.1 Progress on follow-up of Prior Years Auditor-General’s recommendations.**

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
N/A	N/A	N/A	N/A	N/A

*The State Department has on previous year in operations and had no issues raised by the Auditor General in the previous year's financial report.*

**State Department for Investment Promotion**

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**17. Annexes**

**Annex 1 - Analysis of Pending Accounts Payable**

Supplier of Goods or Services	Date invoiced/contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
				a	b	c	d=a+b-c	
<b>Construction of buildings</b>								
Malsha Enterprises	25-Jun-24(Invoice date)	Being Retention monies due for the partitioning and refurbishment of 12th floor	2,524,326.95	2,524,326.95	-	-	2,524,326.95	
Capital Icon	3-Apr-2024	Being Retention monies due for the partitioning and refurbishment of 12th floor	954,298.00	-	954,298	-	954,298	
Capital Icon	3-Apr-2024	Being Retention monies due for the partitioning and refurbishment of 12th floor	1,629,099.50	-	1,629,099.50	-	1,629,099.50	
<b>Sub-Total</b>			<b>5,107,724.45</b>					
<b>Supplier of Goods or Services</b>	<b>Date invoiced/contracted</b>	<b>Particulars</b>	<b>Original Amount</b>	<b>Balance at the beginning of the year</b>	<b>Addition During the year</b>	<b>Amount paid During the year</b>	<b>Outstanding Balance</b>	<b>Comments</b>
Kenya Pipeline Company	20-Nov-23	Being payment for Conference services	353,400	0	353400	0	353,400	
Pago Airways	19-Dec-23	Being payment for provision of air tickets Service	555,185	0	555,185	0	555,185	
Pago Airways	19-Sep-23	Being payment for provision of air tickets Service	77,310	0	77,310	0	77,310	

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Tondwe Africa Group	23-Jan-24	Being payment for provision of air tickets Service	112,450	0	112,450	0	112,450
Jubily Travels	16-Oct-23	Being payment for provision of air tickets Service	283,215	0	283,215	0	283,215
Eserian Resort	16-Mar-24	Being payment for provision of air tickets Service	147,000	0	147,000	0	147,000
<b>Sub-total</b>			<b>1,528,560</b>				<b>1,528,560</b>

**TOTAL**

**State Department for Investment Promotion***Annual Report and Financial Statements for the year ended 30th June 2024***Annex 2– Summary of Fixed Asset Register**

Asset class	Historical Cost b/f	Additions during the year	Disposals during the year	Historical Cost c/f
	(Kshs)			(Kshs)
Land	-	-	-	-
Buildings and structures	25,243,270	25,833,975	-	51,077,245
Transport equipment	32,540,000	27,007,179	-	59,547,179
Office equipment, furniture and fittings	11,393,699	2,986,300	-	14,379,999
Other Machinery and Equipment	10,865,495	11,623,916	-	22,477,411
Intangible assets	11,973,940	834,400	-	12,808,340
<b>Total</b>	<b>92,016,403</b>	<b>68,285,770</b>	-	<b>160,290,173</b>

*(NB: The balance as at the end of the year is the cost of all assets bought and inherited by the Ministry. Department or Agency. Additions during the year tie to note 18 on acquisition of assets during the year. This section has covered all the entity's assets and has covered The State Department for Investment Promotion assets. The manual fixed asset register is also separately prepared and attached in (Appendix.xi) in compliance to circular number 5/2020 and No.23/2020 of The National Treasury.*

**State Department for Investment Promotion**

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**Annex 3 – List of SCs, Sagas and Public Funds under (State Department for Investment Promotion)**

<b>Ref</b>	<b>SC, SAGA or Public Fund's name</b>	<b>Principal activity of entity</b>	<b>Accounting Officer</b>	<b>Amount transferred during the year</b>	<b>Inter- entity reconciliations done?(yes/no)</b>
1	Export Processing Zones Authority	to promote and facilitate export-oriented investments and the development of an enabling environment	PS	1,238,716,668	yes
2	Kenya Investment Authority	promote investment with core functions of: Policy Advocacy, Investment Promotion; Investment Facilitation, which includes Investor Tracking and After-care Services	PS	377,909,989	yes
3	Special Economic Zone Authority	to promote and facilitate local and foreign investments; develop and manage SEZs (both private and public)	PS	199,870,000	yes
	<b>TOTAL</b>			<b>1,816,496,657</b>	

**State Department for Investment Promotion**

*Annual Report and Financial Statements for the year ended 30th June 2024*

**Annex 4: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Kenya Forestry Research Institute	2500 tree seedlings for planting	Climate Mitigation and resilience purposes.	Planting, maintenance, protecting and nurturing to maturity.				Ksh.100,000	GOK	Staff of the State department for Investment Promotion and KEFRI

*In the previous financial year 2022/2023, the State Department for Investment Promotion, under a similar effort, managed to plant 6,000 tree seedling which costed Kshs.378,140. This year, the state Department through the National Tree Planting day initiative by the National Government managed to plant 2,500 tree seedling in Lamu, Narok and Embu. We have planted a total of 8,500 trees.*

***State Department for Investment Promotion***

***Annual Report and Financial Statements for the year ended 30th June 2024***

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**Annex 5- Reports Attached**

**IFMIS financial reports attached**

- i. GOK IFMIS Comparison Trial Balance
- ii. GOK IFMIS Receipts and Payments Statement
- iii. GOK IFMIS Statement of Financial Position
- iv. GOK IFMIS Statement of Cash Flows
- v. GOK IFMIS Notes to the Financial Statements
- vi. GOK IFMIS Budget Execution by Heads and Programmes
- vii. GOK IFMIS Budget Execution by Programmes and Sub-programmes
- viii. GOK IFMIS Budget Execution by Programmes and Economic Classification
- ix. Summary Statement of Deposits
- x. Statement of Budget Execution: Recurrent and Development
- xi. Statement of Budget Execution: Development Expenditure
- xii. Statement of Budget Execution: Recurrent Expenditure
- xiii. FO. 30 (Bank reconciliations) for all bank accounts

**Other reports not from system**

- xiv. Board of Survey
- xv. Confirmations of Transfers to self-reporting entities
- xvi. Fixed Assets Register