REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

STATE DEPARTMENT FOR INDUSTRY

FOR THE YEAR ENDED 30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 03 DEC 2025 DAY. Wed
TABLED BY: Deputy Leader of Majority Hon. Owen Baya
CLERK-AT-THE-TABLE: Halima Suleiman

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MINISTRY OF INVESTMENT, TRADE AND INDUSTRY

State Department for Industry

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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

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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

CS	*Cabinet Secretary*
PS	*Principal Secretary*
CBK	*Central Bank of Kenya*
ICPAK	*Institute of Certified Public Accountants of Kenya*
IPSAS	*International Public Sector Accounting Standards*
OCOB	*Office of the Controller of Budget*
OAG	*Office of the Auditor General*
OSHA	*Occupational Safety and Health Act of 2007*
PFM	*Public Finance Management*
PPE	*Property Plant & Equipment*
PSASB	*Public Sector Accounting Standards Board*
SAGAs	*Semi-Autonomous Government Agencies*
SC	*State Corporations*
TNT	*The National Treasury*
WB	*World Bank*

B: Definition of Key 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
BETA	Bottom-up Economic Transformation Agenda
EAPCC	East African Portland Cement Company
KEBS	Kenya Bureau of Standards
KIPI	Kenya Industrial Property Institute

KIRDI	Kenya Industrial Research and Development Institute
KENAS	Kenya Accreditation Services
NMC	Numerical Machining Complex
SMC	Scrap Metal Council
ACA	Anti-Counterfeit Authority
MITI	Ministry of Investments, Trade, and Industry
KNQA	Kenya National Qualifications Authority
ACQF	African Continental Qualifications Framework
UNIDO	United Nations Industrial Development Organization
EAC	East African Community
KTPP	Kenya Trade and Poverty Programme
KITI	Kenya Industrial Training Institute
PAC	Parliamentary Accounts Committee
GP	Gross Domestic Product
CAIPS	County Aggregation and Industrial Parks
PSASB	Public Sector Accounting Standards Board
DHRMD	Director Human Resource Management and Development

2. Key MDA Information and Management

(a) Background information

The State Department for Industry derives its mandate from Executive Order No. 1/2018 of July 2018 on "Organization of the Government of the Republic of Kenya". And further reaffirmed under the Executive Order No. 2 of 2023 as well as Executive Order No 1 of 2025. The state department is placed under the Ministry of Investments, Trade and Industry.

(b) Mandate

The State Department of Industry has the responsibility of: Undertaking Industrial Policy and Planning; Buy Kenya Build Kenya Policy and Strategy; Promoting Standardisation in Industry and Quality Control; Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovations); Promotion of value Addition and Agro-Processing; Textile Sector Development; Leather Sector Development and Promotion of Value Chain; Oversight and regulation of Scrap Metal Industry; Industrial Training and Capacity Development; Combat counterfeiting trade and other dealings in counterfeit goods; and Oversight, Administration and Enforcement of the Local Content Policy.

The **Vision** for the State Department is "A Globally competitive and sustainable Manufacturing Sector" while the **Mission** is "To create an enabling environment for a globally competitive and sustainable Manufacturing Sector"

The operational environment for the State Department for Industry is governed by a desired set of core values, which constitute the desired organizational culture. The core values include:

1. **Customer focus:** We are committed to upholding the highest standard in our service delivery to enhance customer satisfaction;
2. **Integrity:** We are committed to honesty, impartiality and transparency while delivering services;
3. **Teamwork:** We will deliberately nurture team spirit, collaboration, consultation and adopt participatory approach in discharging ministerial mandate;
4. **Professionalism:** We will maintain high level of adherence to set standards through continuous competency development;
5. **Creativity:** We will continuously be open and proactive in seeking better, acceptable and efficient methods of production and service delivery;
6. **Efficiency:** We will be guided by operational, rationalization and cost saving measures;
7. **Equity and Inclusivity:** We will mainstream gender, youth and special groups' issues in the distribution of resources, responsibilities and opportunities in the Ministry;
8. **Accountability:** We are committed to taking responsibility for actions, decisions and outcomes; and
9. **Environmental Sustainability:** We are committed to promoting sustainable industrial development and adoption of environmentally friendly manufacturing practices.

(c) Key Management

The State Department for Industrialization, day-to-day management is under the following key organs:

1. Cabinet Secretary Office
2. Principal Secretary Office
3. Industrialization Secretary
4. Directorate of Agro - Industries;
5. Directorate of Chemical and Mineral Industries;
6. Directorate of Field Services;
7. Directorate of Engineering and Construction industries;
8. Directorate of Enterprise Development;
9. Directorate of Research, Manufacturing and Industrialization Policy;
10. Directorate of Private Sector Development and Business Environment;
11. Kenya Industrial Training Institute; and
12. Administration and Support Services.

The various directorates under the state department have different functions as highlighted below:

Chemical and Mineral Industries Directorate: The Directorate has an overall mandate on matters of Chemical and Mineral. These include: Identification and promotion of industrial investment opportunities; Preparation of industrial project profiles and resource mapping in the manufacturing sector; Facilitation of a conducive business environment for the existing industries and attraction of new industrial investment; Promotion of the development, growth and graduation of Medium Industries; Development and coordination of the implementation of sustainable incentive schemes; Implementation of environmentally friendly industrial programmes and projects; Generation of proposals for market access, development and expansion for manufactured exports; Identification and promotion of investment on strategic industries; Proposal on harmonization/rationalization of taxes and tariffs in line with the regional trading blocs; Facilitate in raising of the share of manufactured products in the regional market from 7% to 15 %; and Negotiation for the removal of Non-Tariff Barriers in the regional market

Industrialization Field Services Directorate: This Directorate has a mandate of coordination of industrial field services. This entails: Coordination of the implementation of National Industrial Programs and Projects at the Counties; Coordination of National/County Intergovernmental Consultation Forums: Coordination of Counties to carry out resource endowment mapping;

Coordination of training in value addition, entrepreneurial skills, and standardization/Intellectual Property Rights for SMEs; Review of the Environmental Impact Assessment Reports for Industrial Projects at the Counties; Coordination of establishment of County Aggregations and Industrial Parks (CAIPs); Coordination of market access for SMEs/Manufacturers' products from the Counties through Trade Fairs; Coordination of the identification and profiling of manufacturers /SMEs with exportable products per county; Coordination of the implementation of the One Village One Product (OVOP) Programme at the Counties; ;and Linking of innovators to relevant supporting institutions for product development, incubation, standardization, protection of intellectual property rights, funding, and mass production for commercialization in every County.

Research, Manufacturing and Industrialization Policy Directorate: The Directorate has an overall mandate of coordination of the development of Industrialization policies and strategies; validation of areas identified for the development of industrial programs and projects; facilitation of efficient and effective implementation of industrial programs and projects; Collection, processing , analyzing, and dissemination of industrial information; Provision of a platform for Academia, Research Institutions, Industry and Government; Tracking innovations for commercialization; Establishing a conducive policy and legal framework for Industrialization; Generation of performance indicators for the industrial sector; champion and coordinate research into areas that affect industrialization; Process application for exemptions on taxes of raw materials and capital goods for manufacturing; Carry out assessment for the provision of AGOA certificates to manufacturers exporting to the USA market; The Directorate participates in the Regional (EAC, COMESA, and AfCFTA) meetings in order to increase market access for Kenyan manufactured products; Assess and Evaluate the Environmental Impact Assessments Reports for industries; and Processing of Pre Export Verification on conformity (PVoC) applications and submit to Kenya Bureau of Standards (KeBS) for evaluation

Engineering & Construction Directorate: The Directorate has an overall mandate to Coordinate, implement, review and disseminate policy, strategies and action plans in the sector; facilitate the Development of Agro-machinery and Industrial Parts Sub Sectors; Facilitate Development of Iron & Steel Sector; Facilitate Development of Scrap Metal sub sector; Facilitate Development of Automotive and Auto Parts Sub Sectors; Facilitate Development of Electrical and Electronics Sub Sectors; Facilitate Development of Wood and Furniture Sub Sector; Facilitate Implementation of EAC legal notice Number: EAC/09/2009 of July 2009 amended the fifth schedule of the EAC customs and management Act, 2004 that allowed for the importation of industrial spare parts by replacement parts used exclusively on industrial machinery classified in chapter 84 and 85 of the common external tariffs

Agro-Industries Directorate: The Directorate is mandated to Promote the Development and Growth of Agro Industries; Providing Technical support, data, information, and advisory services on Agro-Industries; Training of MSMIs - Entrepreneurial and Technical training or skills upskilling for targeted agro-industries subsectors; Coordinate the presidential directive on the procurement of uniforms and boots by our disciplined forces and MDAS from local manufacturers under Buy Kenya

Build Kenya; Coordinate the implementation of the Program for Country Partnership (PCP) in collaboration with UNIDO (Nyamira integrated agro-industrial parks(IAIPs)); Linking Agro entrepreneurs to MDAs on issues specific to them; and Participate and contribute to Agro related matters in the EAC, COMESA, ACFTA forums and relevant Bilateral Cooperation engagements

Industrial Enterprise Development Directorate: The Directorate has a mandate to Promote the development of entrepreneurial culture and innovation for Micro, Small & Medium Industries (MSMIs); Develop and implement of Strategies to promote the growth and graduation of (MSMIs; Coordinate resource mobilization and partnerships for Programmes and Projects targeting (MSMIs);Coordinate and facilitate of linkages between (MSMIs) and Service providers; Undertake Capacity building of (MSMIs) entrepreneurs; Coordinate the implementation of market access programmes for products made by (MSMIs); and Develop, review and disseminate policies related to MSMIs

Kenya Industrial Training Institute (KITI): The Directorate is charged with offering hands-on training in technical skills with a strong component of entrepreneurship skills for self-employment. It is a canter of excellence in industrial training and duly accredited and registered by the TVET Authority and a member of Kenya Universities and Colleges Central Placement Service (KUCCPS). It is mandated to train artisans, technicians and middle level managers on industrial skills development with a strong component of entrepreneurship skills for self-employment

General Administration, Planning and Support Services Department: The State department has other units which offer support services to the technical directorates. These are: Administration, Human Resource Management and Development, Accounts, Finance, Central Planning and Project Monitoring Department, Information and Communication Technology, Legal, Public Communication, and Supply Chain Management divisions.

Autonomous and Semi-Autonomous Government Agencies

During the period, the State Department for Industry had Nine (9) State Corporations, One (1) training Institution and three (3) Tribunals. The State Corporations under the State Department include:

Autonomous Government Agencies:

i.) East African Portland Cement Company (EAPCC)

ii.) Kenya Bureau of Standards (KEBS)

Semi-Autonomous Government Agencies:

iii.) Kenya Industrial Property Institute (KIPI)

iv.) Kenya Industrial Research and Development Institute (KIRDI)

v.) Kenya Accreditation Services (KENAS)

vi.) Numerical Machining Complex (NMC)

vii.) Scrap Metal Council (SMC)

viii.) Anti-Counterfeit Authority (ACA)

ix.) RIVATEX EA Limited.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No	Designation	Name	Date of Appointment
1.	Cabinet Secretary	Hon Lee Kinyanjui	17.01.2025
2.	Accounting Officer	Dr. Juma Mukhwana, PhD, HSC	01.12.2022
3.	Secretary, Administration	Mr. Karanja Njora	21.11.2016
4.	Industrialization Secretary	Prof. Erastus Gatebe	30.07.2024
5	Director, Kenya Industrial Training Institute	Dr. Wabwile Simiyu	11.09.2024
6	Director, Enterprise Development	Mr Emanuel Komora	11.09.2024
7.	Director, Agro-Industries Directorate	Mr Nicholas Gakiha	11.09.2024
8.	Director, Engineering & Construction	Mr. Gideon Oele	11.09.2024
9.	Director, Research, Manufacturing and Industrialization Policy	Mr. Roy Nyangena	11.09.2024
10.	Director, Industrialization Field Services	Mr. Joseph Mbeva	16.05.2018
11.	Director, Chemical and Mineral Industries	Ms Purity Kamau	11.09.2024
12.	Director of Planning	Ms. Evelyn Anupi	08.08.2020

No	Designation	Name	Date of Appointment
13.	Director, Human Resource Management & Development	Mr. Samuel Kipkutol	01.08.2024
14.	Senior Chief Finance Officer	Mr. Joash Akuma	03.11.2021
15.	Head Accounts Unit	Mr Ernest Lukayu	07.03.2024
16	Head, Supply Chain Management	Ms. Lydia Munialo	02.12.2020

(e) Fiduciary Oversight Arrangements

The key State Department fiduciary oversight arrangements include:

1. Audit and Finance Committee Activities

The committee performs the following duties

1. Reviewing and monitoring the external auditor's independence and objectivity, taking into consideration relevant professional and regulatory requirements. In fulfilling its duties, the committee reviews with the external auditors, the scope of their audit plan, system of internal audit reports, assistance given by management and its staff to the auditors and any findings and actions to be taken.
2. Reviewing any related party transactions that may arise within the State Department for Industry.
3. Reviewing communication between external auditors and management including responses on audit queries on the annual financial statement raised by the Auditor General.
4. Following up on recommendations of the Parliamentary Accounts Committee (PAC).

The following shows the number of finance and audit committee meetings held during the year and the attendance of individual members.

NO.	NAME	POSITION	Total Attendance
1	Mr. Herbert Wasike	Chairperson	2
2.	CPS Leonard Jaber	Member	2
3.	Mr Stella Kiptoo	Member	2
4.	Mrs Sera Luttah	Member	2
5	Mr Joshua Maina	Member	2
6.	Mr Lucas Otieno	Secretary	2

2. Budget Committee Activities

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:

1. To review and consider the cash flow plans
2. To review the utilization of the cash limits and consider any changes as may be required;
3. To review the utilization of the donor funds voted for the State Department.
4. To advice the accounting officer on the challenges related to the budget implementation
5. To review and recommend the reallocation of payments

6. 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
7. To participate in sector working groups
8. 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 and the attendance of individual members

No.	NAME	POSITION	DATE				TOTAL ATTENDANCE
			24/10/24	20/11/24	21/01/25	8/04/25	
1.	Mr. Karanja Njora	Chair Person	√	√	√		3
2.	Mr. Joash O. Akuma	Secretary	√	√	√	√	4
3.	Prof. Erastus Gatebe	Member	√			√	2
4.	Mary Kemunto	Member			√		1
5.	Mr. Joseph Mbeva	Member	√				1
6.	Mr. Nobby Macharia	Member		√	√		2
7.	Evelyn Anupi	Member		√	√	√	3
8.	Purity Kamau	Member		√		√	2
9.	Lydia M. Munialo	Member	√	√	√		3
10.	Ernest Lukayu	Member	√		√	√	3
11.	Nicholas Gakiha	Member			√	√	2
12.	Roy Nyangena	Member		√	√	√	3

13.	Philiph Maitha	Member	√		√	√	3
14.	Joseph Irungu	Member		√	√	√	3
15.	Elijah Akumu	Member			√	√	2

3. Public Finance Management Standing Committee

This is the committee is constituted pursuant to Regulations 18 and 19 of the Public Finance Management Act 2015 regulations. The committee is responsible for:

i. Ensuring that there is prioritization of resources allocated to the Department's smooth implementation of her mission, strategy, goals, risk policy plans and objectives.
ii. Regular review, monitoring budget implementation and advise on the Department's accounts, major capital expenditure and reviewing performance and strategies on quarterly basis.
iii. Identifying risks and implementation of appropriate measures to manage risks and anticipated changes impacting the department.
iv. Reviewing on regular basis the adequacy and integrity of the department's internal control, acquisition and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines.
v. Establishing and implementing a system that provides necessary information to the stakeholders including stakeholder communication policy in line with article 35 of the constitution.
vi. Monitoring timely resolution of audit issues.

The committee held two meetings chaired by the Principal Secretary and all heads of departments as members of the committee.

The following shows the number of committee meetings held during the year and the attendance of individual members

S/ No...	Name	Position	13/08/2024	18/11/2024	30/01/2025	13/05/2025	Total Attendance
1.	Dr. Juma Mukhwana	Chairperson	✓	✓	✓	✓	4
2.	Joash Akuma	Secretary	✓	✓	✓	✓	4
3. 4.	Prof. Erastus Gatebe	Member	✓	✓	✓	X	3
5.	Karanja Njora	Member	✓	X	✓	X	2
6.	Mary Kemunto/ Samuel Kipkutol	Member	X	X	✓	✓	3
7.	Everlyn Anupi	Member	✓	✓	✓	✓	4
8.	Joseph Mbeva	Member	✓	✓	X	✓	3
9.	Nobby Macharia/ Nicholas Gakiha	Member	X	✓	X	✓	2
10.	Purity Kamau	Member	✓	X	✓	X	2
11.	David Rono/ Elijah Akumu	Member	X	✓	✓	✓	3
12.	Lydia Munialo	Member	✓	✓	X	✓	3
13.	Ernest Lukayu	Member	✓	✓	✓	✓	4
14.	Roy Nyangena	Member	✓	X	✓	✓	3
15.	Wabwile Simiyu	Member	✓	✓	✓	✓	4
16.	Lillian Moraa/ Robert Kung'u	Member	X	X	✓	X	1
17.	Joseph Irungu/ Elijah Njenga	Member	✓	✓	X	X	2
18.	Linzi Leshore/ Anne Sabuni	Member	✓	X	X	✓	2

(f) State Department for Industry

P.O. Box 30418-00100
NSSF Building, Block A 17th Floor
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Nairobi, Kenya

(g) MDA Contacts

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

(h) MDA Bankers

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

(i) Independent Auditors

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

(j) **Principal Legal Adviser**

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. Profile of Cabinet Secretary



HON. Lee Kinyanjui
CABINET SECRETARY
MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY

Hon. Lee Kinyanjui is the Cabinet Secretary, Ministry of Investments, Trade and Industry,

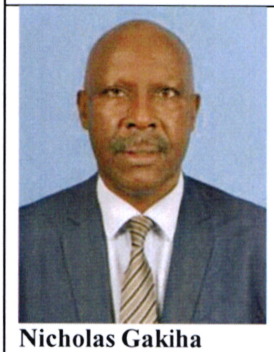
Previously, he served as the Governor of Nakuru County from 2017 to 2022. During his tenure, he oversaw the elevation of Nakuru Municipality to city status and was named the most business-friendly governor in Africa by the African Leadership Magazine. He also chaired the Lands, Planning, Urban Development, and Infrastructure Committee as well as the Energy Committee at **Kenya's Council of Governors.**

Hon. Kinyanjui served as the Member of Parliament for Nakuru Town (2007–2012) and as the Assistant Minister for Roads the same period. He holds a Bachelor of Education degree from Kenyatta University.

4. Profiles of Accounting Officer and Key Management.

Accounting Officer and Key Management	
 **Principal Secretary** State Department for Industry	**Dr. Juma Mukhwana** was appointed the Principal Secretary for the State Department for Industry in the Ministry of Investments, Trade, and Industry (MITI), in December 2022. He is the immediate former Director General of The Kenya National Qualifications Authority (KNQA); from where he also worked to support development of the African Continental Qualifications Framework (ACQF). Dr. Mukhwana has worked in the agriculture and higher education sectors both locally and internationally for many years. He holds a **Bachelor's** degree in Veterinary Medicine (1993) and M.Sc. in Pharmacology and Toxicology (1995) both, from the University of Nairobi, Kenya, and a Ph.D. in Soil Science from the University of Wyoming in the USA. He has worked in top management either as a CEO, and/or as Deputy CEO in the public and private sectors for over 20 years. Between 2011 and 2013, he worked as a Senior Lecturer and Chairman of the Department of Land and Water Management (and Acting Dean, School of Agriculture), University of Embu. From 2013 to 2017, he served as the Deputy Commission Secretary/Deputy CEO at the Commission for University Education in Kenya; in charge of Planning, Research and Development. At the State Department for Industrialization, he has been instrumental in developing and implementing policies to support local manufacturing. These include the introduction of County Aggregation and Industrial parks (CAIPs), promotion of local content in manufacturing, supporting the **Buy Kenya, Build Kenya** Initiative and facilitating the revival and invigoration of value addition in the leather, textiles and other agricultural products. He is also spearheading expansion of manufacturing in the cement, and steel; as well promoting local assembly of vehicles and motor cycles. He represents the country in the United Nations Industrial Development Organization (UNIDO); and is working to promote increased manufacturing within the East African (through EAC) and African regions (through the AfCTA). His main drive lies in his efforts to improve the conditions for manufacturing

	within Kenya and Africa, to bring prosperity and inclusiveness. This is line with the Kenya Kwanza manifesto of growing manufacturing from the current 7.2% to 15% of GDP by 2025. Dr. Mukhwana is an accomplished Leader, passionate speaker and powerful change agent. He has received many national and international awards for his work in creating prosperity and improving livelihoods for poor people in Africa.
 Prof. Erastus Gatebe **Industrialization Secretary**	Prof. Erastus Gatebe, PhD, MBS is the Industrialization Secretary, State Department for Industry in the Ministry of Investment, Trade and Industry where he oversees the six technical directorates of the State Department. Among the current roles includes Coordinating the development, implementation and review of national industrialization policies, legislations, strategies, regulations, guidelines, standards, programmes and projects affecting industrialization, promotion and facilitate domestic and foreign investment as well spearhead Buy Kenya Build Kenya policy and strategy. Previously, Prof. Gatebe was the Chief Research Scientist at Kenya Industrial Research and Development Institute where he was the technical head of research at the Institute and oversaw industrial research. He joined the Institute from Jomo Kenyatta University of Agriculture and Technology where he was a Professor of Environmental and Analytical Chemistry. He currently spearheading the implantation of the BETA plan of the government on manufacturing pillar as the driver of high-quality jobs.

 Mr. Karanja Njora **Secretary Administration**	Mr. Samuel Karanja Njora is a career civil servant with 20 plus years in the field of Public Administration. He has risen up the ranks from a junior Assistant County Commissioner (formerly District Officer) to his current position of Secretary Administration in the State Department for Industry. He graduated from UoN in 1990 with a bachelor of BA Economics.He holds a Masters degree in public administration and management from MKU. He is proficient in providing high-level Administration support including giving administrative direction and undertaking responsibility for complex planning,directing, and organizing staff to achieve organizational goals. Mr. Njora possesses good communication and people management skills that have helped develop team spirit and motivated staff in all the stations he has worked in public service.
 **Nicholas Gakiha** **Director, Agro Industries Directorate**	Mr. Nicholas Gakiha heads the Agro Industries Directorate in the State for Industry. His public service career includes working for both the National and County Governments in various capacities that includes serving at Kenya Institute of Business Training (State Department for Trade), Productivity Centre of Kenya (State Department for Labour), County Government of Meru and the State Department for Industry. Mr Gakiha holds a Master of Science Degree in Entrepreneurship and a Bachelor of Commerce Degree with a specialization in Business Administration. He has also undertaken several skills upgrading courses in the areas of Strategic Leadership, Community Capacity & Rural Development, Policy formulation, Project Management, Industrial development and SMES Development among others.
 Mr. Joseph Mbeva **Director Field Services**	Mr. Joseph Mbeva is Director of Industries in charge of Industrialization Field services. Hold vast experience in industrial matters and intellectual property rights have started working with the Government from 1992 to date. He holds a Master's of Science Degree in Intellectual Properties and a Bachelor's Degree in Science.

 Eng Wabwile Simiyu Ag. **Director KITI**	Eng. Wabwile Simiyu is the current acting director at KITI. He holds a Master of Science degree in mechanical engineering, industrial engineering, and management. He also holds a bachelor's degree in mechanical engineering. In addition, he is a professional design engineer and trainer in mechanical engineering with over 25 years of experience. He has risen through the ranks from lecturer, Deputy HoD and HoD Mechanical Engineering, Deputy Director of Finance and Administration, to the acting director position. Additionally, he has worked as a deputy director of industries and a technical advisor to the principal secretary. He has also worked as the head of the secretariat for the scrap metal council. As a design engineer, he has worked for the Associated Steel Fabrication Division in Nairobi and the African Regional Centre for Engineering Design and Manufacturing in Nigeria..
 Mr. Roy Nyagena **Director of Industries**	Mr. Roy Nyagena is the Acting Director Research, Manufacturing and Industrialization Policy Directorate in the State Department for Industrialization. He joined the Ministry of Industry in the year 1992 as an Industrial Development Officer 1 and risen through the ranks to become a Deputy Director of Industries. He holds Master of Arts degree in Rural Economics from Gandhigram Rural University and Bachelor Degree in Commerce from Nagpur University, India.
 Mr. Samuel C. Kipkutol **Director, HRM&D**	Mr. Samuel Kipkutol is the Director Human Resource Management and Development function.He has 30Years expencierience in the public service having worked in various department. He joined the State Department in April 2025 from the department of Public works. He holds a MSC (Human Resource Management degree from Jomo Kenyatta University of Agriculture and Technology, Bachelor degree from Moi University, Higher Diploma in Human Resource (KNEC). He is a full member of IHRM in good standing

 Mr. Gideon Oele **Director, Engineering & Construction**	Mr. Oele holds a Master of International Business (M.I. Bus) Degree, University of Sydney (Australia). Bachelor of Arts (BA) Degree, University of Nairobi. He Has over 21 years of experience having worked as trade officer in the State Department for Trade, Head of Secretariat of Scrap Metal Council and currently Director, Engineering & Construction in the State Department for Industry.
 Mr. Emmanuel Komora **Director, Enterprise Development**	Mr. Emmanuel Philemon Komora Director – Industries holds a Bsc. Animal Production [2nd Class Hons.] from Egerton University. He has over 30years experience as an industrial officer and has worked in various stations within the Country.
 Ms Evelyn Anupi **Director of Planning**	Ms. Evelyn Anupi is the Director of Planning in the Central Planning and Programme Monitoring Unit, State Department for Industrialization. She holds a Master of Arts in Development Economics from the Centre for Economics Development, MA-USA She has experience spanning over 25 years having worked with various Government Ministries and Department.

 Mr. Joash Akuma **Senior Chief Finance Officer**	Mr. Joash O.Akuma holds a BSc Mathematics from JKUAT, MA Economic policy management from University of Nairobi, CPA part 1 and currently pursuing PhD at JKUAT. He has over 25 years of experience in planning and finance in the Public sector. He previously worked as an Economist in various Ministries, before redesignating to a finance officer. He has worked as Head of finance in State Department for Shipping and Maritime, State Department for Trade and now State Department for Industry.
 CPA Ernest Lukayu **Senior Deputy Accountant General**	CPA. Ernest A. Lukayu is the Head of Accounting Services for the State Department. He has over 28 years of Accounting experience, having worked as Head of Accounting for State Departments for Wildlife and Labour and County Governments of Vihiga and Uasin Gishu as well as other MDAs in various Accounting capacities. He holds Master's degree in Business administration (MBA) Finance, Bachelor's degree in Accounting both from Kenya Methodist University. He is a registered member of ICPAK No.4150 in good standing.
 Lydia M. Munialo **Senior Deputy Director, Supply Chain Management Services**	Mrs. Lydia M. Munialo is a graduate from The University of Nairobi with a B. Com degree (Business administration option). She is a licensed and registered member of KISM. She has an experience of 21 years in Procurement and Supply Chain Management, having worked in various capacity, as follows; Head of Procurement in the State Department for University Education, Head of Procurement at the Civil Registration and the Government Printer in the State Department for Interior and National Coordination, Head of Procurement at the National Blood Transfusion Services in the Ministry of Health and Procurement officer in the Ministry of Agriculture and Livestock, and a District Supplies officer in Uasin Gishu District. She is currently the alternate member to the P.S at the Board of Directors at the KENAS Board having served in the same capacity at the Kenya Industrial Property Institute.

5. Statement by the Cabinet Secretary



HON. Lee Kinyanjui
CABINET SECRETARY
MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY

The State Department for Industry derives its mandate from Executive Order No. 1/2018 of July 2018 on *"Organization of the Government of the Republic of Kenya"*. And further reaffirmed under the Executive Order No. 2 of 2023 as well as Executive Order No 1 of 2025. It is placed under the Ministry of Investments, Trade and Industry. The State Department is tasked with the overarching mandate of providing the general Industrial Policy direction as the country strives towards realizing its long-term development vision.

The State Department is responsible of: Undertaking Industrial Policy and Planning; Buy Kenya Build Kenya Policy and Strategy; Promoting Standardisation in Industry and Quality Control; Promotion and oversight of the Development of Special economic zones and Industrial Parks; Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovations); Promotion of value Addition and Agro-Processing; Textile Sector Development; Leather Sector Development and Promotion of Value Chain; Oversight and regulation of Scrap Metal Industry; Promotion and Development of Medium Business Enterprises; Industrial Training and Capacity Development; combat counterfeiting trade and other dealings in counterfeit goods; and Oversight, Administration and Enforcement of the Local Content Policy.

In order to effectively contribute towards the Fourth Industrial Revolution, the State Department is committed to: Enhance Global Product Competitiveness and market access of manufacturing products; Raise the Manufacturing Sector's contribution to GDP from 7.8% to 15% by 2027; Increase uptake of industrial research outputs, innovations, technology transfer, commercialization and IPR; Enhance adoption of Green Manufacturing and Green Economy; Strengthen national quality infrastructure; Strengthen capacity for service delivery; as well as create 1 million jobs annually.

During the period under review, the Sector's key focus areas were: Modernization of the Rivatex Machinery; Modernization of NMC Foundry plant & CNC & Fabrication workshops; Construction of apparel Value Addition Units in Nyando, Lussigetti and Karichen;Issuance of licence to scrap metal dealers; Enhancing consumption of locally manufactured goods/services; Enhancing Value Addition on Agro-Products; Enhancing Regional Market Access for Kenyan manufactured goods; Enhancing industrial skills; develop standards and and certify products; protection of Industrial Property Rights; Increase brand protection; and increase innovation and productivity for private select firms.

The State department realized the following key achievements: Improved ranking under the World Bank Ease of Doing Business with Kenya's ranking improving to 56th globally. There was increased provision of financial grants and business development services; The country established a number of physical and industrial infrastructures; Created 9,875,700 jobs (in both formal and informal sectors); Manufacturing Sector's contribution to Gross Domestic Product (GDP) was 7.6 percent.

The State Department realised other major achievements during the period under review including: Modernization of the Rivatex Machinery which recorded 99% level of completion; The completion of Karichen Apparels reached 100% while Nyando and Lusigetti reached 96% and 16 % level of completion respectively; 575 kilo tonnes of cement was produced for construction; 844 scrap metal dealers were licensed; 45% Level of mapping of scrap metal dealers countrywide; 92,569 tonnes of castings were produced; 4931 Students trained on industrial and entrepreneurship skills; 4 new accreditation schemes developed 295 Conformity Assessment Bodies Accredited; 537 New Standards developed; 25959 products certified under large firms; 602 patents ,utility models, and industrial designs registered; 5273 National Trademarks Registered; 95 IPRs were recorded; 96 MSEs facilitated to participate in Trade fairs & Exhibitions; 21 CAIPS under construction; 8 MSEs clusters profiles developed; 1667 coordinated for training in value addition, entrepreneurial skills to SMEs; 4 National/ County Intergovernmental Consultative Forum facilitated

The State Department reiterates its commitment of providing the general Industrial Policy direction as the country strives to realise its long-term development vision. This will be realised through facilitation of an accelerated growth of the industrial sector through provision of an enabling policy, legal and institutional framework. The Department's resolute in its commitment to supporting the competitiveness and growth of local industries will be achieved through continuation of implementation of initiatives with due regard to sustainability, cost-effectiveness, local ownership and high added-value to services

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HON. LEE KINYANJUI
CABINET SECRETARY
MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY

6. Statement by the Accounting Officer



Dr. Juma Mukhwana
Principal Secretary
State Department for Industry

Industry as a sector is not only seen as the economy's engine of growth but also as a means of diversifying it. The sector is implementing priority programs in the Finance and Production Sector. This sector aims to increase its contribution to the GDP from 7.8% in 2022 to 15% by 2027, aligning with the Bottom-Up Economic Transformation Agenda. The sector plays a pivotal role in advancing value addition, spurring economic growth and fostering development. Moreover, the Industry sector holds substantial potential for generating wealth, employment opportunities, and poverty reduction. Furthermore, it is anticipated that this sub-sector will significantly contribute to the overall economic growth of the country, thus propelling Kenya towards its aspiration of becoming an "African industrial hub."

Manufacturing is among priority sectors identified by the Vision 2030, earmarked to catalyse Kenya's leap to a higher middle -income economy. Under Vision 2030, Kenya aspires to be a middle income, rapidly industrialising country and globally competitive by 2030. To achieve this, Kenya's GDP must grow by US$4-6 billion per year, which is a growth rate of 10% per year. Achieving this growth rate presents a significant challenge for Kenya, as Kenya's has grown at closer to 5% per annum over the past few years.

The State Department intends to: Enhance Global Product Competitiveness and market access of manufacturing products; Raise the Manufacturing Sector's contribution to GDP from 7.8% to 15% by 2027; Increase uptake of industrial research outputs, innovations, technology transfer, commercialization and IPR; Enhance national quality infrastructure; Enhance institutional capacity, as well as create 1 million jobs annually. This will be achieved through upholding the following values: Customer focus; Integrity; Teamwork; Professionalism; Creativity; Efficiency; Transparency; Accountability; Equity and Inclusivity; and Environmental Sustainability

In FY 2024/25, the State Department had a budget allocation of **Kshs. 6,790,002,408** out of which Recurrent was **Kshs. 2,365,432,408** and development was **Kshs. 4,424,570,000.** The recurrent and development budget absorption rate stood at **99% which** was an improvement compared to the previous year which stood at **61%.** The high absorption rate is attributed to timely release of exchequer funding by the National Treasury by close of the Financial year.

Modernization of the Rivatex Machinery registered 99% level of completion; The construction of Karichen Apparels reached 100% while Nyando and Lusigetti reached 96% and 16 % level of completion respectively; 575 kilo tonnes of cement was produced for construction; 844 scrap metal dealers were licensed; 45% Level of mapping of scrap metal dealers countrywide; 92,569 tonnes of castings were produced; 4931 Students trained on industrial and entrepreneurship skills; 4 new accreditation schemes developed 295 Conformity Assessment Bodies Accredited; 537 New Standards developed; 25959 products certified under large firms; 602 patents ,utility models, and industrial designs registered; 5273 National Trademarks Registered; 95 IPRs were recorded; 96 MSEs facilitated to participate in Trade fairs & Exhibitions; 21 CAIPS under construction; 8 MSEs clusters profiles developed; 1667 coordinated for training in value addition, entrepreneurial skills to SMEs; 4 National/ County Intergovernmental Consultative Forum facilitated

The Government through the Ministry of Investments, Trade and Industry in collaboration with the County Governments is implementing the development of **County Aggregation and Industrial Parks (**CAIPs) in all the Forty-Seven (47) Counties. CAIPs is an establishment which comprises both the County Aggregation Centres and Industrial Parks in one area.

The State Department for Industry in conjunction with the Council of Governors set out a criterion for the establishment of CAIPS that included and not limited to land allocation of not less than ten (10) acres and allocation of Kshs. 250 Million. Forty-One (41) Counties complied with the set criteria and procurement of works have been awarded in thirty-seven (37) Counties. Groundbreaking ceremonies took place in seventeen (17) Counties namely, - Busia, Bungoma, Kakamega, Vihiga, Trans-nzoia, Migori, Homa bay, Siaya, Kisii, Nyamira, Meru, Garissa, Mombasa, Laikipia, Kajiado, Narok and Embu. The initiative is being implemented in phases with Phase 1 CAIPS already underway.

The National Government in partnership with the County Governments, the private sector and development partners, is developing County Aggregation and Industrial Parks (CAIPs) across the

country. The objective is to boost the manufacturing sector, enhance agro-industries, increase productivity in agriculture, job creation and foster sustainable and inclusive economic growth. The project seeks to accelerate agricultural transformation and inclusive growth through aggregation and value addition. The Government has prioritized thirteen (13) CAIPs for completion by 31st August, 2025 in readiness for operationalization.

CAIPs project is being implemented in all the 47 counties in phases over a five-year period. The project start date was 1st July 2023.Priority CAIPs (**13 counties**) are: -Meru, Homa Bay, Busia, Kirinyaga, Embu, Uasin Gishu, Garissa, Migori, Machakos, Kwale, Wajir, Kisii and Bungoma. At the end of project implementation period. It is envisaged that thirteen (13) CAIPs shall be ready for operationalization from 1st September 2025.

Under this project the National Government is supposed to provide Kshs. 250 million for each County and the County Government equally allocate a matching fund of a similar amount. During FY 2024/2025, the National Government allocated Ksh 2.9 billion for the establishment of CAIPS in nineteen (19) phase one Counties and Kshs. 100 million for project coordination and support. The phase one counties include Busia, Bungoma, Nakuru, Trans-nzoia, Migori, Homa bay, Siaya, Kisii, Nyamira, Meru, Garissa, Mombasa, Machakos, Nandi, Uasin Gishu, Kirinyaga, Murang'a and Embu and Kwale.

Table of Counties Disbursements And % Completion

No	Name of the County	Contract Sum (Kshs)	National Gov't Disbursed (Kshs)	Deficit from National Govt (KShs)	County Gov't Disbursed (Kshs)	% Completion	Amount certified and paid to contractor
1.	Meru	492,212,741	250 Million	-	250 Million	92%	422 Million
2.	Embu	489,042,713	250 Million	-	250 Million	83%	277 Million
3.	Kirinyaga	499,988,904. Additional contract 91,868,579	250 Million	-	250 Million	81%	350 Million
4.	Migori	Kshs. 499,380,603	250 Million	-	250 Million	80%	307 Million
5.	Garissa	Kshs. 490,636,205	250 Million	-	250 Million	79%	380 Million
6.	Kisii	Kshs. 477,941,470	122.105258 Million	127.894742 Million	250 Million	75%	295 Million
7.	Busia	448,960,875	250 Million	-	250 Million	70%	225 Million
8.	Machakos	Kshs. 476,634,987	250 Million	-	250 Million	61%	212 Million
9.	Wajir	Kshs. 601,000,973	122.105258 Million	127894742 Million	250 Million	65%	317 Million
10.	Kwale	Kshs. 497,431,884	174.736842 Million	75.263158Million	250 Million	60%	124 Million
11.	Uasin Gishu	535,317,419	250 Million	-	250 Million	55%	239 Million
12.	Bungoma	Kshs. 474,153,713	193.5 Million	56.5 Million	250 Million	54%	155 Million
13.	Homa Bay	498,338,151	193.5 Million	56.5 Million	250 Million	47%	169 Million

During the FY 2024/25, several Counties in Phase II commenced the development of CAIP which include: Baringo, Kajiado, Kakamega, Kericho, Kilifi, Narok, Tana River, Nyandarua, Kisii, Laikipia, Mandera, Nyeri, Taita Taveta, Kitui, Tharaka Nithi, Vihiga, and Wajir.



Meru CAIP



Cold sore warehouse-Embu County



Kirinyaga CAIP

During the period under review, the Department implemented the **The Kenya Industry and Entrepreneurship Project (KIEP)** which is a six-year World Bank and GoK financed project of US$ 28 million signed on 3rd August 2018 between the Government of Kenya and the World Bank..

The KIEP Project Development Objective (PDO) is to increase innovation and productivity in select private sector firms. The project supports the Government Agenda of increasing the Manufacturing Sector contribution to the Gross Domestic Product (GDP), creating more jobs, attracting more investments and creating export ready firms. The Project's direct beneficiaries are primarily formal private sector firms in Kenya, including intermediaries (incubators, accelerators, and hubs), start-ups, and technology boot camp providers, corporates, SMEs and students.

Under **Cotton for textile and apparel processing production,** a total of *638* cotton bales were sourced locally for apparel & textile processing. This is aimed at promoting local manufacturing. A total of 20856 farmers were sensitized on cotton production. Additionally, 10 tonnes of cotton seeds

were distributed to farmers. The State department constructed and equipped Apparel Value Addition Units (AVAUs) (Nyando 93 % completion, Karicheni 100 % completion and Lusegeti 16 % completion level)

During the period under review a Master Roll of locally manufactured goods was updated and published. The number of pharmaceutical firms adopting GMP increased from 9 in 2023/24 to 10 in 2024/25.

Under Value Addition on agro-products promotion. The department undertook Implementation of Integrated Agro Industrial Parks as a Component of PCP with 30 % Completion level of Nyamira IAIP and 923 No. of jobs created.

During the period, the department attracted 6 electronic assemblers. Furthermore, a total of 13(thirteen) Automotive firms assembling vehicles were attracted to assemble vehicles locally while 6 companies were attracted to assemble electric vehicles and motorcycles locally.

In a bid to enhance Regional market access for Kenyan manufactured goods, a total of 14 (fourteen) Non-Tariff Barriers were solved. The department realised 100 % Level of evaluation of Submissions for IDF/RDL & VAT Exemptions and a total of 20 AGOA Certificates were issued

Emerging Issues

In an effort to deliver on its mandate, the State Department has encountered a number of **emerging issues** as discussed below:

1. Rapid Technological Changes - There is the existence of rapid technological changes affecting industry and manufacturing. This is coupled with the need for use of big data to make faster and real time decisions in the industrialization sector.
2. Supply chain disruptions - The current geopolitics and alignments in the global economic power bases is a phenomenon that may continue to shape investments and trade flows. For instance, the Russian -Ukraine conflict has occasioned major supply chain disruptions leading to costlier oil products in Kenya. The increased cost of oil products has a wide-ranging welfare impact through increased transport and costs of production, which are in turn transferred to manufacturers.
3. Digitization of services within the sector will require funding to facilitate installation of new or upgrading the existing systems.

Risk Management Strategies

The State Department realises the importance of risk management. The Department established a risk management steering committee which was capacity built. Additionally, Risk management champions have been appointed and will be capacity build in the month of August 2025. The following Risk management strategies will be adopted:

- Re-align the strategic direction of the department to the present Government Agenda
- Develop and implement a domesticated robust communication and advocacy strategy

- Lobby for resources
- Diversify resource streams
- Prioritization and phased approach in project implementation
- Prudent resource utilization
- Development of Risk register

Implementation Challenges

The State Department for Industry has made great progress towards the realization of the national goals and objectives which focus on providing the general Industrial Policy direction. Despite the progress made, there still exist challenges including:

i. Unfavourable Business Environment

The manufacturers are still constrained by the existence of multiple taxes, fees, levies, and charges. However, the department is committed to improving the business environment.

ii. High cost of energy and operations

Kenya is one of the most expensive countries in terms of energy consumption and electricity and this increases the cost of production. The continued unreliability and high cost of energy for industrial enterprises remains a big challenge. The Government has initiated major reforms all aimed at addressing the cost, quality and reliability of energy.

iii. Low uptake of new technologies

The low and slow uptake of new technologies in the Manufacturing Sector has impacted on the quality of Kenyan products and efficiency of processes. The emergence of the 4th industrial revolution that continues to evolve as driven by automation, internet of things, robotics, artificial intelligence, 3D printing and big data. The Sector continues to require higher level skills, machine and equipment upgrading and up to date data which is not readily available.

iv. Inadequate and Unconducive Infrastructure

The availability of conducive and adequate basic infrastructural facilities remains key in the delivery of various programs and projects that are used as incentives for investor's attraction. However, due to the high costs associated with provision of adequate infrastructure, the implementation of programs and projects have been negatively affected.

v. Lack of availability of Industrial Land

During the FY 2024/25, non-availability, cost, compensation of Project Affected Persons (PAPs), encroachment and ownership of suitable land hampered the timely implementation of projects and programs such as Small and Medium (SME) parks, Special Economic Zones (SEZs), Export Processing Zones (EPZs), industrial clusters, Micro and Small Enterprises (MSEs) program among

others. With proper implementation of The National Spatial Plan 2015-2045, the planning and provision of industrial sites for industrial activities will be set aside.

vi. Product Standards and Customer Preferences

During 2024/25, there were rapidly changing consumer needs, preferences and quality requirements, both locally and internationally which caused a strain on many Kenyan manufacturers. This particularly affected the exports of Kenyan products through non-tariff barriers caused by the different standards requirements. The majority of manufacturing enterprises were unable to fully comply with these stringent standards requirements resulting in reduced market access.

vii. Low awareness on Industrial Property Rights and weak protection of indigenous knowledge

There is low uptake of IPRs due to lack of awareness of the requirements and benefits of IPRs protection as it is a lengthy and costly registration process. In addition, the weak protection of indigenous knowledge, inadequate research and innovation initiatives on natural products and unfair and inequitable sharing of benefits accruing from commercialization of natural products has affected product development.

viii. Inadequate Skills and Capabilities in Manufacturing Sector

There is a mismatch between available technical skills and market demands due to poor linkages between training institutions and the industry. Training institutions lack adequate and modern training equipment & facilities, comprehensive curricula to address market needs and inadequate staff resulting in a skills gap necessary for industrial development.

ix. Inadequate Financial Resources

Successful implementation of programs and projects require financial resources. Over the period, there has been inadequate budgetary allocation that hampered completion and implementation of programmes/projects.

x. Limited access to financial services for industrial development

Businesses and manufacturers require long term, accessible and affordable financing to carry out and expand their operations. However, due to the dynamics in the financial market, they are often unable to qualify for funding.

xi. Climate Change

Green House Gases (GHG) emissions and lack of implementation of sustainable development initiatives have resulted in unpredictable climate change. This has led to regular occurrence of droughts, unpredictable rainfall patterns resulting in scarcity of agricultural raw materials for processing and value addition.

xii. Limited Access to Markets

Inadequate market information and access has continued to hamper deeper penetration of both local, regional and international markets. Existence of Non-Tariff Barriers (NTBs), unfavourable rules of origin and tax regime and competitive products have proved to be a challenge to the local manufacturers.

xiii. Counterfeit, Dumping and Substandard goods

Counterfeit goods infringe on manufacturers intellectual property rights and also erodes the reputation of their quality products and companies at large. The proliferation of illicit trade and counterfeit goods has affected the domestic market leading to reduced demand for locally manufactured goods, hence, increase in cost of production.

xiv. Low Export base and limited Value Addition

Kenya continues to export primary, semi-processed and limited products. Over-reliance on a few traditional export products and markets has resulted in low export earnings over time. This is compounded by the weak inter-sectoral linkages among the various sectors.

xv. Inadequate funding for Research and Development Activities

The global benchmark is that Governments take a leading role in investing at least 2 percent of the GDP to research and development. However, investment in research and development in Kenya has remained below the global benchmark. This has affected research, development and innovation outputs/outcomes.

xvi. Vandalism of National Critical infrastructure

There has been a rise of cases of vandalism of the National Critical Infrastructure for eventual illegal sale as Scrap Metal. In the FY 2021/2022, a ban was imposed on exports and dealings in scrap metal following vandalism of transmission lines and critical road and rail infrastructure. The moratorium was to ensure that materials are not coming from the hard-won investments that the Kenyan people have made which have led to an estimated annual loss of Kshs.14 billion.

xvii. Low Quality and Inadequate Quantity of Raw materials

Limited access to raw materials of the desired quality has contributed to the struggles manufacturers face in meeting demand and sustained growth. Manufacturers must also navigate complex regulations, customs procedures and shipping logistics to ensure timely delivery of the required raw materials.

xviii Non-preference of locally made product over imports

The Buy Kenya Build Kenya-The Kenyan government and its agencies are a big consumer of textiles and apparels products. However, most of the products are imported into the country yet there is enough capacity to produce such products locally.

Recommendations

1. Explore use of Public-Private Partnership (PPP) in provision of required infrastructural and affordable credit facilities.
2. Engage Development Partners to support development of industrial programmes.
3. The Energy Sector should enhance provision of affordable and reliable energy including special tariffs to the manufacturers.
4. Enhance creation of awareness on requirements, process and benefits of Intellectual Property protection especially targeting SMEs.
5. Green Manufacturing and Circular Economy: The need to capacity build SMEs/Industries on embracing 3 Rs: Reduce, Reuse and Recycle to address waste management as well as embrace green manufacturing to improve on earnings from green and circular investments
6. Increase allocation of finances to Government Development Finance Institutions to provide affordable financing and credit facilities to MSMIs.
7. Provision of adequate funds to capacity build and enable Negotiating teams to adequately deal/address Bilateral issues under EAC, AfCFTA, COMESA among others.
8. Accelerating negotiations and finalizing Free Trade Agreements to expand market access for manufactured goods.
9. Improving the energy sector's capacity to provide affordable and reliable clean energy. This includes investing in renewable energy sources and energy-efficient initiatives to reduce manufacturing energy costs. Special tariffs, particularly for the textile sector, and incentives for adopting energy-efficient technologies should be explored.
10. Enhancing human resource development capabilities.
11. Streamlining the development, finalization, and approval of policies and the enactment of legislation by Parliament to support the manufacturing sector.
12. Strengthening the legal framework for Public-Private Partnerships, enabling the private sector to take a significant role in implementing programs, especially flagship projects.



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JUMA MUKHWANA, PhD., CBS
PRINCIPAL SECRETARY
STATE DEPARTMENT FOR INDUSTRY

7. Statement of Performance Against Predetermined Objectives for FY2024/2025

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer presents a statement of performance against predetermined objectives of the State Department for Industry.

The key strategic objectives as per the State Department for Industry strategic plan for 2023-2027 are to:

1. To enhance market access for manufactured products
2. To improve product competitiveness
3. To create new employment opportunities
4. To enhance employee productivity in industry
5. To increase manufacturing sector output
6. To promote production of high value-added products
7. To enhance uptake of industrial research, innovations, commercialization and technology development
8. To strengthen the national quality infrastructure
9. To promote adoption of green manufacturing, circular economy
10. To strengthen the Human Talent & Management

Linked to these objectives are specific programmes outcomes and outputs and performance indicators. The implemented programmes should be tabulated against actual achievements in the format presented in the table below, on programme performance, to demonstrate the progress towards achievement of the predetermined objectives.

Table xx1: Programme performance

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Modernization of the Machinery and factory for RIVATEX E.A Ltd	To upgrade and modernize the production machinery and the factory for increased textile & apparel production and creation of job opportunities through	RIVATEX machinery and factory modernized	RIVATEX machinery and factory modernized	% Completion of Modernization (machines procured, installed & commissioned	99	0	(99)	100	96.70	(3.3)	During FY 2023/24, the project was at 99% level of completion. During FY 2024/25, the project activities were not implemented due to reduction of development budget during supplementary

	backward linkages with the cotton farmers										
Apparel Value Addition Units (AVAUs)	To increase textile & apparel production and creation of job opportunities	Textile & apparel production increased	Apparel Value Addition Units (AVAUs) constructed and equipped	% Completion level of Nyando	7	0	(7)	100	93	0	Budget rationalization has affected the implementation of the projects
			Apparel Value Addition Units (AVAUs) constructed	% Completion level of Karichen	100	88.1	11.9	100	88.10	11.9	Target missed due to inadequate funds

			and equipped								
Cotton extension Subsidy - RIVATE X E.A Ltd	The programme aims at expanding the cotton production mainly through provision of farm inputs (seeds, fertilizers & capacity building) to farmers, extension services and coordinate the revival of ginneries for processing of cotton	Farmers provided with inputs - seeds, pesticides and extension services offered	Cotton bales sourced locally for apparel processing	No. of cotton bales sourced locally for apparel processing	700	638	(62)	700	638	(62)	Target not achieved

	which will feed into the modernized factory										
			Farmers sensitized on cotton production	No. of farmers sensitized on cotton production	20,000	20,856	856	20,000	20,856	856	Target not met due to inadequate budget provision
			Seeds distributed to farmers (tonnes)	Amount of seeds distributed to farmers (tonnes)	23	0.1	(22.9)	23	0.1	(22.9(	Target not achieved due to lack funds for the distribution of seeds
			Pesticides distributed to farmers (litres)	Amount of pesticides distributed to farmers (litres)							This is being undertaken by the Ministry of Agriculture and not the State Department for Industry

Modernization of NMC's Foundry Plant at the Numerical Machining Complex (NMC)	To upgrade and modernize foundry plant for increased production of steel products and machinery	Enhanced production of industrial spare parts & machinery; R&D and reverse engineering capability	Completion rate	% Complete rate	50	0	(50)	100	37.01	62.99	During the FY 2024/2025, this activity was not allocated a budget hence there was no implementation. However, the project has reached 37.01% level of completion
		Foundry Castings produced.	Castings produced (in tonnes)	Volume of castings produced (in tonnes)	150	92,569	(92,419)	150	92,569	(92,419)	Lack of working capital delayed the processing
		Power Transmission Parts manufactured	Transmission parts manufactured	Number of Transmission parts manufactured(in pieces)	350,000	98,081	(251,919)	350000	98,081	(251,919)	Lack of working capital delayed the processing

			(in pieces)								
Manufacture of Construction Materials	To locally manufacture construction materials for affordable housing	Construction Materials manufactured	Clinker Produced (in kilo Tonnes)	Volume of Clinker Produced (in kilo Tonnes)	285	313	(28)	285	313	(28)	Target surpassed due to increased clinker output resulting from improved plant reliability following refurbishment
			Cement Produced (in kilo Tonnes)	Volume of Cement Produced (in kilo Tonnes)	536	575	39	536	575	39	Target surpassed due to increased cement volumes resulting from increased clinker output as a result of plant refurbishment and modernization
Infrastructure and civil works development at Kenya Industrial Training	To provide a conducive environment for skills development	KITI infrastructure upgraded and completed	Completion of infrastructure upgrading (Women Hostel)	% level of completion of infrastructure upgrading (Women Hostel)	50	0	(50)	100	48.92	51.08	During the FY 2024/2025, this activity was not allocated a budget hence there was no implementation. However, the project has reached 48.92% level of completion

Institute (KITI)											
			Students trained on industrial and entrepreneurship skills	No. of students trained on industrial and entrepreneurship skills	4,500	4,931	431	4,500	4,931	431	Target was surpassed due to increase in enrollment
Completion and equipping of Industrial Research Laboratories at Nairobi, under Kenya Industrial Research and	To provide laboratories for Industrial Research and product development	Increased use of industrial technologies and MSMEs growth facilitated through product development	Completion rate of KIRDI laboratories at South C, Nairobi	% completion rate of KIRDI laboratories at South C, Nairobi	90	0	0	100	50.17	49.83	During the FY 2024/2025, this project was not allocated a budget hence there was no implementation. However, the project has reached 50.17% level of completion

Development Institute (KIRDI)											
			Industrial technology prototypes developed and transferred to industries	No. of industrial technology prototypes developed and transferred to industries	125	134	9	125	134	9	134 technologies developed and transferred to support value addition specifically the BETA value chains including: leather, dairy, textile, blue economy, tea, natural resources, and building materials.
Accreditation of conformity assessment bodies – Kenya Accreditation	To promote assessment and accreditation of Conformity Assessment Bodies (CABs)	Increased accreditation and conformity assessment	New CABs Accredited	No. of New CABs Accredited	108	34	(74)	108	34	(74)	Target not achieved. Non-payment of fees, non-responsiveness and client requests to reschedule assessments led to rescheduling of planned assessments

Service (KENAS)											
			New accreditation schemes developed	No. of new accreditation schemes developed	4	4	0	4	4	0	Developed the following schemes: Global GAP; Anti-doping Laboratories Scheme; Forensics Testing scope; Non-Destructive Testing scope
Development and enforcement of standards by the Kenya Bureau of Standards (KEBs)	To enable access to markets through use of standards	Increased standards development, products compliance and certification by SMEs and large firms	New Standards developed	No. of new Standards developed	167	537	370	167	537	370	No. of new standards developed was 537
Protection of innovations and	To protect industrial and intellectual	Increased intellectual property	New National Trade	No. of new National Trademarks Registered	8,204	5,273	(2,931)	8,204	5,273	(2,931)	There were some trademark applications that did not meet the criteria for registration of a trademark.

intellectual property – Kenya Industrial Property Institute	property rights	rights for industrial development and innovation	marks Registered								
			Patents, utility models and industrial designs registered	No. of patents, utility models and industrial designs registered	1,296	602	(694)	1,296	602	(694)	Target was not achieved due to a decline in the number of notifications of grant for the IP applications
Acquisition of Regional Anti-Counterfeit Authority exhibit	To deal with counterfeiting, combat illicit trade and other dealings in counterfeit goods	Increased Brand Protection	Inspections undertaken	No. of inspections undertaken	8,000	11,117	3,117	8,000	11,117	3,117	Target overachieved due to social media boosting and the use of RRI (Rapid Response Interventions) for enforcement activities.

warehouse											
			People reached through awareness on counterfeiting	No. of people reached through awareness on counterfeiting	4,000,000	5,346,621	1,346,621	4,000,000	5,346,621	1,346,621	Target overachieved due to social media boosting.
			IPRs recorded	No. of IPRs recorded	300	95	(205)	300	95	(205)	This was not achieved due to the AiMS system outage instability experienced
Kenya Industry and Entrepreneurship Project	To increase innovation and productivity in select private firms	Innovation and productivity Increased for private select firms	SMEs/ Incubators receiving disbursement for upgrading	No. of SMEs/ Incubators receiving disbursement for upgrading	100	110	10	142	142	0	SMIs provided with performance improvement grants amounting to Kshs 556 million
			Start-ups	No. of Start-ups	80	100	20	600	985	385	Kenyan Start-Ups supported through International Acceleration Process

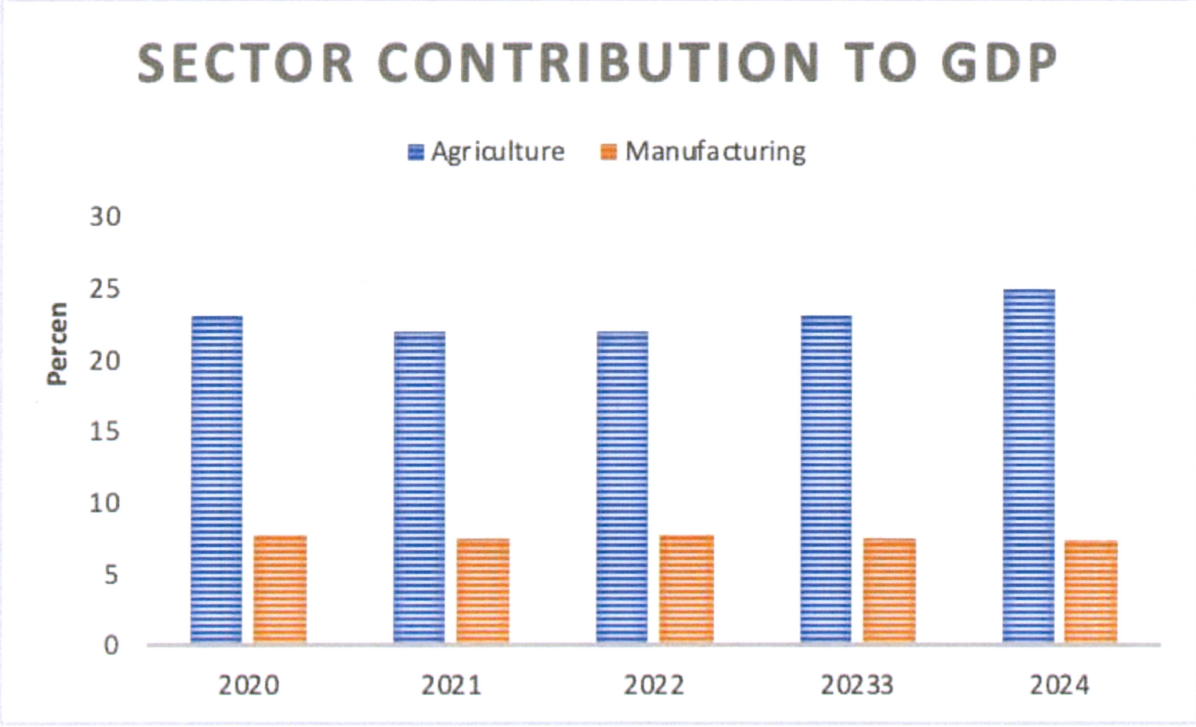
			connected to international investors, mentors, markets	connected to international investors, mentors, markets							
			Incubators, Innovators, Rapid Tech-skill(boot camp) and SMEs trained /diagnosed	No. of Incubators, Innovators, Rapid Tech-skill(boot camp) and SMEs trained /diagnosed	3	13	10	3	13	10	13 Intermediaries (incubators & Accelerators) diagnosed and Performance Improvement Plans implemented

Policy, Legal and Institutional Reforms - SDI	To provide an enabling environment for MSMEs development	Increased manufacturing sector contribution to GDP and employment levels	Policies developed	No. of policies developed	1	1	0	1	1	0	CTA policy developed, Awaiting Cabinet approval

The Manufacturing Sector Performance

The manufacturing sector contribution has fairly remained below the 10 percent mark as compared to the agriculture sector in which they have both backward and forward linkages. Over the period, the sector contribution has averaged 7% to the gross domestic product as depicted in the table below. The share of the manufacturing sector to GDP was 7.6 per cent in 2024 as compared to Agriculture sector which recorded a share of 24.9 per cent to the GDP in 2024 (Economic Survey, 2025) as shown in the chart below.

The Manufacturing Sector Vs Agriculture Sector Contribution to the GDP for the period 2020 to 2024

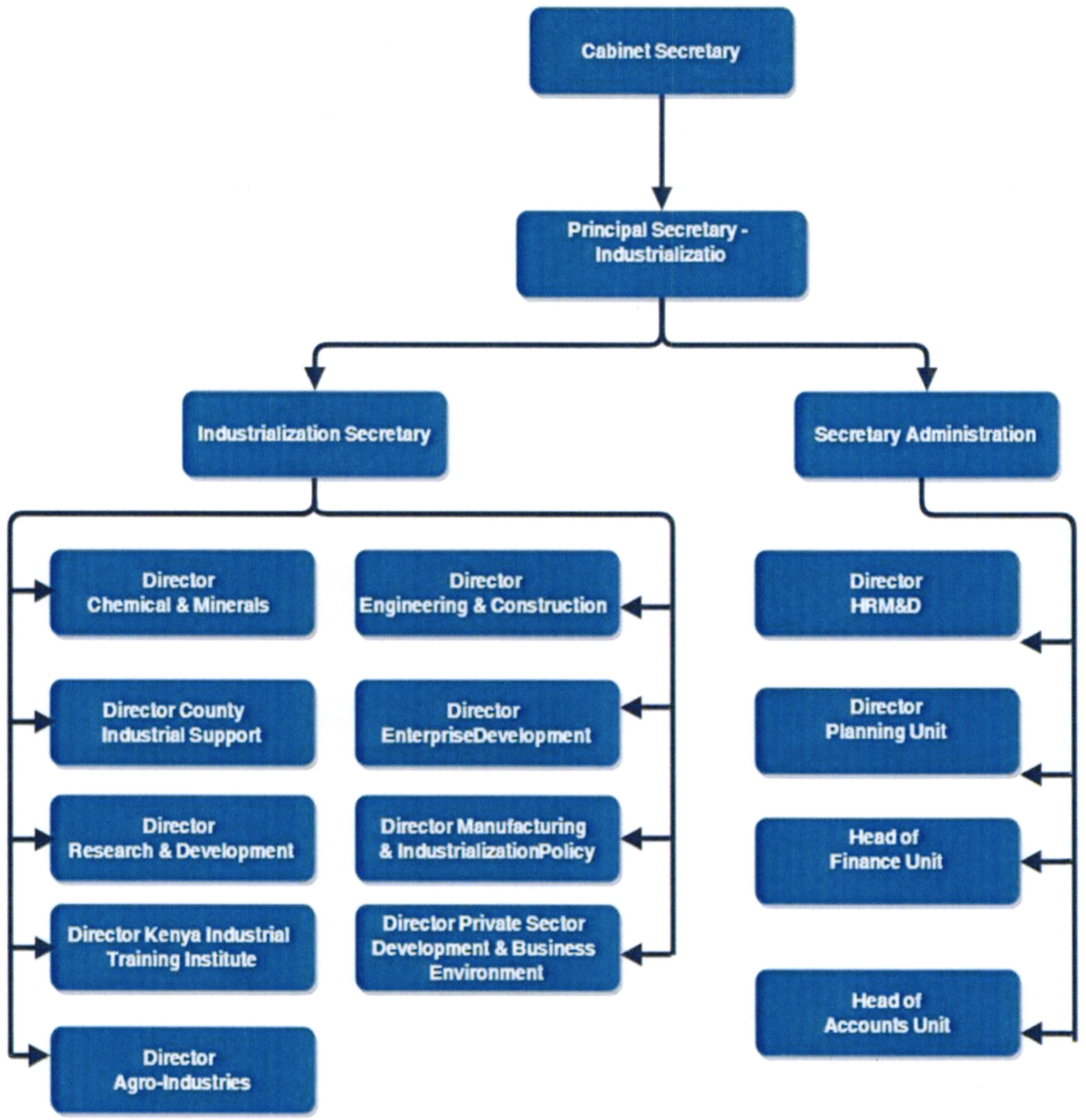


To improve the performance of the sector under the Medium Term IV, the State Department has planned the roll out of key projects to increase the sector's contribution from the current level of 7.6% per cent to 15 per cent by 2027, increase the competitiveness of the Kenyan manufactured products; attract more Domestic and Foreign Investments; increasing the volume of Kenyan manufactured exports; and creating over one (1) million additional jobs. The projects planned include: Development of Industrial Clusters; Development of County Aggregation and Industrial Parks; Manufacture of Machinery, Automotive, Equipment and Parts; Integrated Iron and Steel Mill Plant, Scrap Metal and Mineral Value Addition; Manufacture of electrical and electronics products; Industrial Research, Technology and Innovation Programme; and Skills Enhancement Programme for Industrialization. Other programmes and projects include Accreditation and Standardization Programme; Promotion of Industrial Property Rights Protection; Manufacture of Construction Materials; Green Manufacturing Programme; and Pharmaceutical Development Programme.

In the MTP IV Plan, it is anticipated that manufacturing will gain further impetus from opportunities provided by the AU Agenda 2063, Africa Continental Free Trade Area (AfCFTA), EAC Vision 2030, EAC Industrialization Policy and Strategy, and UN Agenda 2030 on Sustainable Development Goals and equitable economic development in the spirit of "leaving no one behind" and further export opportunities under bilateral negotiated market access frameworks

8. Governance Statement

State Department for Industry Organization Structure



Top Leadership Commitment

The Ministry of Investments, Trade and Industry put in place a governance structure to ensure integrity, transparency and accountability in all its decision-making levels. At its top management, Cabinet Secretary and Principal Secretaries head each State Department; and are responsible for

Policy direction, coordination and overall supervision. The State Department top leadership consists of the Principal Secretary, Secretary Administration, Secretary Industrialization and Directors have committed to the highest standards of corporate governance, maintained high moral and ethical standards, put in place sound and transparent processes and procedures for conducting business that has ensured efficient and effective service delivery.

Management Committees established

1. **Management Board Committee**

The State Department put in place the Management Board Structure bringing together the Cabinet Secretary, Principal Secretary, Head of Directorates and Chief Executive Officers of the various State Corporations under it. This was meant to streamline the operation of the State Department as a whole for efficient and effective service delivery. In the period under review, the committee met to review implementation of programmes and projects, aligning the budget to the Bottom-up Economic Transformation Agenda to create synergy in public service delivery.

2. **Human Resource Management Advisory Committee (MHRMAC)**

The State Department has put in place the MHRMAC for administration and management of human resource functions which include: Recruitment, selection and appointment; Performance management; Promotions; Confirmation in appointment; Training and Development; Training Impact Assessment; Management of skills inventory; Establishment and Complement control; Payroll management; Deployment; Promotion of values and Principles of Public Service; Recommendation for secondments and unpaid leave; Recommendation for retirement under 50 years rule; Recommendation for retirement on medical grounds; Recommendation for re-designation; Recommendation for renewal of contract; Discipline; and Pension administration.

Ministerial Performance Management Committee (MPMC)

The State Department has put in place the MPMC to Co-ordinate the Ministerial and State Department Performance through: Undertake quarterly review of implementation of Strategic Plans and Performance Contracts; Ensure linkage between Institutional Performance Contract and Performance Appraisal System; Ensure that the overall assessment of employee performance is within the context of institutional performance as evaluated through staff Performance Appraisal System; Ensure that the performance of all officers is evaluated and feedback on performance is
relayed in writing at the end of the year; Hold quarterly performance review meetings; Consider performance reports from various departments within the Ministry and make recommendations for improvement; Review cases of appeals on appraisal ratings between supervisors and appraisees; Make recommendations to the Authorized Officer on the application of Rewards or Sanctions; Develop and implement the internal monitoring and evaluation and reporting system; and Ensure that the integrity and credibility of the overall process of rewards and sanction system is safeguarded and maintained at all times.

2. **Audit Committee**

The Audit Committees has been setup to provide oversight on the public financial management systems for the Ministry/State Department. The Committee has helped in improving internal control system, risk management, the internal and external audit process, and compliance with laws and regulations. The Ministerial Audit Committee held 2 (two) meetings in the year 2024/25.

3. **Risk Management**

The State Department developed the risk management policy framework to enable the management to identify and mitigate all risks faced by the State Department, which could affect the achievement of its strategic objectives, service delivery targets and accountability to the public. In addition, the heads of departments and risk champions were trained to spearhead implementation of the risk management policy. Departments within the State Department are in the process of introducing risk registers. The State Department in its efforts to maintain transparency, ethical standards and compliance with the risk management strategy is in the process of introducing conflict of interest registers in all its departments in the month of February.

4. Report On Recent Training and Development in Governance

i. Training needs assessment was undertaken
ii. Training projections done and deliberated upon by the Human Resource Management Advisory Committee
iii. Induction Training for newly recruited Industrial Officers conducted at KITI
iv. A team of officers trained on climate change and financing and financial management for donor funded projects at ESAMI
v. A team of PFM officers attended Annual conferences organized by professional bodied including ICPAK, KISM and IIA. This was to enable the officers to earn CPD hours required for them to be in good standing.

5 Public Participation Activities.

The State department carried out public participation during strategic plan preparation, a public participation was carried out at KITI.

6 Compliance with Laws and Regulations

All officers adhere to all laws and regulations and regulations governing all operations of the State Department. These include:

i. The Constitution of Kenya 2010
ii. The Public Finance Management Act 2012 and Its Regulations 2015
iii. The Public Procurement and Disposal Act 2015 and Its Regulations
iv. Human Resource Policies and Procedures Manual for the Public Service May, 2016
v. Treasury Circulars and Policy Guidelines.
vi. SRC circulars
vii. Any other law

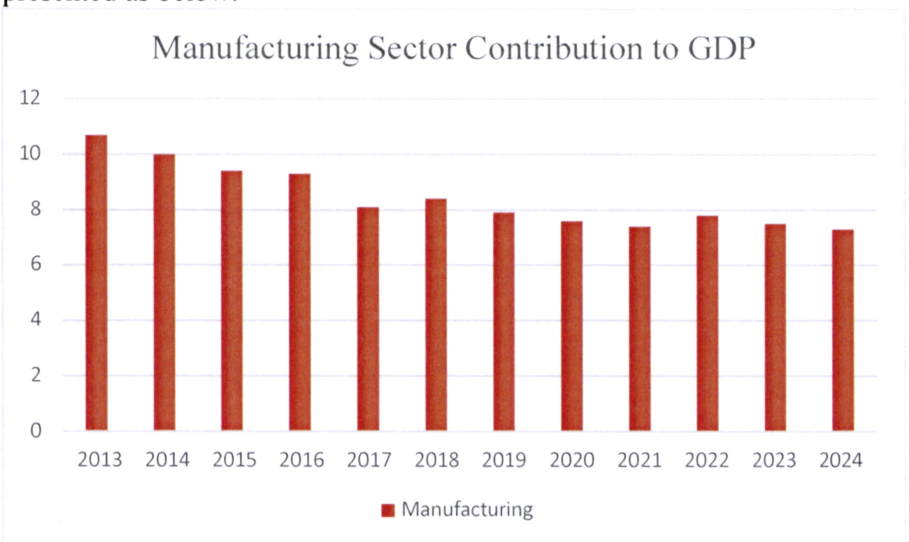
9. Management Discussion and Analysis

Manufacturing Sector Performance

The Manufacturing sector contribution to GDP declined from around 7.9% in 2019 to 7.4% in 2021, before modestly recovering to 7.8% in 2022 and 7.6% in 2023 with output growth driven by dairy and leather sub sectors.

In 2024, the manufacturing sector grew by 2.8 per cent, up from 2.2 per cent in 2023, contributing 7.3 per cent to the GDP. The volume of output increased by 4.4 per cent compared to 2.8 per cent the previous year. The Formal manufacturing employment rose by 1.9 per cent to 369.2 thousand persons, with the sector accounting for 11.5 per cent of the share of formal employment. The Producer Price Index (PPI) decreased to 139.04 in 2024, from 140.20 in 2023. The largest price drop was seen in the manufacture of Pharmaceuticals, Medicinal, Chemical, and Botanical Products, which fell by 9.96 per cent. Whereas the Manufacture of Non-Metallic Mineral Products saw the biggest price increase of 30.44 per cent.

In 2024, total approved credit to the manufacturing sector dropped to KSh 563.0 billion, largely due to a decline in credit from commercial banks, which fell to KSh 560.6 billion. Credit approved by industrial financial institutions rose from KSh 1.9 billion in 2023 to Kshs 2.3 billion in 2024.The number of projects financed by development finance institutions decreased from 362 in 2023 to 351 in 2024, reflecting a slight reduction in project funding. Graphically the sector performance is presented as below:



Source: KNBS Economic Surveys

State Department for Industry Ongoing Projects and Programmes

❖ Business Climate Reforms to reduce the administrative and regulatory impediments of starting, growing and sustaining manufacturing businesses – to address the high cost of doing business and a harsh tax regime;

❖ Investments Promotion to attract and retain both foreign direct and domestic investments in key/pillars of Plan - manufacturing, agriculture, housing, healthcare & services;

❖ Development and establishment of **County Aggregation and Industrial Parks (CAIPs)** will provide basic common industrial infrastructure to manufacturing enterprises/ firms to share basic infrastructure facilities, utilities, materials, joint training, extension services, procurement & waste

utilization - Value chain approach on areas of Agro-processing, Textiles & Apparel, and Leather & Leather Products;

❖ **Kenya Industry and Entrepreneurship Project (KIEP)** to increase innovation and productivity in select private sector firms. The project provided Performance Improvement Plans-Based Grants to SMEs, Intermediaries and Start-ups to improve their managerial and technical skills and access to and use of technology to improve their competitiveness (in terms of cost efficiency, process and product innovation), expand their production /service level and develop export capability for their products/services.

❖ **Modernization of RIVATEX Machinery** to Increase apparel & textile processing locally. The upgrading of the machinery is expected to increase competitiveness through increased production capacity, improvement of quality, increase in efficiency, reduction of unit production costs, and reduction of delivery time for fabrics to the market. This is supported by establishment of Apparels and Value Addition Centres in Nyando, Kieni and Lusigeti.

❖ **Cotton Development Subsidy and Extension Support programme** aimed at increasing production of seed cotton lint to meet the production capacity of Rivatex East Africa Limited of more than 36,800 bales of cotton annually.

❖ **Skills Enhancement Programme** for Industrialization through training on Industrial Skills at Kenya Industrial Training Institute (KITI). This will provide skilling, upskilling and reskilling of business startups, SMEs and firms / industrial workers. This is supported by implementation of Upgrading of infrastructure and civil works at KITI.

❖ **Local Manufacture of Machinery, Automotive, Equipment and Parts** that will involve the manufacture and assembly of components and parts of: agro-machinery, industrial machinery, automotives, motor cycles, aerospace & ship and equipment.

❖ **Industrial Research, Technology and Innovation Programme** through construction and equipping of Industrial Research, Laboratories, Nairobi. It is expected to promote industrial research, development and transfer of modern and green manufacturing technologies to increase productivity, efficiency and create new products, processes and industries – develop technologies for value addition.

❖ **Accreditation and Standardization Programme** to enhance accreditation, conformity assessment services, certification, inspection, testing, calibration, validation and verification activities that will facilitate trade and contribute to the protection of health, safety and the environment;

❖ **Promotion of Industrial Property Rights Protection** to support the registration of industrial property rights through patenting of inventions and securing of utility models and industrial designs, trademarks, branding based on geographical indicators, IP awareness and availing IP databases for utilization by SMEs/firms;

❖ **Pharmaceutical Development Programme** through attracting investments in the local manufacture of a wide range of pharmaceutical products and accessories for the country to become a competitive regional hub for manufacturing and distribution of pharmaceutical product

❖ **Enhance local production of cement and clinker** to support the housing program under the Construction/Building Materials Value Chain;

❖ **Enhance the regulation and control of scrap metal industry** through licensing of scrap metal dealers to provide raw materials for the steel subsector and protection of critical infrastructure.

10. Environmental and Sustainability Reporting

The **Mandate** of the State Department is to provide the general Industrial Policy direction as the country strives to realize its long-term development vision. The overarching policy objective is to enable the industrial sector to attain and sustain annual sector growth rate of 15% and make Kenya the most competitive and preferred location for industrial investment in Africa leading to high employment levels and wealth creation

a) Sustainability strategy and profile

The manufacturing sector has played a decisive role in most countries that have transitioned from poor to middle-income and rich countries. The manufacturing industry in Kenya is expected to be a crucial contributor to achieving high and sustainable economic growth rates, and in facilitating job creation and poverty alleviation. The government of Kenya aims to increase the contribution of manufacturing to the Kenyan economy from 9.2 percent in 2017 to at least 25 percent in 2025. Amongst the sectors that are expected to drive this growth are the textile and leather sectors, fish and agro-processing, oil, mining and gas, iron & steel, the construction industry, and the information and communications technology (ICT) sector.

For Kenyan manufacturers to thrive in an open and global economy, they must be able to produce world-class products at a competitive cost. To facilitate this, the government of Kenya continues to invest in high quality infrastructure with the aim of enhancing efficiency and reducing the cost of doing business. This is particularly critical as Kenya neighbors five landlocked countries whose principal routes of exports and imports are through the port of Mombasa at the coast with the Indian Ocean. Uganda, Rwanda, Burundi, South Sudan, Ethiopia, and the eastern part of the Democratic Republic of Congo route their imports and exports through Kenya. The quality of Kenya's infrastructure, widely regarded as one of the best in sub-Saharan Africa, therefore has a significant knock-on effect on the regional economy.

The State Department put in place the Management Board Structure bringing together the Cabinet Secretary, Principal Secretary, Head of Directorates and Chief Executive Officers of the various State Corporations under it. This was meant to streamline the operation of the State Department as a whole for efficient and effective service delivery.

Issues of good governance and accountability have been adopted by the Board to ensure that all Institutions/Departments have zero tolerance to corruption practices, ensure payment of outstanding pending bills and reduction of Audit queries by promptly addressing all the Management Issues raised by Internal Audit Department Unit and Office of the Auditor General.

The State Department has put in place mechanisms of engaging with the Development Partners with a view of supporting in the implementation of Industrial programmes including technical Assistance. Some of the support received include World Bank – on KIEP Program, Stanbic Bank – on ICT equipment; UNIDO - on Country Partnership Program; and Afritrade

on CTA policy. The Department is in negotiation with the German Government through GIZ on support to establish the Centre for Entrepreneurship.

The Department has signed a financing agreement with the World Bank to support the implementation of the Kenya Industry Entrepreneurship Project, which is aimed at supporting innovation and productivity improvement for select firms/SMEs.

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

Industries are continuously adopting green manufacturing practices. However, some firms still face challenges in promoting circularity and sustainability in their operations. Hindrances such as inadequate green financing, poor collaboration between circular economy and sustainability teams and financial institutions, lack of metrics to account for levels of sustainability and lack of comprehensive integrative strategies to harmonize greening processes have slowed down the adoption of green manufacturing practices.

Green manufacturing requires accurate and verifiable data. This is one of the challenges that may slow down the transition. In order to ensure sustainability, digitalization of manufacturing processes will be a requirement for green manufacturing. A digital economy is the prerequisite for a green economy.

The State Department undertakes the reviewing and screening of Environment Impact Assessments and Strategic Environmental Assessment for all industrial projects at both the National Level and County level. This is meant to reduce the adverse impact of projects and their impacts on the environment and livelihoods.

In terms of implementing the greening initiative and progressing towards achievement of the 10% tree cover in the country, the State Department planted over 5,000 trees in the FY 2024/2025. The areas where planting of trees was carried out include County Industrial Development offices and in Kenya Industrial Training Institute Nakuru

c) Employee welfare

The State department is committed to maintaining the health and safety of all employees, customers and neighbours, and protecting the environment. This is aimed at ensuring a safe working environment. The department is committed to publicly reporting our safety statistics as part of its sustainability strategy.

The State department is proactive and progressive in its human resource policies and programs and is committed to creating an outstanding place to work and build a career. The department has key policies and provisions that support strong viewpoints on diversity and inclusion, anti-harassment and human rights. The department also continues to invest in talent development through workshops and training programs. The department has policies that support its commitment to providing benefits, from health coverage, maternity/paternity leave to bereavement leave.

The department has embraced Performance appraisal for all staff having been placed on Performance Contract and 9 SAGAs under our purview. At the Headquarter level, all staff are appraised based on set and agreed upon targets.

An employee welfare and wellness programmes in the workplace to improve employee productivity, motivation, team working and working environment for the staff at the Headquarters and at all the Field Stations was developed and implemented. These programmes included:

i.) Medical camp for the staff for general check-up, HIV testing and counselling, Cancer awareness among others;
ii.) Training of Departmental AIDs Committee:
iii.) Undertook regular distribution of condoms to staff in various offices including field stations; and
iv.) Facilitated leave management for all the employees including leave commutation, bereavement leave where possible

d) Operational practices

The state department is committed to maintaining a responsible supply chain and supplier relations is essential for promoting ethical business practices and fostering positive relationships with suppliers.

The department has been able to achieve this through:

1. **Transparent Contracts and Agreements:**
Clearly defined terms, conditions, and expectations within supplier contracts. We ensure that contracts are transparent and easily understood by both parties, minimizing any potential for misinterpretation or disputes.
2. **Fair and Timely Payments:**
The State Department for Industry honors agreed-upon payment terms and schedules outlined in the contracts. Payments are also processed in a timely manner, reflecting the The State Department's commitment to fair business practices and financial stability.
3. **Effective Communication**:
Maintaining open lines of communication with suppliers to discuss concerns, issues, and opportunities for collaboration while encouraging suppliers to communicate any challenges they may face in meeting contractual obligations, and work together to find mutually beneficial solutions.
4. **Supplier Assessment and Audits:**
The State Department conducts periodic assessments and audits of suppliers to ensure compliance with contractual agreements, quality standards, and ethical guidelines. It evaluates suppliers based on performance, adherence to guidelines, and commitment to responsible business practices.
5. **Compliance with Laws and Regulations:**
The State Department for Industry ensures that the organization and its suppliers comply with all relevant laws, regulations, and industry standards governing procurement, labor, environment, and other aspects of the business

The State Department is spearheading the implementation of public procurement preferences targeting special groups of women, youth and persons with disabilities:

i.) Department use the Government Advertising Agency to place for its advertisement for delivery of various categories of goods and services;
ii.) Conducted evaluation of tenders for goods and services in a transparent manner adhering to all laid down procedures;
iii.) Awarded Kshs 33.55 million tenders of the total procurement budget to the Youth, Women and Persons with Disabilities;
iv.) Organized capacity building of three groups through training on: government procurement procedures; the requirements for accessing government procurement opportunities; and the specific opportunities;
v.) Undertook prequalification of suppliers and special groups that provided the framework for selection of merchant and suppliers;
vi.) Undertook continuous update of the prequalification framework; and
vii.) Cleared the pending bills with the available resources provided and within reasonable timelines.

e) **Community Engagements-**

The State department for Industry is committed to establishing and maintaining cordial and beneficial links with communities. In line with fulfilling its mandate, **'service to community'** we have continued to reach out to the less privileged in society to assist, both in material and non-material ways.

The strong relationships between social partners in Industry have had considerable benefits such as improving collaboration between the worlds of work and training, empowering entrepreneurs and improving the ease of doing business. . Improved collaboration helps stakeholders identify relevant qualifications required in the world of work and translate them into up-to-date programmes and curricula. Social partnerships also create links with organisations and create networking opportunities to improve manufacturing and entrepreneurship

The State Department worked with the private sector associations/ communities in advocating for implementation of a favourable business environment to facilitate industrial development. These associations included; Kenya Private Sector Alliance, Kenya Association of Manufacturers, Jua Kali Association, SME Federation of Kenya, Scrap Metal Dealers Associations and Council of Governors among others.

Engagement areas for these associations included: elimination of cases of vandalism of national critical infrastructure and theft of private property; taxation of business proposals, adoption of greener production technologies by firms/SMEs, production /energy /labour costs reduction proposals, work environment/employment terms and related issues, business operation facilitation in terms of raw materials imported among other areas

11. 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 State Department shall prepare financial statements in respect of that State Department Section 81 (3) requires the financial statements 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 Industry is responsible for the preparation and presentation of the State Department for Industry's financial statements, which give a true and fair view of the state of affairs of the State Department for Industry for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the State Department for Industry; (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 misstatements, whether due to error or fraud; (iv) safeguarding the assets of the State Department for Industry; (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 Industry accepts responsibility for the State Department for Industry's financial statements, which have been prepared on the accrual basis of accounting 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 Industry's financial statements give a true and fair view of the state of State Department for Industry's transactions during the financial year ended June 30, 2025, and of the State Department for Industry's financial position as at that date. The Accounting Officer charge of the State Department for Industry further confirms the completeness of the accounting records maintained for the State Department for Industry, which have been relied upon in the preparation of the State Department for Industry Annual Report and Financial Statements for the year ended 30th June 2025 the State Department for Industry's financial statements as well as the adequacy of the systems of internal financial control. The Accounting Officer in charge of the State Department for Industry confirms that the State Department for Industry has complied fully with applicable Government

Regulations and the terms of external financing covenants (where applicable), and that the State Department for Industry's 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 Industry financial statements 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 Industry financial statements were approved and signed by the Accounting Officer on 28th Aug 2025.



Juma Mukhwana, PhD, CBS

Accounting Officer.

REPUBLIC OF KENYA

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REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR INDUSTRY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of State Department for Industry set out on pages 1 to 61, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of State Department for Industry as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

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 Industry Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Non-Implementation of County Aggregation and Industrial Parks

The statement of financial performance reflects Kshs.6,253,811,728 in respect of transfers to other Government entities as disclosed in Note 10 to the financial statements. Included in this amount is Kshs.2,899,999,989 in respect of transfers to other levels of Government – Counties. However, review of the progress report provided by the State Department revealed that in the year under review five (5) counties namely, Nyamira, Mombasa, Murang'a, Nakuru and Nandi cumulatively received an additional amount of Kshs.263,157,895 (2023:2024, Kshs.263,157,895) despite having challenges to start off their projects as scheduled.

In the circumstances, non-implementation of activities as scheduled may have negatively affected the delivery of services to the intended beneficiaries.

My Opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Emphasis of Matter and Report on Lawfulness and Effectiveness in the use of Public Resources. The issues as detailed in **Appendix I** remain unresolved as Parliament has not deliberated on the same.

Other Information

The Management is responsible for the Other Information set out on page iv to lxiii which comprise of Key State Department 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, Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs.44,059,228 as disclosed in Note 14 to the financial statements. Included in the balance are payables of Kshs.37,774,900 which have remained outstanding for more than one year. This was contrary to Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that, subject to the availability of funds and after proper certification of the goods, services or works have been done, a procuring entity shall make prompt payments for all performed contracts including enterprises owned by youth, women or persons with disabilities and shall make payment within sixty days from the date of receipt of the invoice.

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

2. Shortfall in Staff Establishment

Analysis of payroll records provided for audit revealed that the State Department has a total of four hundred and seventy-eight (478) members of staff against an approved establishment of eight hundred and seventy-eight (878) resulting in staffing shortfall of

four hundred (400). Further, review of the payroll records revealed eighty (80) of these employees were recruited and posted by the Public Service Commission outside the approved staff establishment.

In the circumstances, the employees may be overstretched leading to poor service delivery that may negatively impact on the realization of the State Department's goals.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 November, 2025

Appendix I

Unresolved Prior Year Matters

Reference No. of the Auditor-General's Report	Observation
	Report on Financial Statements
	Inaccuracies of the Transfer to other Government Entities
	Emphasis of Matter
1.	Pending Bills
2.	Budgetary Control & Performance
3.	County Aggregation Industrial Parks (CAIPs)
	Report on Lawfulness and Effectiveness in use of Public Resources
	Incomplete and Poor Workmanship on Female Hostels, Central Stores and Abulution Block

13. Statement of Financial Performance for the year ended 30 June 2025

	Notes	Period Ended 30th June 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from Exchequer	6	6,786,259,430
Total		**6,786,259,430**
Revenue from exchange transactions		
Miscellaneous income	7	794,273,486
Total		**794,273,486**
Total revenue		**7,580,532,916**
Expenses		
Employee costs	8	496,035,049
Use of goods and services	9	673,968,600
Transfers to other Government Entities	10	6,253,811,549
Depreciation and amortization expense	11	449,982
Total expenses		**7,424,265,179**
Surplus/Deficit for the year		**156,267,737**

The Financial Statements were signed by:

.....

Juma Mukhwana, PhD, CBS

Accounting Officer

.....

CPA Ernest A. Lukayu

Head of Accounting Unit

ICPAK M/No 4150

14 Statement of Financial Position as at 30 June 2025

	Notes	Period Ended 30th June 2025	Opening Statement 1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	140,128,504	48,058,640
Receivables from Exchange Transactions	13	87,500	1,349,860
Total Current Assets		**140,216,004**	**49,408,500**
Non-Current Assets			
Property, Plant, and Equipment	14	1,049,958	-
Total Non-Current Assets		**1,049,958**	-
Total Assets (A)		**141,265,962**	**49,408,500**
Liabilities			
Current Liabilities			
Trade and Other Payables	15	44,059,228	101,876,887
Refundable Deposits	16	14,307,108	24,524,197
Current Provision	17	4,105,280	-
Total Current Liabilities		**62,471,616**	**126,401,084**
Non-Current Liabilities			
Non-Current Provisions	17	7,247,322	7,247,322
Total Non-Current Liabilities		**7,247,322**	**7,247,322**
Total Liabilities (B)		**69,718,939**	**133,648,406**
Net Assets (A-B)		**71,547,023**	**(84,239,906)**
Represented By:			
Accumulated Surplus		71,547,023	(84,239,906)
Net Assets		**71,547,023**	**(84,239,906)**

The financial statements were signed by:

.....

Juma Mukhwana, PhD, CBS

Accounting Officer

.....

CPA Ernest A. Lukayu

Head of Accounting Unit

ICPAK M/No.4150

15 Statement of Changes in Net Assets for the year ended 30 June 2025

	Accumulated Surplus	Total
	kshs	kshs
As at 30th June 2024 (cash basis)	**24,884,303**	**24,884,303**
Property Plant and Equipment (PPE)	-	-
Pending bills-Payables	**(101,876,887)**	**(101,876,887)**
Provisions	(7,247,322)	**(7,247,322)**
As at July 1, 2024	**(84,239,906)**	**(84,239,906)**
Surplus/ deficit for the period	156,267,737	156,267,737
Returns to exchequer	(480,808)	(480,808)
As at 30th June, 2024	**71,547,023**	**71,547,023**

16. Statement of Cash Flows for the year ended 30 June 2025

		Period Ended 30th June 2025
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from exchequer		6,786,259,430
Miscellaneous income		794,273,486
Total receipts		**7,580,532,916**
Payments		
Employee costs	8B	491,929,769
Use of goods and services	9B	740,740,987
Transfers to other Government Entities		6,253,811,549
Total payments		**7,486,482,305**
Net cash flows from/(used in) operating activities	18	**94,050,611**
Cash flows from investing activities		
Purchase of PPE		(1,499,940)
Net cash flows from/(used in) investing activities		**(1,499,940)**
Cash flows from financing activities		
Return to Exchequer		(480,808)
Net cash flows from financing Activities		**(480,808)**
Net increase/(decrease) in cash & Cash equivalents		**92,069,864**
Cash and cash equivalents at the start of the period	12	48,058,640
Cash and cash equivalents at the end of the period	12	**140,128,504**

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

Recurrent and Development Combined

Description	Original budget	Adjustments	Final budget	Actual on a comparable basis	Budget utilization difference	% of utilization
	A	B	C=a+b	D	E=c-d	F=d/c %
Revenue						
Transfers from exchequer	8,000,676,621	(1,210,674,213)	6,790,002,408	6,786,259,430	3,742,978	100%
Proceeds from Sales of Assets	33,000,000	8,000,000	41,000,000	41,000,000	-	100%
Other income	406,000,000	355,000,000	761,000,000	753,273,486	7,726,514	99%
Total revenue	**8,439,676,621**	**(847,674,213.0)**	**7,592,002,408**	**7,580,532,916**	**11,469,492**	100%
Expenses						
Employees Costs	412,500,000	97,326,081	509,826,081	491,929,769	17,896,312	96%
Use of goods and services	475,172,971	270,921,156	746,094,127	707,393,384	38,700,743	95%
Transfers to other government units	6,070,347,178	(1,160,523,178)	4,909,824,000	4,905,540,278	4,283,722	100%
Total recurrent expenses	**6,958,020,149**	**(792,275,941)**	**6,165,744,208**	**6,104,863,431**	**60,880,777**	**99%**
Capital items						
Acquisition of PPE	1,481,656,472	(55,398,272)	1,426,258,200	1,380,448,415	45,809,786	97%
Total expenses Development	**1,481,656,472**	**(55,398,272)**	**1,426,258,200**	**1,380,448,415**	**45,809,786**	97%
Total expenses	**8,439,676,621**	**(847,674,213)**	**7,592,002,408**	**7,485,311,845**	**106,690,563**	**99%**
Surplus/ deficit	-	-	-	**95,221,071**	**(95,221,071)**	

(a) **Variance analysis**: There were no significant underutilization (below 90% of utilization) and any overutilization (above 100%) during the Financial Year.

(b) **Reallocations within the year**: The changes between the original and final budget are as a result of reallocations within the budget.

(c) **Exchequer funding:** The budget was adequately funded hence the high absorption rate of over **95%**.

The entity financial statements were approved on 28th Aug 2025 and signed by:

.....

Juma Mukhwana, PhD,

CBS

Accounting Officer

.....

CPA Ernest A. Lukayu

Head of Accounting Unit

ICPAK M/No.4150

Budget Reconciliation to the Statement of Cash Flows

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	95,221,071
1	Basis difference	(2,670,400)
2	Timing differences	48,058,640
3	Classification differences	(480,808)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	**140,128,504**

Budget Execution by Programmes and Sub-Programmes for FY2025

Programme/Sub-programme	Description	Approved Budget	Actual on comparable basis	Budget utilization difference
	General Administration Planning and Support Services	**474,149,773**	**458,818,539**	**15,331,234**
301010000	General Administration Planning and Support Services	474,149,773	458,818,539	15,331,234
	Industrial Developmentand Investments	**4,506,125,581**	**4,463,906,268**	**42,219,313**
320010000	Promotion of Industrial Development and Investments	3,964,895,486	3,964,895,486	-
320020000	Promotion of Industrial Training	541,230,095	499,010,782	42,219,313
	Standards and Business Incubation	**2,611,727,054**	**2,562,587,039**	**49,140,016**
321010000	Standardization, Metrology and conformity assessment	592,100,000	550,860,300	41,239,700
321020000	Business financing & incubation for MSMEs	1,358,036,750	1,358,036,750	1
321030000	Industrial Research, Development and Innovation	661,590,304	653,689,989	7,900,315
	Grand Total	**7,592,002,408**	**7,485,311,845**	**106,690,563**

18. Notes to the Financial Statements

1. Establishment

The State Department for Industry is established by and derives its authority and accountability from Executive Order No. 1/2018 of July 2018 on "Organization of the Government of the Republic of Kenya". The State Department for Industry is wholly owned by the Government of Kenya and is domiciled in Kenya. The State Department for Industry's principal activity is Undertaking Industrial Policy and Planning; Buy Kenya Build Kenya Policy and Strategy; Promoting Standardisation in Industry and Quality Control; Kenya Property Rights Policy (Patents, Trade Marks, Service Marks, and Innovations); Promotion of value Addition and Agro-Processing; Textile Sector Development; Leather Sector Development and Promotion of Value Chain; Oversight and regulation of Scrap Metal Industry; Industrial Training and Capacity Development; Combat counterfeiting trade and other dealings in counterfeit goods; and Oversight, Administration and Enforcement of the Local Content Policy.

2. Statement of Compliance and Basis of Reporting

Statement of compliance

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

For the purpose of these financial statements, the State Department for Industry has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by MDAs is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

The State Department for Industry has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the MDA has taken advantage of the transition provisions outlined in IPSAS 33:

(a) Inventory (IPSAS 12): The State Department for Industry expensed its inventories during the year but will consider its inventories as current assets and adopt IPSAS 12 in the subsequent Financial Year (2025/2026).

(b) Property, Plant and Equipment (IPSAS 17/45): The State Department for Industry has not introduced its historical property, plant and equipment in the financial statements. The State Department plans to do stock taking and valuation of its assets and will report on it in the Financial Year 2026/2027.

These financial statements were authorized for issue by the Accounting Officer on 25th of August 2025

Reporting period

The reporting period for these financial statements is for the period ended 30th June 2025.

Basis of preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of the State Department for Industry for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgement is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The State Department for Industry pursues a number of policy targets and outcomes. However the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the State Department for Industry is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the State Department for Industry policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the State Department for Industry future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO2eq. State Department for Industrys commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the State Department for Industry as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

3. Adoption of New and Revised Standards

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

There were no new and amended standards issued in the financial year.

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

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

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure asset
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an MDA shall apply to report useful information to users

Standard	Effective date and impact:
	of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. **Disclosures that identify and explain the amounts in the entity's** financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The MDA did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The MDA recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the MDA and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the MDA and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Rendering of services

The MDA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

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

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2024/25 was approved by the National Assembly on 13th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the State Department for Industry upon receiving the respective approvals in order to conclude the final budget. Accordingly, the State Department for Industry recorded additional appropriations of Ksh. (847,674,213) on the 24th June 2025 budget following the governing body's approval. **The State Department for Industry's budget is prepared on a different basis to the actual income and expenditure disclosed** in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under page 4 and 5 of these financial statements.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an *xx*-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in

the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) Property, plant and equipment

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

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the MDA incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the MDA expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

Notes to the Financial Statements (Continued)

f) Tangible Natural Resources

The State Department for Industry recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the State Department for Industry; the State Department for Industry controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where this criteria is not met, the State Department for Industry discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. State Department for Industry apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

g) Leases

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

Notes to the Financial Statements (Continued)

h) Intangible assets

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

i) Research and development costs

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

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

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

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The State Department does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the State Department's financial statements. A financial instrument is any contract that gives rise to a financial asset of one MDA and a financial liability or equity instrument of another MDA. At initial recognition, the State Department measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit,

transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The State Department for Industry assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The State Department for Industry recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are not relevant to the State Department.

b) Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

i) Raw materials: purchase cost using the weighted average cost method.

ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the State Department.

l) Provisions

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

Notes to the Financial Statements (Continued)

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The State Department for Industry recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the State Department for Industry will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

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

o) Contingent assets

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

p) Nature and purpose of reserves

The MDA creates and maintains reserves in terms of specific requirements.

q) Changes in accounting policies and estimates

The State Department for Industry recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the Financial Statements (Continued)

r) Employee benefits

Retirement benefit plans

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

s) Foreign currency transactions

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

t) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u) Related parties

The State Department for Industry regards a related party as a person or an MDA with the ability to exert control individually or jointly, or to exercise significant influence over the State Department, or vice versa. Members of key management are regarded as related parties and comprise the Cabinet Secretary, Principal Secretary, CEOs of State Agencies and senior managers.

v) Service concession arrangements

The State Department analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the State Department for Industry recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the State Department for Industry also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) 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.

x) Comparative figures

In preparing these financial statements, the State Department for Industry has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an MDA to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

y) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the State Department for Industry 's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions

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

Useful lives and residual value

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

a) The condition of the asset based on the assessment of experts employed by the State Department for Industry

b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

c) The nature of the processes in which the asset is deployed.

d) Availability of funding to replace the asset.

e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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

Notes to the Financial Statements (Continued)

6. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period Ended 30th June 2025
	Kshs	Kshs	Kshs
Development	4,422,225,623	-	4,422,225,623
Recurrent	2,364,033,807	-	2,364,033,807
Total	**6,786,259,430**	**-**	**6,786,259,430**

7. Miscellaneous income

Description	Period ended 30th June 2025 Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	41,000,000
Administrative Fees and Charges collected as AIA	753,273,486
Total Miscellaneous Incomes	**794,273,486**

Note: AIA of Kshs. 753,273,486 includes AIA raised by SAGAs amounting to Kshs. 751,716,289 and Kshs. 1,557,197 raised by the State Department headquarters.

8. A. Employee costs- Statement of Financial Performance

Description	Period ended 30th June 2025 Kshs
Basic salaries of permanent employees	314,375,472
Basic wages of temporary employees	2,459,359
Personal allowances – part of salary	165,191,174
Employer contributions to compulsory national social security schemes	9,903,763
Gratuities due	4,105,280
Total Employee costs	**496,035,049**

8B. Adjusted for compensation of employees - Statement of Cashflow

Description	Period ended June 2025 Kshs
Total Employee costs	496,035,049
Accrued Provisions	(4,105,280)
Total	**491,929,769**

9. A. Use of Goods and Services-Statement of Financial Performance

Description	IFMIS
	KSH
Utilities, supplies and services	39,650,026
Communication, supplies and services	3,138,548
Domestic travel and subsistence	41,687,427
Foreign travel and subsistence	12,171,400
Printing, advertising, and information supplies & services	1,448,497
Rentals of produced assets	79,609,240
Training expenses	9,767,946
Hospitality supplies and services	9,945,278
Specialized materials and services	252,585,425
Office and general supplies and services	17,648,520
Fuel Oil and Lubricants	9,245,829
Routine maintenance – vehicles and other transport equipment	5,800,686
Routine maintenance – other assets	7,848,246
Other operating expenses	183,421,530
Total Use of Goods and Services	**673,968,600**

9B. Adjusted Use of Goods and Services - Statement of Cashflow

Description	Period ended June 2025 Kshs
Total Use of goods and services	673,968,600
Accrued expenses	(288,000)
Pending bills FY 23/24 paid during the Year	64,389,987
Changes in receivables-Advances	(1,262,360)
Changes in payables-3rd party deposits	3,932,760
Total	**740,740,987**

10. Transfers to Other Government Entities

Description	Period ended 30th June 2025
	Kshs
Transfers to national govt entities- SAGAs & SC Development	4,248,271,260
Transfers to national govt entities- SAGAs & SC Recurrent	2,005,540,289
Total Transfers to Other Government Entities	**6,253,811,549**

Note: The transfers includes an amount of kshs. 1,348,271,271 to KIEP.

10 (a) Analysis of transfers to SAGAs

Description	Period ended 30th Kshs Reccurent	Period ended 30th June 2025 Kshs AIA	Period ended 30th June Kshs Development	Period ended 30th Kshs Total
Anti-counterfeit authority	174,990,000	350,000,000	-	524,990,000
Kenya Industrial Research and Development Institute	680,734,000	22,955,989	-	703,689,989
Kenya Accreditation Service	318,100,000	154,000,000	-	472,100,000
Numerical Machining Complex Limited	80,000,000	146,000,000	-	226,000,000
Scrap Metal Council	-	78,760,300	-	78,760,300
BUNGOMA COUNTY REVENUE FUND			185,999,999.90	
BUSIA COUNTY INDUSTRIAL PARK ACCOUNT			185,999,999.90	
EMBU COUNTY REVENUE FUND			185,999,999.90	
GARISSA COUNTY REVENUE FUND			185,999,999.90	
HOMA BAY COUNTY REVENUE FUND			185,999,999.90	
kakamega county revenue fund account			200,000,000.00	
KIAMBU COUNTY REVENUE FUND			52,631,578.90	
KIRINYAGA COUNTY REVENUE ACCOUNT			186,000,000.80	
KISII COUNTY REVENUE FUND			122,105,258.00	
KWALE COUNTY GOVERNMENT REVENUE ACCOUNT			174,736,841.90	
machakos county revenue fund			185,999,999.90	
MERU COUNTY RECURRENT ACCOUNT			185,999,999.90	
MIGORI COUNTY REVENUE FUND			185,999,999.90	
MOMBASA COUNTY			52,631,578.90	
MURANGA COUNTY REVENUE FUND			52,631,578.90	
NAKURU COUNTY AGGREGATION CENTRES			52,631,578.90	
NANDI COUNTY REVENUE FUND			52,631,578.90	
NYAMIRA COUNTY REVENUE FUND			52,631,578.90	
SIAYA COUNTY GOVERNMENT			52,631,578.90	
TRANS NZOIA COUNTY REVENUE FUND			52,631,578.90	
UASIN GISHU COUNTY			185,999,999.90	
WAJIR COUNTY REVENUE FUND			122,105,258.00	
Total	**1,253,824,000**	**751,716,289**	**2,899,999,989.00**	**4,905,540,278**

Note: The actual AIA raised by the SAGAs has been accounted for and reported in these Financial Statements to the extent of their approved budget. Overcollection by the following SAGAs could not be accounted for at the State Department due to IFMIS controls. However, the three SAGAs have been communicated to, to provide evidence or explanation on their excess AIA treatment.

Table of AIA Overcollection

S/N	SAGA	APPROVED BUDGET	ACTUAL AIA	OVER COLLECTION
1	Anti-counterfeit Authority (ACA)	350,000,000	394,856,993	44,856,993
2	Numerical Machining Complex ltd (NMC)	146,000,000	147,375,549	1,375,549
3	Kenya Accreditation Service (KENAS)	154,000,000	154,608,035	608,035
TOTAL		650,000,000	696,840,577	46,840,577

10. Depreciation and Amortization Expense

Description	Period ended 30th June 2025
	Kshs
Property, plant and equipment	449,982
Total Depreciation and Amortization Expense	449,982

11. Cash and Cash Equivalents

Description	Period ended 30th June 2025	Opening statement 1st July 2024
	Kshs	Kshs
Recurrent Account	20,611,111	339,561
Development Account	1,821,223	141,247
Deposits Account	5,203,608	12,967,459
Project-KIEP	97,104,732	23,053,635
KCB-Deposit	15,387,830	11,556,738
Total	**140,128,504**	**48,058,640**

11 (a) Detailed Analysis of the Cash and Cash Equivalents

		Period ended 30th June 2025	Opening statement 1st July 2024
Financial Institution	**Account number**	**Kshs**	**Kshs**
Recurrent Account	1000384484	20,611,111	339,561.00
Development Accounts	1000384514	1,821,223	141,247.00
Deposits Accounts	1000384514	5,203,608	12,967,459.00
Project-KIEP	1000397144	97,104,732	23,053,635.00
KCB – KITI - Recurrent	1112977716	0.00	0.00
KCB-KITI - Deposit	1296535665	15,387,830	11,556,738.00
Sub- Total		**140,128,504**	**48,058,640.00**
Grand Total		**140,128,504**	**48,058,640.00**

12. Receivables from Exchange Transactions

Description	Period ended 30th June 2025	Opening statement 1st July 2024
	Kshs	Kshs
Salary advances	87,500	35,000
District Suspense	-	1,314,860
Total Receivables	**87,500**	**1,349,860**
a) Current receivables	87,500	1,349,860
b) Non-current receivables	-	-
Total receivables (a+b)	**87,500**	**1,349,860**

12 (a) Ageing analysis for Receivables

Description	FY 2024/2025		Opening statement 1st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	1st July	% of the total
Less than 1 year	87,500	100%	1,349,860	100%
Total	**87,500**	**100%**	**1,349,860**	**100%**

13. Property, Plant and Equipment

Description	Computers & ICT Equipment	Total
Depreciation Rate	**0**	
Cost	**Kshs**	**Kshs**
Opening Bal as 1st July 2024		-
Additions	1,499,940	1,499,940
As At 30th June 2025	**1,499,940**	**1,499,940**
Depreciation And Impairment	449,982	**449,982**
Net Book Values		-
Opening Bal as at 1st July 2024	-	-
As At 30th June 2025	**1,049,958**	**1,049,958**

14. Trade and Other Payables

Description	Period ended 30th June 2025	Opening Statement 1st July 2024
	Kshs	**Kshs**
Trade payables	37,774,900	101,876,887
Third-party payments	6,284,329	-
Total trade and other payables	**44,059,228**	**101,876,887**

Description	FY 2024/2025		Opening statement 1st July 2024	
	Kshs		**Kshs**	
	Current FY	**% of the total**	**1st July**	**% of the total**
Less than 1 year	37,774,900	100%	101,876,887	100%
Total	**37,774,900**	**100%**	**101,876,887**	**100%**

Notes to the Financial Statements (Continued)

15. Refundable Deposits and Prepayment

Description	Period ended 30th June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Deposit	4,753,872	12,967,459
KCB Deposit	9,553,236	11,556,738
Total deposits	**14,307,108**	**24,524,197**

Description	FY 2024/2025		Opening statement 1st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	1st July	% of the total
Less than 1 year	**14,307,108**	100%	**24,524,197**	100%
Total	**14,307,1080**	**100%**	**24,524,197**	**100%**

16. Provisions

Description	Gratuity Provision	Total
	Kshs	Kshs
Opening bal 1st July	**7,247,322**	**7,247,322**
Additional provisions	4,105,280	**4,105,280**
Provision utilised	-	-
Total provisions period end	**11,352,602**	**11,352,602**
Current Provisions	**4,105,280**	**4,105,280**
Non-current Provisions	**7,247,322**	**7,247,322**
Total provisions period end	**11,352,602**	**11,352,602**

17. Cash Generated from Operations

	Period ended 30th June 2025
Surplus for the period before tax	**156,267,737**
Adjusted for:	
Increase in receivables	1,262,360
Increase in payables	(63,929,467)
Net cash flow from operating activities	**94,050,611**

18. Financial Risk Management

The State Department for Industry's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The State Department for Industry's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The State Department for Industry does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The State Department for Industry's financial risk management objectives and policies are detailed below:

i) Credit risk

The State Department for Industry has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the State Department for Industry's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the State Department for Industry's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at at July 2025				
Receivables from non-exchange transactions	87,500	87,500	0	0
Bank balances	140,128,504	140,128,504	0	0
Total	**140,216,004**	**140,216,004**	**0**	**0**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the State Department for Industry has recognised in the financial

statements is considered adequate to cover any potentially irrecoverable amounts. The State Department for Industry has no significant concentration of credit risk on amounts due from anyone. The board of directors sets the State Department for Industry's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the State Department for Industry's directors, who have built an appropriate liquidity risk management framework for the management of the State Department for Industry's short, medium and long-term funding and liquidity management requirements. The State Department for Industry manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the State Department for Industry under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs
As at 30 June 2025			
Trade payables	44,059,228	101,876,887	145,936,115
Current portion of borrowings			-
Provisions	4,105,280	7,247,322	11,352,602
Deferred income			
Employee benefit obligation			
Total	**48,164,508**	**109,124,209**	**157,288,717**

iii) Market risk

The State Department for Industry has put in place an internal audit function to assist it in assessing the risk faced by the State Department for Industry on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the State Department for Industry's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The State Department for Industry's Finance Department is

responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the State Department for Industry's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The State Department for Industry has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The State Department for Industry manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the State Department for Industry's financial condition may be adversely affected as a result of changes in interest rate levels. The State Department for Industry's interest rate risk arises from bank deposits. This exposes the State Department for Industry to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the State Department for Industry's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The State Department for Industry is not involved in borrowing and hence does not analyse interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data

obtained from independent sources; unobservable inputs reflect the *MDA's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The State Department for Industry considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

The objective of the State Department for Industry's capital risk management is to safeguard the State Department for Industry ability to continue as a going concern. The State Department for Industry capital structure comprises of the following funds:

19. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

i) The Parent Ministry.

ii) County Governments

iii) Other SCs and SAGAs

iv) Key management.

v) Board of directors.

	FY 2024/2025
	Kshs
Transactions with related parties	
A) purchases from related parties	
Electricity Purchases from KPLC	19,086,426
Purchase of water from govt service providers	20,563,600
Rent expenses paid to govt agencies	98,435,952
Training and conference fees paid to govt. Agencies	2,343,617
Others (specify)	
Total	**140,429,595**
a) Grants /transfers from the government	
Grants from national govt	6,786,259,430
Total	
b) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	496,035,049
Payments for goods and services	675,468,361
Total	**1,171,503,409**

20. Segment Information

Not applicable to the State Department for industry.

Notes to the Financial Statements (Continued)

21. Events after the Reporting Period

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

22. Ultimate And Holding MDA

The State Department for Industry ultimate parent is the Government of Kenya.

23. Currency

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

19. Appendix

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1671. (2022/2023	**Transfer to Other Government Entities**			
	The statement of receipts and payments and as disclosed under Note 6 to the financial statements reflects Kshs.2,402,549,809 in respect to transfers to other Government Units. Included in this amount is Kshs.221,899,811 in respect to Appropriation-In-Aid (AIA). However, examination of receiving entities records revealed AIA collection of Kshs.1,084,520,355 during the year resulting to unreported amount of Kshs.862,620,544. Further the excess AIA was not surrendered to the exchequer	The unreported AIA amounts of Kshs. 862,620,544. Was due to migration of the SAGAs budgets from SDI to other State Departments following reorganization of Government through Executive Order No. 1 of 2023 by issued by the Executive Office of The President in January, 2023.	The Accounting officer appeared before the Public Accounts Committee on 7th July 2025. The recommendations of the PAC are waiting for implementation. **Not resolved**	PAC Calendar

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	contrary to Regulation 84 of the Public Finance Management (National Government) Regulations, 2015. In the circumstances, the accuracy and completeness of the transfers to other Government Units amount of Kshs.2,402,549,809 could not be confirmed.			
1672	**Pending Bills**			
	Notes 17.1 to the financial statements reflects pending bills amounting to Kshs.106,695,480	Pending bills amounting to	The Accounting officer appeared before the	PAC Calendar

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	which comprises of Kshs.58,716,112 for the State Department and Kshs.47,979,368 for Kenya Industrial Training Institute which were not settled in the year under review but were carried forward to the 2023/2024 financial year. The pending bills balance includes an amount of Kshs.32,210,566 which relates to 2021/2022 and earlier financial years. The State Department is at risk of incurring interest and penalties with the continued delay is settling the long outstanding bills. Further, failure to settle bills in the year to which they relate will adversely affect the implementation of the subsequent year's budgeted programmes as the pending bills form a first charge for that year's budget provision.	Kshs.58,716,112 for the State Department head office, Kshs.22,190,867.60 was submitted to the pending bills verification committee at the National Treasury. The PBVC in their letter Ref. AG.PBVC/BVOL.2/CL4/B(78) dated 4th August 2025 reviewed our submissions and requested for further information on the bills to facilitate further verifications. Pending bills of Kshs.36,525,245 Were paid during the financial year 2023/2024 and 2024/2025. Of the pending bills kshs.47,979,368, the Kenya Industrial Training Institute has since settled pending bills of	Public Accounts Committee on 7th July 2025. The recommendations of the PAC are awaited implementation. **Not resolved**	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		Kshs.32,683,336. The balance of Kshs.15,296,032 historical bills were submitted to the pending bills verification committee. The PBVC requested for more information on the bills which information has been submitted. The state department awaits the committee recommendations.		
1673.	**Budgetary Control and Performance**			
	The statement of comparison of budget and actual amounts reflects final receipts budgetand actual on comparable basis of Kshs.3,950,805,540 and Kshs.3,479,827,738 respectively, resulting in an underfunding of Kshs.470,977,802 or 12% of the budget. Similarly, the State Department expended Kshs.3,523,564,441	The under expenditure was due to delay in implementation of the Kenya Industry & Entrepreneurship (KIEP) project as a result of the slowdown of activities between June 2021 and April 2023 due	The Accounting officer appeared before the Public Accounts Committee on 7th July 2025. The recommendations of the PAC are awaited implementation. **Not resolved**	PAC Calender

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	against an approved budget of Kshs.3,950,805,540 resulting to an under-expenditure of Kshs.427,241,099 or11% of the budget. The budget underperformance and under expenditure affected the planned activities andmayhave impacted negatively on service delivery to the citizens. My opinion is not modified in respect of these matters.	to proposed restructuring process. The management with the guidance from the National Treasury and World Bank restarted all project activities and extended phase 1 contracts of management firms' contract timelines to June 2025 so as to achieve all the project goals, objectives and milestones planned under Phase 1. The PIU and the Management Consultant firms fast tracked disbursements		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		and ensured project objectives were fully achieved.		
1674.	**Unresolved Prior Year Matters**			
	In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effective of Internal Controls, Risk Management and Governance. The issue had been addressed.	Prior year issues for the financial year 2020/2021 which were forward to Fy 2021/2022 were resolved in the PAC report that was adopted by the National Assembly in November 2023.	Resolved for FY 2020/2021 and 2021/2022. For Financial Year 2022/2023, the Accounting officer appeared before the Public Accounts Committee (PAC) on	PAC calender.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	However, the Management is awaiting recommendations of the Parliamentary Committee.	The matters for the financial year 2021/2022, were all resolved in the PAC report adopted by the National Assembly on 14th March 2025.	7th July 2025. The recommendations of the PAC are waited for implementation. **Not resolved**	
1678	**Budgetary Control and Performance -** DONOR FUNDED PROJECT KENYA INDUSTRY AND ENTREPRENEURSHIP PROJECT (CREDITN IDA 6268-KE) During the year under review, the project had an approved receipts budget of Kshs.438,380,000 out of which Kshs.400,000,000 was the donor component and Kshs.38,380,000 was the Government (GoK) component. The project however, received amounts of	The underspending by the Kenya Industry & Entrepreneurship (KIEP) project was as a result of the slowdown of activities between June 2021 and April 2023 due to proposed restructuring process then. The management with the guidance from the National	The Accounting officer appeared before the Public Accounts Committee on 7th July 2025. The recommendations of the PAC are awaited for implementation. **Not resolved**	PAC calendar

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Kshs.38,383,800 from GoK and Kshs.162,459,347 from the donor totalling to Kshs.200,843,147. This resulted to an underfunding of Kshs.237,536,853 or 46% of the budget. Further, the project had an approved expenditure budget of Kshs.438,380,000 but the actual expenditure was Kshs.246,990,190 resulting to an under-expenditure of Kshs.191,389,810 or 56% of the budget. The underfunding and under-expenditure impacted negatively on the planned goals andobjectives of the project and may have resulted to delayed provision of services to the citizens.	Treasury and World Bank restarted all project activities and extended phase 1 contracts of management firms' contract timelines to June 2025 so as to achieve all the project goals, objectives and milestones planned under Phase 1. The PIU and the Management Consultant firms fast tracked disbursements and ensured project objectives were fully achieved. So far, the State Department fast-tracked the implementation		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		of project activities and currently all the project goals and objectives have been achieved. These includes: disbursement of Ksh 545,317,701 through performance improvement grants to 142 small and medium industries who have created more than 115 product innovations; and disbursed Kshs 265,272,445 to intermediaries who have trained 720 startups &		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		552 rapid tech skills students/youths.		
1679.	**Unresolved Prior Year Audit Matters** In the audit report of the previous year, some issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. Management has indicated that the issues have been responded to. However, the issues remained unresolved as Parliament	Prior year issues for FY 2020/2021 paragraph 1462 to 1466.3 in the report of the Auditor General, in the PAC report adopted in November 2023, the Matters were resolved and the PAC recommendations implemented	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	has not deliberated on them.			
1680.	**Delay in Project Implementation**			
	Review of the Project implementation status revealed that the Project Management had contracted various consultants in the year 2020/2021 for initial contracts ending atdifferent dates with the last one ending in February, 2023 at total contract price of Kshs.700,699,602. It was	the project Kenya Industry & Entrepreneurship (KIEP) project experienced a delay in the implementation of planned activities between June 2021 and April 2023 due to proposed restructuring process then. The payments totaling to Ksh 331,875,790 were made for the	The Accounting officer appeared before the Public Accounts Committee on 7th July 2025. The recommendations of the PAC are awaited for implimentation. **Not resolved**	PAC calender

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	however observed that as at 30 June, 2023, a total payment of Kshs.331,875,790 had been made but the projects' implementation status could not be ascertained. In March, 2023 the Accounting Officer extended the contract periods through addendums for twelve months to December, 2024. However, the extension procedures andthe measures put in place to complete the projects were not explained or provided. In the circumstances, the Project had not realized the intended objectives in	deliverable which had been received and certified as complete as per various management contracts. The management consultancies were contracted using the World Bank Procurement Regulations and time period for implementation was extended at no cost variation to allow for completion of planned project activities under phase I. The State Department, National Treasury and World Bank agreed on the		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	accordance with the Financing Agreement.	resumption roadmap with the World Bank issuing a no objection to the payment of all the outstanding payments for management consultancies. To-date, all the project goals and objectives outlined in the Financing Agreement have been fully achieved including 115 innovations developed, 1,405 firms benefited from private sector initiatives and 7,618 individuals trained across all the		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		components.		
FY 2023/2024				
1746	**Accuracy of the Transfer to other Government Entities**			
	The statement of receipts and payments reflects other revenues (Appropriation-In-Aid) of Kshs.520,971,796 as disclosed in Note 3 to the financial statements. Examination of receiving entities records revealed A-I-A collection of Kshs.638,903,441 during the year resulting to excess A-I-A amount of Kshs.117,931,645 as further disclosed in Note 6b to the financial statements. However, the Management did	The state Department only depend on the confirmations from SAGAs when preparing the financial Statements. It is responsibility of SAGAs to surrender to the National Treasury any excess collection or seek approval through supplementary budgets for utilization of the excess AIA collections. In this case the confirmations from the	Not resolved. The Accounting officer is yet to appear before the public Accounts Committee for the issues 2023/2024	PAC calender

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	not provide evidence or explanation on the excess A-I-A whether there was approval to utilize or surrender to the exchequer as required by law. Further, Note 6b to the financial statements reflects A-I-A of Kshs.520,971,796 out of which Kshs.18,851,461 relates to Kenya Industrial Research and Development Institute. However, the Institute's financial statements and records reports the amount as Kshs.24,857872 resulting in unaccounted for revenue of Kshs.6,006,411. In the circumstances, the accuracy and completeness of other revenues could not be confirmed.	affected SAGAs are attached **(Appendix i)**		
1747	**Pending Bills**			
	Note 17.1 to the financial statements, reflects pending accounts payables of Kshs.101,876,885 which were not settled in the year under review but were carried	Of the disclosed pending bills of 101,876,885 as 30th June, 2024, an amount of ksh. 37,486,899.60 pending bills for periods 30th June,2022 and	Not resolved. The Accounting officer is yet to appear before the public Accounts	PAC Calender

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	forward to the 2024/2025 year. The pending accounts payables balance includes an amount of Kshs.51,493,715 which relates to 2022/2023 and earlier financial years. The State Department is at risk of incurring interest and penalties with the continued delay in settling long outstanding bills. Further, failure to settle bills during the year in which they relate to adversely affects the budgetary provisions for the subsequent year as they form a first charge	prior years were submitted to the pending bills verification committee as guided by the National Treasury. The recommendations of the committee are awaited for implementation. The difference of ksh.64,389,985 have since been paid in financial year 2024/2025.	Committee for the issues 2023/2024	
1748	**Budgetary Control and Performance**			
	The statement of comparison of budget and actual amounts reflects an approved final budget and actual on comparable basis of Kshs.9,022,804,182 and Kshs.5,662,335,523 respectively resulting in underfunding of Kshs.3,360,468,659 or 37% of the budget.	It is true that the underfunding was attributed to external factors beyond the Department's control. The SDI makes necessary follow ups during budget execution by timely placing exchequer funding requests guided by the annual and monthly cash plans	Not resolved. The Accounting officer is yet to appear before the public Accounts Committee for the issues 2023/2024	PAC Calender

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	In the circumstances, the under-funding affected the planned activities and may have impacted negatively on service delivery to the public.	filed with the National Treasury at the beginning of a financial year.		
1749	**County Aggregation Industrial Parks (CAIPs)**			
	The approved budget for the eighteen (18) Counties in respect to County Aggregation Industrial Parks was Kshs.250,000,000 per County totaling Kshs.4,500,000,000. However, during the year Kshs.1,152,000,000 was remitted resulting in an underfunding of Kshs.3,348,000,000 or 74% of the budget. Further, at the time of audit, November 2024, it was noted that the Department did their last visits in April 2024 citing insufficient funds	The state Department budgeted in FY 2024/2025 for the monitoring of the CAIP implementation in various Counties but received partial funding as observed. However, the budget was cut during supplementary one by hundred percent. The department plans to undertake regular visits to the Counties when funding is available.	Not resolved. The Accounting officer is yet to appear before the public Accounts Committee for the issues 2023/2024	PAC Calender

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	contrary to the agreement that they should undertake regular visits to the Counties. In the circumstances, the underfunding may have affected the implementation of the projects and without regular visits there is uncertainty on exact implementation on construction of industrial parks. My opinion is not modified in respect of these matters.			
1750	**Unresolved Prior Year Matters**			
	In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in use of Public Resources. The issues remain unresolved as Parliament has not deliberated on the same.	The Accounting officer appeared before the Public Accounts Committee on 7th July 2025 on issues relating to 2022/23. The recommendations of the PAC are awaited for implimentation.	Not resolved. The Accounting officer is yet to appear before the public Accounts Committee for the issues 2023/2024	PAC Calender.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1751	**Regularity and Procurement and Contract Management Practices** **Incomplete Female Hostels, Central Stores and Ablution Block at Kenya Industrial Training Institute**			
	The Institute through the State Department for Industry contracted a local construction company for construction of female hostels, central stores and ablution block. The works commenced on 6 May, 2022 at an estimated contract sum of Kshs.107,101,302 and was to take twenty-six (26) weeks, with an initial completion date of 4 November, 2022. However, the project duration was extended to forty-two (42) weeks with no cost implications. Physical inspection and a letter from the Institute outlines the defects which were hindering the full utilization of the facility after completion and hand over on 15	The State Department for Public works has prepared the bill of quantities to guide the procurement of another contractor to rectify the defects. Tendering has been done	Not resolved. The Accounting officer is yet to appear before the public Accounts Committee for the issues 2023/2024	PAC Calender

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	September, 2023 as seepage/leakage of water on walls and roofs of each floor including the laundry area, Matron's house and washrooms, the TV room remained locked with no access since the project completion, there were fallen ceilings on the ablution block, no grill door to the toilet area of the 1st and 2nd floor of the hostels as outlined in the Bill of Quantities, there was inadequate gradient not allowing flow of water in the Matron's house and poor workmanship, that is, the plastering and painting works for both the female hostels and ablution block were peeling off. Further, the Ministry of Lands, Public Works, Housing and Urban Development acknowledged the receipt of a letter dated 20 June, 2024 from the Institute outlining the defects which were hindering the full utilization of the facility. The public works planned a site inspection on 4 July, 2024. However, the status report from the Public Works was not provided for review. To date the contractor has been fully paid based on			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	recommendations from the Ministry of Public Works. The amount pending is the retention money of Kshs.8,700,000. In the circumstances, value for money may not have been achieved which could lead to possible loss of funds.			



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Accounting Officer

Date 28th Aug. 2025

NOTES TO THE FINANCIAL STATEMENTS

Entity: 1175-State Department for Industry

Current Period: JUL-24 To JUN-25

Compare With: JUL-23 To JUN-24

1 Tax Receipts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Taxes on Income, Profits and Capital Gains	1110000	0	0
Taxes on Payroll and Workforce	1120000	0	0
Taxes on Property	1130000	0	0
Taxes on Goods and Services	1140000	0	0
Taxes on International Trade and Transactions	1150000	0	0
Other Taxes (not elsewhere classified)	1160000	0	0
TOTAL		0	0

2 Social Security Contribution

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Health Insurance Contribution	1210100	0	0
NHIF Health Insurance Contributions	1210200	0	0
Contributions from Govt. Employees for Social &	1210300	0	0
	1210400	0	0
TOTAL		0	0

3 Proceeds from Domestic and Foreign Grants

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants from Foreign Governments	1310000	0	0
Grants from International Organisations	1320000	0	0
TOTAL		0	0

4 Exchequer releases

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Exchequer Releases/ Provisioning Account for	9910201	1,373,484,164.80	725,015,395.80
Exchequer Releases/ Provisioning Account for	9910201	727,897,700.20	688,897,764.90
Exchequer Releases/ Provisioning Account for	9910201	1,074,345,787.20	1,599,444,565.55
Exchequer Releases/ Provisioning Account for	9910201	3,610,531,777.85	2,086,037,002.45
TOTAL		6,786,259,430.05	5,099,394,728.70

5 Transfers from Other Government Entities

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants received by Central Govt from General	1330100	0	0
Grants Received from General Govt units by	1330200	0	0
Grants to Fund Accounts from Central Govt	1330300	0	0
Grants to other General Govt units from General	1330400	0	0
TOTAL		0	0

6 Proceeds from Domestic Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Borrowing within General Government	5110100	0	0
Borrowing from Monetary Authorities (Central	5110200	0	0
TOTAL		0	0

7 Proceeds from Foreign Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Foreign Borrowings - Drawdowns through	5120100	0	0
Foreign Borrowing-Direct Payments	5120200	0	0
TOTAL		0	0

8 Proceeds from Sales of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Receipts from the Sale of Inventories, Stocks	3520300	41,000,000.00	41,968,998.00
TOTAL		41,000,000.00	41,968,998.00

9 Reimbursements and Refunds

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Refund from World Food Programme (WFP)	4540101	0	0
Reimbursement of Audit Fees	4540102	0	0
TOTAL		0	0

10 Returns of Equity Holdings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Returns of Equity Holdings	4550000	0	0
Returns of Equity Holdings	4610000	0	0
TOTAL		0	0

11 Other Receipts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Administrative Fees and Charges collected as	1420300	753,273,485.90	520,971,796.00
TOTAL		753,273,485.90	520,971,796.00

12 Compensation of Employees

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Basic Salaries - Permanent Employees	2110100	314,375,472.45	272,755,374.00
Basic Wages - Temporary Employees	2110200	2,459,359.10	2,553,968.00
Personal Allowances paid as part of Salary	2110300	165,191,174.30	141,757,057.00
Employer Contributions to Compulsory National	2120100	9,903,763.15	0
TOTAL		491,929,769.00	417,066,399.00

13 Use of goods and Services

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Utilities, Supplies and Services	2210100	39,650,026.00	29,550,452.00
Communication, Supplies and Services	2210200	3,138,548.00	4,035,738.00
Domestic Travel and Subsistence, and Other	2210300	44,217,996.35	49,644,281.35
Foreign Travel and Subsistence, and other	2210400	12,171,400.20	24,788,728.50
Printing , Advertising and Information Supplies	2210500	3,612,433.45	3,756,246.85
Rentals of Produced Assets	2210600	98,933,847.10	87,107,086.60
Training Expenses	2210700	9,767,946.00	10,436,150.00
Hospitality Supplies and Servi	2210800	9,657,278.00	29,401,716.00
Specialised Materials and Supp	2211000	286,230,426.25	114,114,383.00
Office and General Supplies and Services	2211100	19,155,475.15	14,966,582.00
Fuel Oil and Lubricants	2211200	9,245,829.00	23,758,071.55
Other Operating Expenses	2211300	157,104,392.40	115,025,060.50
Routine Maintenance - Vehicles	2220100	6,411,024.60	7,925,195.45
Routine Maintenance - Other Assets	2220200	8,096,761.30	2,255,125.70
TOTAL		707,393,383.80	516,764,817.50

14 Subsidies

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Subsidies to Public Corporations	2510000	0	0
Subsidies to Private Enterprises	2520000	0	0
TOTAL		0	0

15 Transfers to Other Government Units

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Current Grants to Government Agencies and	2630100	2,005,540,289.00	2,193,617,997.00
Capital Grants to Government Agencies and	2630200	2,899,999,989.00	1,866,060,000.00
TOTAL		4,905,540,278.00	4,059,677,997.00

16 Other Grants and Transfers

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants and Transfers to Foreign Governments	2610100	0	0
Membership Fees and Dues and Subscriptions	2620100	0	0
TOTAL		0	0

17 Social Security Benefits

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Government Pension and Retirement Benefits	2710100	0	2,207,448.00
TOTAL		0	2,207,448.00

18 Acquisition of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Refurbishment of Buildings	3110300	0	267,022.00
Construction of Roads	3110400	0	0
Construction and Civil Works	3110500	0	45,689,954.40
Purchase of Vehicles and Other Transport	3110700	0	20,467,179.00
Purchase of Office Furniture and General	3111000	1,499,940.00	4,666,261.00
Purchase of Specialised Plant, Equipment and	3111100	122,844.00	244,470.00
Purchase of Certified Seeds, Breeding Stock	3111300	30,554,360.00	46,799,999.00
Research, Feasibility Studies, Project	3111400	1,348,271,271.00	534,620,568.65
TOTAL		1,380,448,415.00	652,755,454.05

19 Finance Costs, including Loan Interest

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Interest Payments on Foreign Borrowing	2410100	0	0
Interest Payments on Guaranteed Debt	2410200	0	0
TOTAL		0	0

20 Repayment of Principal on Domestic and Foreign Borrowing

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Repayments on Borrowings from General	5510100	0	0
Repayments on Borrowings from Monetary	5510200	0	0
TOTAL		0	0

21 Other payments

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Budget Reserves	2810100	0	0
Civil Contingency Reserves	2810200	0	0
TOTAL		0	0

22A Bank Balances

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Special Accounts	6510000	97,104,732.25	23,109,234.75
Recurrent Bank Accounts	6530000	20,611,110.80	339,560.60
Development Bank Accounts	6540000	1,821,223.00	141,247.65
Deposit Bank Account	6550000	5,203,608.00	12,967,459.00
TOTAL		124,740,674.05	36,557,502.00

22B Cash Balances

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Cash in Hand	6580000		0.05
Foreign Currency and Foreign D	6590201	0	0
TOTAL			0.05

23 Accounts Receivables - Outstanding Imprest and Clearence Accounts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Domestic Debtors & Advances	6710000	87,500.00	35,000.00
Suspense & Clearance Account	6780000		1,314,860.00
TOTAL		87,500.00	1,349,860.00

24. ACCOUNTS PAYABLE

Item Description	Item code	Current Period	Previous Period
		Kshs	Kshs
Withholding Taxes	7380000	0	0
Deposits	7310000	5,203,608.00	12,967,459.00
System Required Liabilities A/cs	7390000		
Other Liabilities	7320000	0	0
TOTAL		5,203,608.00	12,962,059.00

25. FUND BALANCES BROUGHT FORWARD

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Opening Balance Bank	22A	36,557,502.00	21,380,308.60
Opening Balance Cash	22B	0	0
Opening Balance Receivables - Imprest and	23	1,349,860.00	1,307,121.40
Opening Balance - Deposits	24	-12,962,059.00	-10,217,300.10
TOTAL		24,945,303.05	12,470,129.90

26.PRIOR YEAR ADJUSTMENTS

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Exchequer Provisions	9910200	480,807.90	1,449,234.10
County Transfers	9910300	0	0
TOTAL		480,807.90	1,449,234.10

TRIAL BALANCE 30.06.2025

	Current Period		Previous period	
Account No and Description	**Debit Balance**	**Credit**	**Debit Balance**	**Credit**
	Kshs	**Kshs**	**Kshs**	**Kshs**
1420318 Licence Fees	0	78,760,300.00	0	67,120,335.00
1420399 Receipts from Administrative Fees	0	674,513,185.90	0	453,851,461.00
1420300 Administrative Fees and Charges	0	753,273,485.90	0	520,971,796.00
1420000 Sales of Goods and Services	**0**	**753,273,485.90**	**0**	**520,971,796.00**
2110101 Basic Salaries - Civil Service	314,375,472.45	0	260,977,193.30	0
2110100 Basic Salaries - Permanent	314,375,472.45	0	260,977,193.30	0
2110201 Contractual Employees	2,459,359.10	0	2,999,321.35	0
2110200 Basic Wages - Temporary Employees	2,459,359.10	0	2,999,321.35	0
2110301 House Allowance	101,881,100.00	0	100,458,672.60	0
2110305 Prosecutorial and State Counsel	580,600.00	0	1,292,225.00	0
2110307 Hardship Allowance	6,706,889.40	0	7,552,825.00	0
2110309 Special Duty Allowance	9,391,331.15	0	6,655,250.40	0
2110311 Transfer Allowance	0	0	1,005,230.00	0
2110312 Responsibility Allowance	1,354,152.00	0	2,651,068.00	0
2110313 Entertainment Allowance	548,800.00	0	384,500.00	0
2110314 Transport Allowance	33,101,499.75	0	25,203,016.15	0
2110315 Extreneous Allowance	1,517,732.00	0	1,724,690.00	0
2110317 Domestic Servant Allowance	373,400.00	0	565,890.00	0
2110318 Non Practising Allowance	1,039,900.00	0	1,575,660.00	0
2110320 Leave Allowance	8,695,770.00	0	4,015,457.00	0
2110327 Ministerial Allowance	0	0	0	0
2110336 Car Purchase Allowance	0	0	0	0
2110300 Personal Allowances paid as part of	165,191,174.30	0	153,084,484.15	0
2110403 Refund of Medical Expenses - Ex-	0	0	0	0
2110400 Personal Allowances paid as	0	0	0	0
2110000 Wages and Salary Contributions	**482,026,005.85**	**0**	**417,060,998.80**	**0**

2120101 Employer Contributions to National	2,000,000.00	0	0	0
2120104 Employers Contribution to National	7,000,000.00	0	0	0
2120105 Employer's Contribution to National	903,763.15	0	0	0
2120100 Employer Contributions to	9,903,763.15	0	0	0
2120000 Social Contributions	**9,903,763.15**	**0**	**0**	**0**
2210101 Electricity	19,086,426.00	0	14,059,477.00	0
2210102 Water and Sewarage Charges	20,563,600.00	0	15,490,975.00	0
2210100 Utilities, Supplies and Services	39,650,026.00	0	29,550,452.00	0
2210201 Telephone, Telex, Facsimile and	2,747,282.00	0	3,503,463.00	0
2210202 Internet Connections	238,189.00	0	435,549.00	0
2210203 Courier & Postal Services	127,624.00	0	93,395.00	0
2210204 Leased Communication Lines	25,453.00	0	3,331.00	0
2210200 Communication, Supplies and	3,138,548.00	0	4,035,738.00	0
2210301 Travel Costs (airlines, bus, railway,	17,310,149.35	0	24,550,497.75	0
2210302 Accommodation - Domestic Travel	13,814,305.00	0	11,686,029.35	0
2210303 Daily Subsistance Allowance	12,452,973.00	0	11,896,044.00	0
2210304 Sundry Items (e.g. airport tax, taxis,	640,569.00	0	1,572,710.00	0
2210307 Passage & Transfer Expenses	0	0	0	0
2210300 Domestic Travel and Subsistence,	44,217,996.35	0	49,705,281.10	0
2210401 Travel Costs (airlines, bus, railway,	5,595,639.60	0	6,741,198.10	0
2210402 Accommodation	4,679,544.60	0	5,456,799.00	0
2210403 Daily Subsistence Allowance	1,629,487.00	0	11,880,474.60	0
2210404 Sundry Items (e.g. airport tax, taxis,	266,729.00	0	710,256.80	0
2210400 Foreign Travel and Subsistence, and	12,171,400.20	0	24,788,728.50	0
2210501 International News Services	12,605.00	0	5,543.00	0
2210502 Publishing & Printing Services	1,564,878.40	0	947,368.00	0
2210503 Subscriptions to Newspapers,	200,963.00	0	131,271.00	0
2210504 Advertising, Awareness and Publicity	1,704,999.05	0	2,672,064.85	0
2210505 Trade Shows and Exhibitions	128,988.00	0	0	0
2210500 Printing , Advertising and Information	3,612,433.45	0	3,756,246.85	0
2210603 Rents and Rates - Non-Residential	98,435,952.10	0	86,861,968.60	0
2210604 Hire of Transport, Equipment	497,895.00	0	245,118.00	0
2210600 Rentals of Produced Assets	98,933,847.10	0	87,107,086.60	0
2210701 Travel Allowance	402,105.00	0	633,924.00	0
2210702 Remuneration of Instructors and	7,576,274.00	0	6,198,650.00	0
2210703 Production and Printing of Training	595,478.00	0	938,156.00	0
2210704 Hire of Training Facilities and	92,069.00	0	292,943.00	0
2210705 Field Training Attachments	20,766.00	0	2,037.00	0
2210706 Book Allowance	203,086.00	0	507,900.00	0
2210707 Project Allowance	54,660.00	0	103,250.00	0
2210708 Trainer Allowance	84,329.00	0	0	0
2210710 Accommodation Allowance	104,168.00	0	249,450.00	0
2210711 Tuition Fees Allowance	635,011.00	0	1,509,840.00	0
2210700 Training Expenses	9,767,946.00	0	10,436,150.00	0

2210801 Catering Services (receptions),	7,222,558.00	0	23,182,734.00	0
2210802 Boards, Committees, Conferences	2,343,617.00	0	6,218,982.00	0
2210805 National Celebrations	38,400.00	0	0	0
2210808 Purchase of Coffins	52,703.00	0	0	0
2210800 Hospitality Supplies and Servi	9,657,278.00	0	29,401,716.00	0
2211001 Medical Drugs	3,821,574.00	0	3,459,121.00	0
2211002 Dressings and Other Non-	1,257,008.00	0	1,337,243.00	0
2211004 Fungicides, Insecticides and Sprays	1,031,649.00	0	1,061,923.00	0
2211005 Chemicals and Industrial Gases	52,150.00	0	55,479.00	0
2211006 Purchase of Workshop Tools, Spares	11,192,623.00	0	1,268,748.00	0
2211009 Education and Library Supplies	3,990,744.00	0	2,288,016.00	0
2211010 Supplies for Broadcasting and	289,591.00	0	308,076.00	0
2211011 Purchase/Production of Photographic	643,205.30	0	316,797.00	0
2211015 Foods and Rations	179,642,686.00	0	83,609,240.00	0
2211016 Purchase of Uniforms and Clothing -	1,219,195.95	0	409,740.00	0
2211023 Supplies for Production	83,090,000.00	0	20,000,000.00	0
2211000 Specialised Materials and Supp	286,230,426.25	0	114,114,383.00	0
2211101 General Office Supplies (papers,	16,502,038.35	0	13,184,844.00	0
2211102 Supplies and Accessories for	1,370,978.80	0	1,596,937.00	0
2211103 Sanitary and Cleaning Materials,	1,282,458.00	0	184,801.00	0
2211100 Office and General Supplies and	19,155,475.15	0	14,966,582.00	0
2211201 Refined Fuels and Lubricants for	8,693,714.00	0	23,299,612.55	0
2211202 Refined Fuels and Lubricants for	533,481.00	0	254,614.00	0
2211203 Refined Fuels and Lubricants -- Other	0	0	164,198.00	0
2211204 Other Fuels (wood, charcoal, cooking	18,634.00	0	39,647.00	0
2211200 Fuel Oil and Lubricants	9,245,829.00	0	23,758,071.55	0
2211301 Bank Service Commission and	255,473.00	0	288,716.00	0
2211305 Contracted Guards and Cleaning	27,079,016.00	0	18,375,686.00	0
2211306 Membership Fees, Dues and	0	0	210,400.00	0
2211310 Contracted Professional Services	0	0	0	0
2211311 Contracted Technical Services	1,430,320.00	0	218,900.00	0
2211320 Temporary Committee Expenses	16,718,463.40	0	3,647,840.00	0
2211321 Parking charges	0	0	2,238,032.60	0
2211323 Laundry Expenses	92,061.00	0	25,000.00	0

2211329 HIV AIDS Secretariat workplace Policy	363,226.00	0	470,000.00	0
2211335 Monitoring and Evaluation Expenses	111,165,833.00	0	60,322,452.90	0
2211399 Other Operating Expenses - Oth	0	0	29,228,033.00	0
2211300 Other Operating Expenses	157,104,392.40	0	115,025,060.50	0
2210000 Goods and Services	**692,885,597.90**	**0**	**506,645,496.10**	**0**
2220101 Maintenance Expenses - Motor	6,411,024.60	0	7,925,195.45	0
2220100 Routine Maintenance - Vehicles	6,411,024.60	0	7,925,195.45	0
2220201 Maintenance of Plant, Machinery and	151,148.00	0	48,790.00	0
2220202 Maintenance of Office Furniture and	244,395.00	0	645,502.00	0
2220204 Maintenance of Buildings –	6,644.00	0	28,275.00	0
2220205 Maintenance of Buildings and Stations	7,152,454.00	0	433,018.00	0
2220209 Minor Alterations to Buildings and Civil	95,880.00	0	204,000.00	0
2220210 Maintenance of Computers, Software,	446,240.30	0	895,540.70	0
2220200 Routine Maintenance - Other Assets	8,096,761.30	0	2,255,125.70	0
2220000 Routine Maintenance	**14,507,785.90**	**0**	**10,180,321.15**	**0**
2630101 Current Grants to Semi-Autonomous	2,005,540,289.00	0	2,193,617,997.00	0
2630100 Current Grants to Government	2,005,540,289.00	0	2,193,617,997.00	0
2630201 Capital Grants to Semi-Autonomous	0	0	714,060,000.00	0
2630203 Capital Grants to Other levels of	2,899,999,989.00	0	1,152,000,000.00	0
2630200 Capital Grants to Government	2,899,999,989.00	0	1,866,060,000.00	0
2630000 Grants & Transfer To Other Govt.	**4,905,540,278.00**	**0**	**4,059,677,997.00**	**0**
2710102 Gratuity - Civil Servants	0	0	2,207,448.00	0
2710100 Government Pension and Retirement	0	0	2,207,448.00	0
2710000 Social Security Benefits	**0**	**0**	**2,207,448.00**	**0**
3110301 Refurbishment of Residential	0	0	133,511.00	0
3110302 Refurbishment of Non-Residential	0	0	133,511.00	0
3110300 Refurbishment of Buildings	0	0	267,022.00	0
3110504 Other Infrastructure and Civil Works	0	0	45,689,954.40	0
3110500 Construction and Civil Works	0	0	45,689,954.40	0
3110701 Purchase of Motor Vehicles	0	0	20,467,179.00	0
3110700 Purchase of Vehicles and Other	0	0	20,467,179.00	0
3111001 Purchase of Office Furniture and	0	0	2,485,038.00	0
3111002 Purchase of Computers, Printers and	1,499,940.00	0	2,181,223.00	0
3111000 Purchase of Office Furniture and	1,499,940.00	0	4,666,261.00	0
3111111 Purchase of ICT Networking and	50,149.00	0	45,000.00	0
3111112 Purchase of Software	72,695.00	0	199,470.00	0
3111100 Purchase of Specialised Plant,	122,844.00	0	244,470.00	0
3111301 Purchase of Certified Crop Seed	30,554,360.00	0	46,799,999.00	0
3111300 Purchase of Certified Seeds, Breeding	30,554,360.00	0	46,799,999.00	0
3111401 Pre-feasibility, Feasibility and	1,348,271,271.00	0	534,620,568.65	0
3111400 Research, Feasibility Studies, Project	1,348,271,271.00	0	534,620,568.65	0
3110000 Acquisition of Fixed Capital Assets	**1,380,448,414.50**	**0**	**652,755,454.05**	**0**

3520301 Sale of Capital Goods	0	0	0	0
3520304 Sale of Goods and Fees for Services	0	41,000,000.00	0	41,968,998.00
3520300 Receipts from the Sale of Inventories,	0	41,000,000.00	0	41,968,998.00
3520000 Receipts from Sales of Inventories	**0**	**41,000,000.00**	**0**	**41,968,998.00**
5120201 Borrowing from Foreign Governments	0	0	0	0
5120200 Foreign Borrowing-Direct Payments	0	0	0	0
5120000 Currency and Deposits, Accounts	**0**	**0**	**0**	**0**
6510320 Kenya Industry and Entreprenuership	97,104,732.25	0	23,053,635.00	0
6510300	97,104,732.25	0	23,053,635.00	0
6510000 Special Accounts	**97,104,732.25**	**0**	**23,053,635.00**	**0**
6530101 Ministry HQ Recurrent Bank A/C	20,611,110.80	0	339,560.60	0
6530111 District - Recurrent Bank A/c	0	0	0	0
6530100 Recurrent Bank Accounts	20,611,110.80	0	339,560.60	0
6530000 Recurrent Bank Accounts	**20,611,110.80**	**0**	**339,560.60**	**0**
6540101 Ministry HQ Development Bank A	1,821,223.00	0	141,247.65	0
6540100 Development Bank Accounts	1,821,223.00	0	141,247.65	0
6541114 Kenya Petroleum Technical	0	0	0	0
6541100	0	0	0	0
6540000 Development Bank Accounts	**1,821,223.00**	**0**	**141,247.65**	**0**
6550101 Ministry HQ Deposit Bank A/C	5,203,608.00	0	12,967,459.00	0
6550100 Deposit Bank Accounts	5,203,608.00	0	12,967,459.00	0
6550000 Deposit Bank Account	**5,203,608.00**	**0**	**12,967,459.00**	**0**
6580101 Cash	0	0	0	0
6580104 Cash in Transit	0	0	0.05	0
6580100 Cash in Hand	0	0	0.05	0
6580000 Cash in Hand	**0**	**0**	**0.05**	**0**
6710103 Salary advance	87,500.00	0	35,000.00	0
6710100 Debtors & Advances - Employees	87,500.00	0	35,000.00	0
6710000 Domestic Debtors & Advances	**87,500.00**	**0**	**35,000.00**	**0**
6740101 Prepayment	0	0	0	0
6740102 R/D Cheques	0	0	0	0
6740100 Other Debtors & Pre-payments	0	0	0	0
6740000 Other Debtors & Pre-payments	**0**	**0**	**0**	**0**
6760101 Standing Imprests	0	0	0	0
6760103 Temporary Imprests	0	0	0	0
6760100 Imprests	0	0	0	0
6760000 Government Imprests	**0**	**0**	**0**	**0**
6780101 General Suspense A/C	0	0	0	0
6780103 District Suspense A/c	0	0	1,314,860.00	0
6780110 Imprest Cash Recovery	0	0	0	0
6780100 Suspense & Clearance Account	0	0	1,314,860.00	0
6780000 Suspense & Clearance Account	**0**	**0**	**1,314,860.00**	**0**

6790102 Receiving Inventory A/C	0	0	0	0
6790100 Other Current System A/cs	0	0	0	0
6790000 Other Current Assets (System r	**0**	**0**	**0**	**0**
7310101 General Deposits	0	5,203,608.00	0	12,967,459.00
7310100 General Deposits Items	0	5,203,608.00	0	12,967,459.00
7310000 Deposits	**0**	**5,203,608.00**	**0**	**12,967,459.00**
7320101 PAYE	0	0	0	0
7320102 NHIF	0	0	0	0
7320103 House Rent	0	0	0	0
7320104 Car Loans	0	0	0	0
7320106 NSSF	0	0	0	0
7320107 Co-operatives	0	0	0	0
7320108 Insurances	0	0	0	0
7320109 Hire Purchases	0	0	0	0
7320110 Court Attachments	0	0	0	0
7320112 Staff Welfare Associations	0	0	0	0
7320113 HELB Deductions	0	0	0	0
7320114 Union Dues	0	0	0	0
7320116 Mortgages / Bank Loans	0	0	0	0
7320117 Govt. Liability Attachments	0	0	0	0
7320119 RTD Salary - held for officer	0	0	0	0
7320121 Salary Overpayment Refunds	0	0	0	0
7320123 Civil Service Housing Fund	0	0	0	0
7320124 3% Commission on Deductions	0	0	0	0
7320126 Employee Contribution to PSSS	0	0	0	0
7320127 Housing Levy	0	0	0	0
7320129 SHIF	0	0	0	0
7320199 Salary Control Account	0	0	0	0
7320100 Salary Deductions	0	0	0	0
7320201 Contractors Retention Money	0	0	0	0
7320207 NITA	0	0	0	0
7320208 Public Procurement Capacity Building	0	0	0	0
7320200 Other General Liabilities	0	0	0	0
7320000 Other Liabilities	**0**	**0**	**0**	**0**
7380101 General Withholding Tax	0	0	0	0
7380102 VAT Withholding	0	0	0	0
7380100	0	0	0	0
7380000 Withholding Taxes	**0**	**0**	**0**	**0**
7390101 Inventory AP Accrual	0	0	0	0
7390103 AP Liabilities	0	0	0	0
7390100 System Required Liabilities	0	0	0	0
7399999 Cash Clearing A/c	0	0	0	0
7399900	0	0	0	0

7390000 System Required Liabilities A/cs	0	0	0	0
9910101 Provision for Encumbrance	0	0	0	0
9910100 General Provisions	0	0	0	0
9910201 Exchequer Releases/ Provisioning	0	38,577,279,970.50	0	31,791,020,540.45
9910209 Remittances to Exchequer	1,011,497,939.30	0	1,011,017,131.40	0
9910200 Exchequer Provisions	1,011,497,939.30	38,577,279,970.50	1,011,017,131.40	31,791,020,540.45
9910000 Provisions	**1,011,497,939.30**	**38,577,279,970.50**	**1,011,017,131.40**	**31,791,020,540.45**
9990101 Opening Balance Bank	0	942,112,985.00	0	942,112,985.00
9990100 Opening Balance Bank	0	942,112,985.00	0	942,112,985.00
9999999 Consolidated Fund	31,697,232,090.75	0	26,611,645,169.65	0
9999900	31,697,232,090.75	0	26,611,645,169.65	0
9990000 Opening Balance Reserves	**31,697,232,090.75**	**942,112,985.00**	**26,611,645,169.65**	**942,112,985.00**
Total	**40,318,870,049.40**	**40,318,870,049.40**	**33,309,041,778.45**	**33,309,041,778.45**

STATE DEPARTMENT FOR INDUSTRY CASH BASIS TO ACCRUAL BASIS RECONCILIATION WORKSHEET								
FOR THE YEAR ENDED 30TH JUNE 2025								
SCOA	ITEM DESCRIPTION	IFMIS TRIAL BALANCE EXTRACTED AS AT 30TH JUNE 2025 (CASH BASIS) (KSHS)	ADD: ACCRUALS & PROVISIONS AS 30TH JUNE 2025 (KSHS).	ADD: GRATUITY PAYABLES	LESS: ACCRUALS SETTLED/PAID PB AS AT 30TH JUNE 2025 (KSHS).	LESS: CAPEX ITEMS 2024-2025FY. (KSHS).	ADD: NON RELATED CAPEX ITEMS IN THE PERIOD (KSHS).	ADJUSTED FIGURES IN THE NOTES TO THE FINANCIAL STATEMENTS (KSHS) (ACCRUAL BASIS).
1420300	Administrative Fees and Charges collected as AIA	753,273,486	-	-		-	-	753,273,486
3520300	Receipts from the Sale of Inventories, Stocks and Commodities	41,000,000	-	-	-	-	-	41,000,000
9910201	Exchequer releases	6,786,259,430	-	-		-	-	6,786,259,430
TOTAL RECEIPTS		7,580,532,916		-	-	-	-	7,580,532,916
PAYMENTS								
2110100	Basic Salaries - Permanent Employees	314,375,472	-	-	-	-	-	314,375,472
2110200	Basic Wages - Temporary Employees	2,459,359	-	-	-	-	-	2,459,359
2110300	Personal Allowances paid as part of Salary	165,191,174	-	-	-		-	165,191,174
2120100	Employer Contributions to Compulsory National Social Security Schemes	9,903,763	-	-	-	-	-	9,903,763
2210100	Utilities, Supplies and Services	39,650,026	-	-	-	-	-	39,650,026
2210200	Communication, Supplies and Services	3,138,548	-	-	-	-	-	3,138,548
2210300	Domestic Travel and Subsistence, and Other Transportation Costs	44,217,996	-	-	2,530,569	-	-	41,687,427
2210400	Foreign Travel and Subsistence, and other transportation costs	12,171,400	-	-	-	-	-	12,171,400
2210500	Printing , Advertising and Information Supplies and Services	3,612,433	-	-	2,163,936		-	1,448,497
2210600	Rentals of Produced Assets	98,933,847	-	-	19,324,607	-	-	79,609,240
2210700	Training Expenses	9,767,946	-	-	-	-	-	9,767,946
2210800	Hospitality Supplies and Servi	9,657,278	288,000	-	-	-	-	9,945,278
2211000	Specialised Materials and Supp	286,230,426	-	-	33,645,001	-	-	252,585,425
2211100	Office and General Supplies and Services	19,155,475	-	-	1,506,955	-	-	17,648,520
2211200	Fuel Oil and Lubricants	9,245,829	-	-	-	-	-	9,245,829
2211300	Other Operating Expenses	157,104,392	-	-	4,360,065	-	30,677,203	183,421,530
2220100	Routine Maintenance - Vehicles	6,411,025	-	-	610,339	-	-	5,800,686
2220200	Routine Maintenance - Other Assets	8,096,761	-	-	248,515	-	-	7,848,246
2630100	Current Grants to Government Agencies and other Levels of Government	2,005,540,289	-	-	-	-	-	2,005,540,289
2630200	Capital Grants to Government Agencies and other Levels of Government	2,899,999,989	-	-	-	-	1,348,271,271	4,248,271,260
2710100	Government Pension and Retirement Benefits	-	-	4,105,280	-	-	-	4,105,280
3111000	Purchase of Office Furniture and General Equipment	1,499,940	-	-	-	1,499,940	-	-
3111100	Purchase of Specialised Plant, Equipment and	122,844	-	-	-	122,844	-	-
3111300	Purchase of Certified Seeds, Breeding Stock	30,554,360				30,554,360		
3111400	Research, Feasibility Studies, Project Preparation and Design, Project Supervision	1,348,271,271	-	-	-	1,348,271,271	-	-
TOTAL PAYMENTS		7,485,311,845	288,000	4,105,280	64,389,987	1,380,448,414	1,378,948,474.00	7,423,815,198

STATE DEPARMENT FOR INDUSTRY - GRATUITY WORKINGS

NAME	PERIOD	SALARY	Total	31% Gratuity	PAYE	NET PAY	Opening balance	Addittional
Brown Murungi Kairaria	12/07/2022 to 30/06/2023	197,800.00	2,303,412.90	714,058.00	214,217.40	499,840.60		
	01/07/2023 to 30/06/2024	224,080.00	2,688,960.00	833,577.60	250,073.28	583,504.32	1,547,636	
	01/07/2024 to 30/06/2025	242,080.00	2,904,960.00	900,537.60	270,161.28	630,376.32		900,538
	TOTAL		**7,897,332.90**	**2,448,173.20**	**734,451.96**	**1,713,721.24**		

GRATUITY

NAME	PERIOD	SALARY	TOTAL	31% Gratuity	PAYE	NET PAY		
GLADYS MUTHONI MBURU	11/08/2020 to 30/06/2021	197,800.00	2,111,993.55	**654,718.00**	**196,415.40**	**458,302.60**		
	01/07/2021 to 30/06/2022	197,800.00	2,373,600.00	735,816.00	220,744.80	515,071.20		
	01/07/2022 to 30/06/2023	197,800.00	2,373,600.00	735,816.00	220,744.80	515,071.20		
	01/07/2023 to 30/06/2024	224,080.00	2,688,960.00	833,577.60	250,073.28	583,504.32	2,959,928	
	01/07/2024 to 30/06/2025	242,270.00	2,907,240.00	901,244.40	270,373.32	630,871.08		901,244
			12,455,393.55	**3,861,172.00**	**1,158,351.60**	**2,702,820.40**		

GRATUITY

NAME	PERIOD	SALARY	TOTAL	31% Gratuity	PAYE	NET PAY		
Dr.Juma Mukhwana	01/12/2022 to 30/11/2023	459,113.00	5,509,356.00	**1,707,900.36**	**512,370.11**	**1,195,530.25**	2,739,759	
	01/12/2023 to 30/6/2024	475,511.00	3,328,577.00	**1,031,858.87**	**309,557.66**	**722,301.21**		
	01/07/2024 to 30/06/2025	475,511.00	5,706,132.00	**1,768,900.92**	**530,670.28**	**1,238,230.64**		1,768,901
			14,544,065.00	**4,508,660.15**	**1,352,598.05**	**3,156,062.11**		

GRATUITY

NAME	PERIOD	SALARY	TOTAL	31% Gratuity	PAYE	NET PAY		
Prof.Erasus Gatebe	30/07/2024 to 30/06/2025	284,360.00	1,724,505.81	**534,596.80**	**160,379.04**	**374,217.76**		534,597
			1,724,505.81	**534,596.80**	**160,379.04**	**374,217.76**		
	TOTAL GRATUITY PAYABLE	**11,352,602.15**					7,247,322	4,105,280

MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY 1175

Table 1: ANALYSIS OF PENDING BILLS AS AT 30TH JUNE, 2025

Financial Year		Historical pending bills submitted to pending Bills Verification (PBVC) (Kshs)		FY 2023/2024 (Kshs.)		FY 2024/2025 (Kshs.)		TOTAL	REMARKS
Category		Rec	Dev	Rec	Dev	Rec	Dev		
1	Bills verified and payable							-	
2	Bills under verification	37,486,900		288,000.00				37,774,899.60	Awaiting Audit and PBVC clearence
3	Bills under the DCI/EACC	0	0	0	0	0	0	-	
4	Contested/Courts Award	0	0	0	0	0	0	-	
5	Ineligible Bills	0	0	0	0	0	0	-	
	Total Pending Bills	37,486,900	-	288,000.00	-	-	-	37,774,899.60	-

Table 2: Settlement of Verified and Payable Pending Bill

Verified and Payable Pending Bills		Recurrent. (Kshs.)			Development (Kshs.)			Total
		Historical Bills	2023/2024	2024/2025	Historical Bills	2023/2024	2024/2025	
A	Bills verified and Payable (from table 1 above)		0	0.00	-	0	-	-
B	Amount Paid		0	-			-	-
C	Outstanding Balance (A-B)	0	0	0	0	0	0	-

Table 3A: HISTORICAL PENDING BILLS SUBMITTED TO PBVC AS AT 30TH JUNE, 2025

S/NO.	Supplier/Contractor	Invoice No	Nature Of Goods/Services	Amount (Kshs)	Amount Paid (Kshs)	Outstanding Amount (Kshs)	REMARKS
1	Deboma Agencies		Supply of Toners 55A	499,000.00		499,000.00	inadequate budget provision
2	Afro Kent office Equipment		Supply of Desktop Computers	1,545,000.00		1,545,000.00	inadequate budget provision
3	Emart services		Supply of Fluorescent lamps,PLC,bulbs & halogen bulbs	1,311,500.00		1,311,500.00	inadequate budget provision
4	Robi Agencies		Supply of tonner HP 305A	506,500.00		506,500.00	inadequate budget provision
5	Minimix Agencies		supply of pens ,envelopes	589,950.00		589,950.00	inadequate budget provision
6	Emart services		Supply of toners 05A & Folders	530,000.00		530,000.00	inadequate budget provision

7	Jaycode Enterprises		Supply of binding Covers	555,000.00		555,000.00	inadequate budget provision
8	Arindo Enterprises		Supply of toner 507A	540,000.00		540,000.00	inadequate budget provision
9	Spatrade Kenya Ltd		Supply of Printed T shirts & Caps	1,065,000.00		1,065,000.00	inadequate budget provision
10	Afro Kent office Equipment		Supply of Desktop Computers	927,000.00		927,000.00	inadequate budget provision
11	MFI Document Solutions		Supply of Photocopier Machine	1,644,648.00		1,644,648.00	inadequate budget provision
12	Unikem Enterprises		Supply of Toner HP 55A	500,000.00		500,000.00	inadequate budget provision
13	Jenmea Enterprises		Supply of transparent Folders 7 Note books	495,000.00		495,000.00	inadequate budget provision
14	Emart services		Supply of Assorted items	747,200.00		747,200.00	inadequate budget provision
15	Glomarand Enterprises		Supply of Assorted items	376,000.00		376,000.00	inadequate budget provision
16	Elite times Ventures		Provision of Airticket	1,525,120.00		1,525,120.00	inadequate budget provision
17	Samo Agencies Ltd		Repair and Service of Motor Vehicle	642,000.00		642,000.00	inadequate budget provision
18	Chief Mechanical & Transport			41,360.00		41,360.00	inadequate budget provision
19	Jehovah Jireh Hotel		Conference facility	242,000.00		242,000.00	inadequate budget provision
20	Kitui Multipurpose aldult continuing educational Centre		Conference facility	180,000.00		180,000.00	inadequate budget provision
21	MFI Document Solutions		Servicing and maintenance of Photocopying machines	548,216.00		548,216.00	inadequate budget provision
22	Kisumu Hotel (Maseno University)		Conference facility	250,000.00		250,000.00	inadequate budget provision
23	Kenya School of Government		Conference facility	417,602.50		417,602.50	inadequate budget provision
24	Kenya Safari lodges & Hotels Ltd		Conference facility	348,000.00		348,000.00	inadequate budget provision
25	Dairy Training Institute		Conference facility	306,950.00		306,950.00	inadequate budget provision
26	Northwood agencies Ltd		Provision of Chopper services	573,040.00		573,040.00	inadequate budget provision
27	Kenya institute of Curriculum development		Conference facility	183,000.00		183,000.00	inadequate budget provision
28	MFI Document Solutions		Servicing and maintenance of Photocopying machines	623,694.00		623,694.00	inadequate budget provision
29	Whitesands Hotel Ltd		Conference Facility	270,000.00		270,000.00	inadequate budget provision
30	Government advertising agency		Advertisement	2,121,899.10		2,121,899.10	inadequate budget provision
31	Toyota Kenya Limited		Repair of GKB 542W	58,000.00		58,000.00	inadequate budget provision
32	Sky Extra Tours 7 Travel		Provision of Airticket	115,540.00		115,540.00	inadequate budget provision

33	Attic Tours and Travel Ltd		Provision of Air Ticket	290,600.00		290,600.00	inadequate budget provision
34	Attic Tours and Travel Ltd		Provision of Air Ticket	47,165.00		47,165.00	inadequate budget provision
35	Attic Tours and Travel Ltd		Provision of Air Ticket	676,900.00		676,900.00	inadequate budget provision
36	Attic Tours and Travel Ltd		Provision of Air Ticket	61,800.00		61,800.00	inadequate budget provision
37	Attic Tours and Travel Ltd		Provision of Air Ticket	40,190.00		40,190.00	inadequate budget provision
38	Attic Tours and Travel Ltd		Provision of Air Ticket	178,800.00		178,800.00	inadequate budget provision
39	Attic Tours and Travel Ltd		Provision of Air Ticket	198,185.00		198,185.00	inadequate budget provision
	HEADQUARTERS SUB-TOTAL			21,771,859.60	0.00	21,771,859.60	
	KITI- HISTORICAL BILLS						
40	Wilwok Merchants Ltd	17	Supply of Training Materials	772,030.00	-	772,030.00	inadequate budget provision
41	Nakuru Express Supplies & Services	10	Supply of Training and Examination	1,015,112.00	-	1,015,112.00	inadequate budget provision
42	Wilworks and General	266	Supply of training materials	26,282.00	-	26,282.00	inadequate budget provision
43	Wilworks and General	947	Supply of Training Materials	13,105.00	-	13,105.00	inadequate budget provision
44	Willworks and General	71	Supply of training and Examination	75,441.00	-	75,441.00	inadequate budget provision
45	Willworks and General	461	Supply of training and Examination	39,386.00	-	39,386.00	inadequate budget provision
46	Narick and general	23	Supply of training and Examination	479,875.00	-	479,875.00	inadequate budget provision
47	Silibwet Enterprise	108	Supply of training and Examination	159,146.00	-	159,146.00	inadequate budget provision
48	Narick and general	17	Supply of training and Examination	460,770.00	-	460,770.00	inadequate budget provision
49	Narick and general	4247	Supply of Training Materials	178,690.00	-	178,690.00	inadequate budget provision
50	Narick and general	12	Supply of Training Materials	522,915.00	-	522,915.00	inadequate budget provision
51	Elesteve Merchantile	517	Supply of training and Examination	87,143.00	-	87,143.00	inadequate budget provision

52	Elidimex Agencies K limited	12	Supply of training and Examination	20,013.00	-	20,013.00	inadequate budget provision
53	Elidimex Agencies K limited	123	Supply of Training Materials	46,455.00	-	46,455.00	inadequate budget provision
54	Jactos general	30	Supply of training materials	255,200.00	-	255,200.00	inadequate budget provision
55	Masora business enterprises	8	Supply of training materials	354,250.00	-	354,250.00	inadequate budget provision
56	Nabil East Africa	4	Supply of training and Examination	218,662.00	-	218,662.00	inadequate budget provision
57	Flamant General Stores	46	Supply of training and Examination	379,250.00	-	379,250.00	inadequate budget provision
58	Solarwatts Enterprises	473	Maintenance of Security Lights	425,000.00	-	425,000.00	inadequate budget provision
59	Interlink Beta Commercial Agency	24	Maintenance of computers, Installati	475,740.00	-	475,740.00	inadequate budget provision
60	Jog General Contractors and Supplies	4363	Supply of materials for repair of per	274,862.00	-	274,862.00	inadequate budget provision
61	Intra-Pack Enterprises	327	Supply of training materials	230,290.00	-	230,290.00	inadequate budget provision
62	Intra-Pack Enterprises	54	Supply of training and Examination	300,103.00	-	300,103.00	inadequate budget provision
63	Kirgot Enterprises	307	Supply of training materials	348,000.00	-	348,000.00	inadequate budget provision
64	PECA Services	30	Supply of stationeries	69,200.00	-	69,200.00	inadequate budget provision
65	Wafebis Entreprises	47	Supply of stationeries	548,750.00	-	548,750.00	inadequate budget provision
66	Narick and general	187	Supply of training and Examination	811,740.00	-	811,740.00	inadequate budget provision
67	Narick and general	102	Supply of training and Examination	38,310.00	-	38,310.00	inadequate budget provision
68	Narick and general	56	Supply of training and Examination	1,018,955.00	-	1,018,955.00	inadequate budget provision
69	Mak and Mar Ktd	926	Supply of Fresh Milk	630,000.00	-	630,000.00	inadequate budget provision
70	Jogla Enterprises	932	Suplly of training materials	55,890.00	-	55,890.00	inadequate budget provision
71	Mak and Mar Ktd	931	Supply of Fresh Milk	409,500.00	-	409,500.00	inadequate budget provision
72	Pemaki Enterprises	102	Supply of Fresh cabbages	136,800.00	-	136,800.00	inadequate budget provision

73	Delani Kenya	356	Supply of Maizemeal, Rice and Suga	320,000.00	-	320,000.00	inadequate budget provision
74	Rawaka Merchants	904	Supply of rosecoco beans	80,500.00	-	80,500.00	inadequate budget provision
75	Grackam East africa Enterprises	547	Supply of Fresh cabbages	64,000.00	-	64,000.00	inadequate budget provision
76	Remnants women group	927	Supply of charcoal	150,000.00	-	150,000.00	inadequate budget provision
77	Remnants women group	340	Supply of charcoal	225,000.00	-	225,000.00	inadequate budget provision
78	Remnants women group	78	Supply of Fresh cabbages	88,000.00	-	88,000.00	inadequate budget provision
79	Jaymarks General Suppliers	297	Supply of nyayo beans	80,500.00	-	80,500.00	inadequate budget provision
80	Remnants women group	162	Supply of charcoal	225,000.00	-	225,000.00	inadequate budget provision
81	Remnants women group	160	Supply of Fresh cabbages	96,000.00	-	96,000.00	inadequate budget provision
82	Racheal Wambui Kariuki	2062	Supply of Fresh cabbages and Suku	183,400.00	-	183,400.00	inadequate budget provision
83	Rawaka Merchants	831	Supply of nyayo beans	80,500.00	-	80,500.00	inadequate budget provision
84	George Mburu	81	Supply of Fresh cabbages	120,000.00	-	120,000.00	inadequate budget provision
85	Ndathu Investments	38	Supply of Maizemeal, Rice and deep	290,000.00	-	290,000.00	inadequate budget provision
86	Nyawande Investments	1536	Supply of examination materials	282,690.00	-	282,690.00	inadequate budget provision
87	Jaymarks General Suppliers	107	Supply of Fresh Sukuma Wiki	60,000.00	-	60,000.00	inadequate budget provision
88	Racheal Wambui Kariuki	25-27	Supply of Spinanch, Cabbages and K	175,000.00	-	175,000.00	inadequate budget provision
89	Jog General Contractors and Supplies	154	Servicing of computers	87,500.00	-	87,500.00	inadequate budget provision
90	Racheal Wambui Kariuki	70	Supply of Fresh cabbages and spinac	91,800.00	-	91,800.00	inadequate budget provision
91	Jaymarks General Suppliers	45274	Supply of Fresh cabbages	122,000.00	-	122,000.00	inadequate budget provision

92	Racheal Wambui Kariuki	6	Supply of Spinanch, Cabbages and K	183,000.00	-	183,000.00	inadequate budget provision
93	Narick and general	11	Supply of Renovation materials	1,142,930.00	-	1,142,930.00	inadequate budget provision
94	Suplly of training material	68	Suplly of training material	571,244.00	-	571,244.00	inadequate budget provision
95	Suplly of training material	27	Suplly of training material	119,111.00	-	119,111.00	inadequate budget provision
	SUB TOTAL FOR KITI - HISTORICAL P/BILLS			15,715,040.00	0.00	15,715,040.00	
	TOTAL HISTORICAL BILLS			37,486,899.60	0.00	37,486,899.60	

	RECCURENT HEADQUARTERS - FY 2024/2025						
Date	Supplier/Contractor	Invoice No	Nature Of Goods/Services	Amount (Kshs)	Amount Paid (Kshs)	Outstanding Amount (Kshs)	REMARKS
12th May 2025	Windsor Golf Hotel	6276	Conference facilities	288,000.00		288,000.00	Insufficient budget
	SUB- TOTAL HQS -FY 2024/2025			288,000.00	0.00	288,000.00	

	KENYA INDUSTRIAL TRAINING INSTITUTE - FY 2024/2025						
S/NO.	Supplier/Contractor	Invoice No	Nature Of Goods/Services	Amount (Kshs)	Amount Paid (Kshs)	Outstanding Amount (Kshs)	REMARKS
	TOTAL PENDING BILLS 2024/2025			37,774,899.60	0.00	37,774,899.60	

STATE DEPARTMENT FOR INDUSTRY - ANALYSIS OF DEPOSIT ACCOUNT HEADQUARTERS FOR FIN YEAR 2024/2025

S/NO	ACTIVITIES	BAL B/F 2023/2024	ADDITION	PAYMENT	BAL. C/F 2024/2025
1	Investment Park	1,000,000.00		- 1,000,000.00	**0.00**
2	2nd Manufacturing Expo	675,000.00		- 675,000.00	**0.00**
3	Unspent AIE	7,739.10		- 7,739.10	**0.00**
4	Salary Deductions	273,267.65		- 20,144.00	**253,123.65**
5	Transfer from Old CBK	454,245.75			**454,245.75**
6	Africa Industrialization	1,698,973.90		- 1,698,973.90	**0.00**
7	Regional Intergration & Imp Programe	7,598.00			**7,598.00**
8	Nairobi Int. Trade Fair	8,000.00		- 8,000.00	**0.00**
9	AIA / Sale Tenders	3,998,505.00	40,400.00		**4,038,905.00**
10	2nd Commonwealth Sme Trade Summit	594,500.00		- 594,500.00	**0.00**
11	Afforestation and Greening Project	180,000.00		- 180,000.00	**0.00**
12	Directors Fees	480,000.00		- 480,000.00	**0.00**
13	Retention Money	2,563,929.60	669,204.00	- 2,783,397.90	**449,735.70**
14	Tender Deposit	36,400.00		- 36,400.00	**0.00**
15	Contributions Towards Ps office	148,000.00		- 148,000.00	**0.00**
16	CAIPS	841,300.00		- 841,300.00	**0.00**
	Totals	**12,967,459.00**	**709,604.00**	**- 8,473,454.90**	**5,203,608.10**

DEPOSIT ANALYSIS - KITI 2024/2025

No	Particulars	BAL b/f 2024/2025	Additions	Payments	Bal c/f 2025/2026
1	Retention	3,596,197.75	2,238,395.25	-	5,834,593.00
2	Caution Fees	1,155,000.00	663,400.00	500,000.00	1,318,400.00
3	Activity Fees	300,831.00	3,793,479.00	3,817,688.00	276,622.00
4	Industrial Attachment/Assessment/Insurance	1,065,125.00	1,861,250.00	2,300,373.00	626,002.00
5	Registration Fees	551,650.00	1,043,850.00	1,422,240.00	173,260.00
6	Internal Examination/Certificate	496,970.00	1,505,000.00	1,447,736.00	554,234.00
7	Practical Training Material/Material Fees	1,482,974.00	8,215,032.00	8,866,610.00	831,396.00
8	Trade Test/NITA	136,640.00	767,690.00	702,055.00	202,275.00
9	Students ID	110,040.00	767,980.00	399,400.00	478,620.00
10	Uniforms/Chef suit	-	890,450.00	586,720.00	303,730.00
11	KNEC	634,500.00	8,511,480.00	6,459,700.00	2,686,280.00
12	Medical Fees	320,420.00	436,670.00	379,998.50	377,091.50
13	Seminars	-	4,009,052.00	4,009,052.00	-
14	Admissions	1,200.00	-	1,200.00	-
15	Student Levy Union	381,440.00	1,094,100.00	898,750.00	576,790.00
16	KNEC Material	1,323,750.00	2,563,200.00	2,853,894.00	1,033,056.00
17	Damages		31,370.00	27,540.00	3,830.00
18	CDACC Registration	-	423,800.00	327,100.00	96,700.00
19	CDACCC Material	-	227,850.00	212,900.00	14,950.00
	TOTAL	**11,556,737.75**	**39,044,048.25**	**35,212,956.50**	**15,387,829.50**

FIRST FINANCIAL POSITION

	Period as at 30th June 2024 KShs	Adjustments	Opening Statement 1st July 2024
Assets			
Current assets			
Cash and cash equivalents	48,058,640	-	48,058,640
Receivables from exchange transactions	1,349,860	-	1,349,860
Total Current Assets	**49,408,500**	**-**	**49,408,500**
Non Cuurent Assets			
property,Plant and Equiment	-	-	-
Total Non Current Assets	**-**	**-**	**-**
Total Assets	**49,408,500**	**-**	**49,408,500**
Liabilities			
Current Liabilities			
Trade and other payables	-	101,876,887	101,876,887
Refundable deposits	24,524,197	-	24,524,197
Current provisions	-	-	-
Total Current Liabilities	**24,524,197**	**101,876,887**	**126,401,084**
	-		
Non-current liabilities			
Non-current provisions	-	7,247,322	7,247,322
Total Non Current Liabilities	**-**	**7,247,322**	**7,247,322**
Total Liabilities	**24,524,197**	**-**	**133,648,406**
Net Assets	**24,884,303**	**-**	**(84,239,906)**
Represented by			
Accumulated surplus	24,884,303	(109,124,209)	(84,239,906)
Net Assets	**24,884,303**	**(109,124,209)**	**(84,239,906)**

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