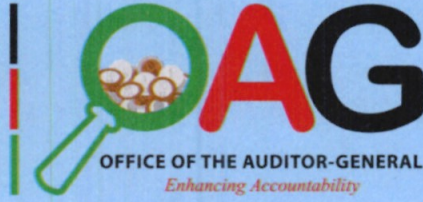


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY
PAPERS LAID

OF DATE: 18 FEB 2026 DAY: Wednesday

TABLED
BY:

Deputy Leader of the
Majority Party

Irene Nduku

THE AUDITOR-GENERAL

ON

**KENYA JOBS AND ECONOMIC
TRANSFORMATION PROJECT
(IDA CREDIT NUMBER 7450-KE)**

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

**STATE DEPARTMENT FOR MICRO, SMALL
AND MEDIUM ENTERPRISES DEVELOPMENT**



Revised 30th June 2025



PROJECT NAME: KENYA JOBS AND ECONOMIC TRANSFORMATION
**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR MICRO, SMALL AND
MEDIUM ENTERPRISES DEVELOPMENT**
PROJECT CREDIT NUMBER: P179381

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Table Contents	Page
1. Acronyms and Definition of Terms.....	ii
2. Project Information and Overall Performance.....	iv
3. Statement of Performance against Project's Predetermined Objectives.....	xix
4. Environmental and Sustainability Reporting.....	xxv
5. Statement of Project Management Responsibilities.....	xxxviii
6. Report of the Independent Auditor on Financial Statements for Kenya Jobs and Economic Transformation (KJET) Project.....	xl
7. Statement of Financial Performance for the Year Ended 30th June 2025.....	1
8. Statement of Financial Position as at 30 th June 2025.....	2
9. Statement of Changes in Net Assets.....	3
10. Statement of Cashflow for the year ended 30 th June 2025.....	4
11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 th June 2025.....	5
12. Notes to the Financial Statements.....	7
13. Annexes.....	31

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
CIDC	Constituency Industrial Development Centres
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Safeguards
GBV	Gender Based Violence
GRM	Grievance Redress Mechanism
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
KDC	Kenya Development Corporation
KENINVEST	Kenya Investment Authority
KJET	Kenya Jobs and Economic Transformation
LMP	Labour Management Procedures
M&E	Monitoring and Evaluation
MSEA	Micro and Small Enterprises Authority
NT	National Treasury
OSHA	Occupational Safety and Health Act
PFM	Public Finance Management
PIU	Project Implementation Unit
PSASB	Public Sector Accounting Standards Board
PSC	Project Steering Committee

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

SDIP	State Department for Investment Promotion
SDMSME	State Department for Micro, Small and Medium Enterprises Development
SEP	Stakeholder Engagement Plan
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is the Kenya Jobs and Economic Transformation (KJET) Project.

Objective

The Project Development Objective (PDO) is to *'increase private sector investments, access to markets and sustainable finance to create and improve jobs.'*

The project targets to create and improve productivity of select Micro, Small and Medium Enterprises (MSME) clusters based on priority value chains envisioned under the Bottom-Up Economic Transformation Agenda (BETA).

Address

The project headquarters are located in Nairobi County, Kenya. The registered office is situated at Prism Towers 27th Floor, P.O. Box 30547-00100, Nairobi, Kenya.

Contacts: The following are the project contacts

P.O. Box: 30547-00100

Telephone: +254-(0)20-2731531/9

E-mail: ps@msme.go.ke

Website: www.msme.go.ke

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	11-Dec-2023
Project End Date:	31-Dec-2028
Project Coordinator:	Dr. Tedson Richard Nyongesa
Project Development Partner:	The World Bank [International Development Association (IDA)]

2.3 Project Overview

Line Ministry or State departments.	State Department for Micro, Small and Medium Enterprises (MSME) Development
Project number	P179381
Strategic goals of the project	<p>The Strategic Goals of the Project are as follows:</p> <ol style="list-style-type: none"> i. Enhancing inclusive, high quality, resilient and sustainable job creation. ii. Strengthening business and investment environment. iii. Strengthen competitiveness & building capacity of MSME clusters. iv. Enhancing market access for MSMEs. v. Scaling up green MSME Financing. <p>The Project Development Objective (PDO) is to <i>'increase private sector investments, access to markets and sustainable finance to create and improve jobs.'</i></p>
Summary of Project Strategies for achievement of strategic goals	<p>The project management aims to achieve the goals through the following means (Components and Sub-Components):</p> <p>Component 1: Strengthening Business and Investment Enabling Reforms;</p> <p>Component 2: Enhancing MSME Cluster Competitiveness;</p> <ul style="list-style-type: none"> • Subcomponent 2.1: Technical Assistance (TA) on Competitive Cluster Development Initiatives;

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

	<ul style="list-style-type: none"> • Subcomponent 2.2: Building Capacities of MSME Clusters; <p>Component 3: Scaling Up Green Financing and Strengthening Climatic Resilience for SMEs;</p> <ul style="list-style-type: none"> • Subcomponent 3.1: Scaling Up Green SME Financing; • Subcomponent 3.2: Strengthening MSMEs Climatic Resilience; and <p>Component 4: Project Management, Monitoring and Evaluation.</p>
<p>Other important background information of the project</p>	<p>The Kenya Jobs and Economic Transformation (KJET) Project is a flagship initiative of the Government of Kenya, designed to operationalize the Bottom-Up Economic Transformation Agenda (BETA) by unlocking the potential of the MSME economy. Recognizing the MSME sector as a cornerstone of inclusive growth, the BETA Agenda prioritizes financial inclusion, value chain development, and sustainable job creation through targeted support to MSMEs.</p> <p>Despite their economic importance, MSMEs in Kenya face persistent challenges—including low firm growth, weak productivity, and limited competitiveness—driven by structural market failures. These include regulatory barriers, lack of access to finance and markets, and insufficient firm capabilities. The KJET Project, supported by the World Bank, responds directly to these constraints through a coordinated, whole-of-government approach aimed at addressing both public and private sector bottlenecks that hinder MSME development.</p> <p>KJET is strategically designed to strengthen market systems, expand access to finance, and promote green, inclusive enterprise development. The Project is structured to leverage and complement ongoing efforts by the Government of Kenya and the World Bank, reinforcing reforms and interventions that underpin the broader Jobs and Economic Transformation (JET) Agenda. Its design builds on a robust evidence base, including the 2019 Country Private Sector Diagnostic (CPSD), the 2022 Sub-national Competitiveness for JET ASA, and the 2023 Country Economic Memorandum (CEM).</p> <p>By improving MSME competitiveness, enhancing access to productive markets, and fostering institutional coordination across relevant government actors, KJET advances the BETA</p>

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

	<p>Agenda’s overarching goals: job creation, enterprise growth, and regional equity.</p> <p>In essence, the KJET Project is a key enabler of the BETA Agenda, translating national policy into action through catalytic interventions that empower MSMEs, stimulate private sector-led growth, and support Kenya’s transition to a resilient, equitable, and sustainable economy.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> i. Overly complex regulatory frameworks; ii. Insufficient promotion of Foreign Direct Investment (FDI); iii. Lack of coordination between buyers and suppliers; iv. Information gaps about market capabilities and requirements; and v. Negative impacts of climate change.
<p>Project duration</p>	<p>Five (5) Years</p>

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

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

2.5 Independent Auditor

The project is audited by:

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

Kenya Jobs and Economic Transformation (KJET) Project

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

2.6 Roles and Responsibilities

No	Name	Title / Designation	Key qualifications	Responsibilities
1.	Dr. Tedson R. Nyongesa	Project Coordinator	<p>Doctor of Business Administration - Strategic Leadership & Organizational Change Management</p> <p>MSc Project Management</p> <p>BSc Agribusiness Management</p> <p>Diploma in Agriculture</p>	<p>The Project Coordinator heads the Project Implementation Unit (PIU) at the State Department and provides overall and day-to-day management of the activities supported under the KJET Project. SDMSME. He is the main operational link between the Project, the State Department and the World Bank.</p>
2.	Mr. Nathan Soita	Procurement Specialist	<p>Master of Business Administration (Procurement & Supply Chain Management)</p> <p>Bachelor of Commerce (Business Administration option)</p> <p>Graduate Diploma in Purchasing & Supply</p>	<p>The Procurement Specialist provides the requisite procurement advice and support to the SDMSME PIU and other implementing entities to enable the development and implementation of a cost-effective procurement management system for the KJET Project.</p>

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

No	Names	Title / Designation	Key qualifications	Responsibilities
3.	Mr. Jacob Macharia	Project Accountant	<p>Master of Business Administration (Finance)</p> <p>Bachelor of Arts (Economics and Finance)</p> <p>Certified Public Accountant (CPA-K)</p> <p>Certified Securities and Investment Analyst (CSIA)</p>	The Project Accountant provides financial management and accounting support to the SDMSME PIU and other project implementing entities in accordance with World Bank & GoK financial management regulations and accounting procedures.
4.	Mr. Anthony Njeru	Monitoring and Evaluation (M&E) Specialist	<p>Masters of Arts – Economics</p> <p>Bachelor of Arts – Economics</p> <p>Statistical Training on Non-Tariff Barriers (NTBs)</p> <p>Data Analysis and Processing</p>	The M&E Specialist's role is to develop and implement a robust Monitoring and Evaluation (M&E) system that effectively tracks, assesses, and reports on the project's progress and outcomes.
5.	Ms. Carren Chelangat	Communication Specialist	<p>Master of Arts (Development Communication)</p> <p>Bachelor of Arts (Communication & Media Studies)</p> <p>Chartered Institute of Public</p>	The Communication Specialist's role is to develop and oversee implementation of a comprehensive communication strategy for the KJET Project to

Kenya Jobs and Economic Transformation (KJET) Project

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

No	Names	Type	Qualification	Responsibilities
			Relations Diploma Advanced PR and Stakeholder Management Project Management	enable the SDMSME PIU and other KJET implementing entities to effectively engage with its various stakeholders.
6.	Mr. Everlyne Amile	Environment Specialist	Masters in Environmental Planning and Management Bachelor of Environmental Planning and Management	The Environmental Specialist's role is to provide support and expertise to the PIU and other KJET Implementing Entities in ensuring that preparation and implementation of project interventions adhere to environmental, health and safety requirements, specifically the Environmental Management and Coordination Act EMCA 1999; (amended 2015) and the World Bank Environment and Social Framework.
7.	Mr. Stephen Gakang'a	Head of Accounting Unit	Bachelor of Commerce	The Head of Accounting Unit provides overall

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

No	Name	Title	Key qualifications	Responsibilities
			CPA(K) finalist Member of the Institute of Certified Public Accountants, Kenya (ICPAK)	financial management and accounting support to the SDMSME PIU and other project implementing entities in accordance with World Bank & GoK financial management regulations and accounting procedures.

2.7 Funding summary

The Kenya Jobs and Economic Transformation (KJET) Project is a five-year Government of Kenya initiative (Dec, 2023- Dec, 2028) funded through an Investment Project Financing (IPF) arrangement by the World Bank. The Project is fully financed by an International Development Association (IDA) credit amounting to **EUR 140,700,000 (USD 150,000,000)** equivalent to approximately to **Kshs.20,000,000,000** as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Finance Commitment		Amounts received to date - (US\$)		Unliquidated balance to date	
	Development Finance commitment (US\$)	US\$	Development Finance commitment (US\$)	US\$	Development Finance commitment (US\$)	US\$
	(A)	(A')	(B)	(B')	(C)	(C')
(i) Loan						
World Bank	140,700,000	20,000,000,000	4,000,000	547,162,400	136,700,000	19,452,837,600
Total	140,700,000	20,000,000,000	4,000,000	547,162,400	136,700,000	19,452,837,600

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date (30 th June 2025)		Cumulative amount paid to date (30 th June 2025)		Unutilised balance to date (30 th June 2025)	
	Development financing	KSh	Development financing	KSh	Development financing	KSh
	(a)	(b)	(c)	(d)	(e)	(f)
(i) Grant						
World Bank	0	0	0	0	0	0
(i) Loan						
World Bank	4,000,000	547,162,400	3,892,689	532,483,287	107,310	14,679,112
(ii) Counterpart funds						
Government of Kenya	0	0	0	0	0	0
Total	4,000,000	547,162,400	3,892,689	532,483,287	107,310	14,679,112

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) **Budget performance against actual amounts for the current year and for cumulative to-date.**

Total Project Budget: EUR 140.7 million (approx. KES 20 billion) over five years.

• FY 2024/25 Budget Utilization under the State Department for MSMEs

Development:

- Printed Estimates: KES 1,000,000,000
- Supplementary allocation: KES 548,000,000
- Actual Expenditure: KES 532,483,287
- Unutilized Budget: KES 14,679,112
- The project commenced operations in the Financial Year 2024/2025.

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

• Institutional Setup:

- Project Implementation Units (PIU) established and staffed.
- Project coordination, technical working groups, and governance mechanisms operational.

• Key Outputs:

- GRM (Grievance Redress Mechanism) and MIS application portals finalized and going live.
- First BDS call for applications launched; training of Cohort 1 scheduled.
- Revisions to forms, frameworks, and operational documents completed in consultation with World Bank and key partners.

• Strategic Planning:

- Draft strategic and interim workplans developed to inform FY 2025/26 budgeting.
- Stakeholder engagement plans in progress, targeting MPs and Senators.

- iii) **Absorption rate for each year since the commencement of the project.**

- **Budget Absorption:** The project managed to absorb 69% of the allocated budget. The underutilization of the budget by Kshs. 14,679,112 was as a result of closure of the procurement module in the IFMIS system. It was also anticipated that the Project Specialists would report in May 2025, but due to unavoidable circumstances the Specialists reported in June 2025 resulting to under-utilization of the resources set aside for payment of salaries. Further, challenges related to start-up delays and procedural bottlenecks limited early disbursement and execution.
- **Cumulative Absorption:** This is the first year of implementation (project start: FY 2024/25).

Challenges:

- a. Delayed exchequer releases despite approved allocations.
- b. Low initial budget absorption.
- c. Coordination complexities due to multi-agency structure.
- d. Perceptions of project delays due to slow disbursement and rollout.
- e. Structural concerns raised by key implementing agencies (e.g., KenInvest) over procurement and fund flow design.

Recommendations / Next Steps:

- a. **Accelerate Absorption** by clearing all pending commitments and initiate visible implementation activities.
- b. **Enhance Stakeholder Engagement** with Members of Parliament and Senators to secure budgetary and political support.
- c. **Strengthen Coordination** across implementing entities.
- d. **Finalize Strategic Frameworks** to support Project Management, Monitoring and Evaluation of the Project.
- e. **Improve Communication** to demonstrate momentum and project delivery.

2.9 Summary of Project Compliance:

The KJET Project, funded by the International Development Association (IDA) under the World Bank framework, is implemented in adherence to national legal and regulatory frameworks, as well as external financing covenants.

The Project has complied with key legal and policy frameworks, including:

- a. **Public Finance Management (PFM) Act, 2012:** The project follows budgetary processes and expenditure protocols as stipulated, including submission of annual budgets, financial reports, and expenditure plans.
- b. **Treasury Circulars on Project Investment Management:** The project aligns its procurement planning, cash flow forecasts, and budget execution with prevailing National Treasury guidelines.
- c. **World Bank Financing Agreement and Covenants:** Compliance with prior review procedures, fiduciary safeguards, and procurement thresholds has been maintained. The submission of shortlist reports and CVs for PIU recruitment were done in accordance with World Bank's prior review requirements.
- d. **Kenya Vision 2030 Alignment:** The project supports the Vision 2030 pillar on economic transformation by promoting inclusive, sustainable, and competitive MSME development.

While the project has largely remained compliant, the following issue was noted:

- **Delayed Absorption of Funds:** Due to protracted procurement processes and staggered PIU operationalization, the project experienced low budget absorption in the initial implementation period.
- **Consequence:** This triggered budget cuts under Supplementary II Budget Review and posed a risk of negative perception by stakeholders and possible reallocation of funds.

To address the above issue, the following measures have been undertaken:

- a. **Accelerated Procurement:** Fast-tracking of all pending procurements to improve budget absorption in the subsequent financial years.

- b. **Stakeholder Sensitization and Coordination:** Strategic stakeholder forums are planned (e.g., with Parliament and National Treasury) to showcase progress, align on expectations, and secure additional funding for the Project.

The KJET Project remains committed to full compliance with all applicable laws, regulations, and financing agreements, and has instituted targeted measures to resolve emerging challenges and mitigate potential risks.

3. Statement of Performance against Project’s Predetermined Objectives

Project Identification

- **Project Title:** Kenya Jobs and Economic Transformation (KJET) Project
- **Financing Instrument:** Investment Project Financing (IPF)
- **Funding:** IDA Credit – US\$150 million (EUR 140.7 million)
- **Project ID:** P179381
- **Implementation Period:** FY 2024/25 – FY 2028/29
- **Executing Agency:** State Department for MSME Development (SDMSME)
- **Objective (PDO):** *"To increase private sector investments, access to markets, and sustainable finance to create and improve jobs."*

A. Key Predetermined Objectives (As per Project Agreement)

- i. **Increase access to finance** for MSMEs, including green and climate finance.
- ii. **Enhance MSMEs’ access to markets** through competitive cluster development.
- iii. **Boost private sector investments** in job-rich and sustainable value chains.
- iv. **Strengthen institutional capacity and coordination** across MSME ecosystem actors.
- v. **Facilitate inclusive job creation**, particularly among youth, women, and marginalized communities.

B. Performance Progress Overview (FY 2024/25)

S/No.	Objective	Progress Summary	Status
1	Access to Finance	<ul style="list-style-type: none"> - Green Investment Fund (GIF) structure developed. - Call for recruitment of Green and Climate Finance Expert issued. - KES 100M climate shocks fund framework finalized. -KES 244M allocated in supplementary budget to the Components 1,3 4 (partially), pending full release. 	Partially Achieved

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

2	Market Access & Competitive Clusters	<ul style="list-style-type: none"> - Competitive cluster mapping conducted being undertaken by MSEA. - Ndumberi Dairy Cluster visit coordinated with World Bank Mission. - BDS Cohort 1 call for applications launched. 	On Track
3	Private Sector Investment	<ul style="list-style-type: none"> - Engagements held with KenInvest and other agencies on investor outreach. 	Early Stage
4.	Institutional Coordination	<ul style="list-style-type: none"> - PIUs recruited and operational. - Strategic and interim workplans developed. - Cross-agency collaboration improved through Project Steering Committee (PSC) meetings and induction engagement. 	On Track
5	Job Creation & Inclusion	<ul style="list-style-type: none"> Initial groundwork laid for targeted support to youth and women-led enterprises via BDS. - Management Information System (MIS) and Monitoring and Evaluation (M&E) system development initiated to track outcomes. 	In Progress

C. Metrics Met

- i. PIU recruitment and operationalization.
- ii. Strategic frameworks drafted and shared for clearance.
- iii. Launch of BDS application portal for Cohort 1.
- iv. Climate financing readiness (GIF design + climate shock contingency).
- v. Engagement with World Bank on cluster approach and technical guidance.

D. Objectives Yet to Be Fully Met

- i. Disbursement of full budget allocations from exchequer.
- ii. Completion of Green Finance and Climate Finance expert recruitments.
- iii. Launch of full-scale BDS delivery and private sector co-financing arrangements.
- iv. Rollout of MIS and M&E systems for results tracking.
- v. Establishment and licensing of the Green Investment Fund.

E. Challenges Encountered

- i. **Delayed fund release** affecting rollout of key components.
- ii. **Low initial budget absorption** tied to start-up delays and exchequer bottlenecks.
- iii. **Complex coordination** among multiple implementing agencies.
- iv. **Structural limitations** for some agencies (e.g., KenInvest) around procurement and fund flow.
- v. **Perceptions of slow implementation** and risk of reputational impact.

F. Opportunities and Way Forward

- i. **Stakeholder engagement forum** with MPs/Senators to secure increased funding and political support.
- ii. **Increased implementation momentum** as PIUs and systems are now in place.
- iii. **Strong technical support** from the World Bank.
- iv. **Alignment with BETA Agenda** and inclusion in broader CAIPS ecosystem creates leverage for future scaling.

Introduction

In accordance with **Section 81(2)(f)** and **Section 164(2)(f)** of the **Public Finance Management Act, 2012**, the Accounting Officer is required to present a statement on the performance of the project against its predetermined development objectives at the close of each financial year.

The **Kenya Jobs and Economic Transformation (KJET) Project** is a Government of Kenya initiative funded through an **IDA credit of US\$150 million** for a period of **five years**. The project is being implemented by the **State Department for Micro, Small, and Medium Enterprises (MSME) Development**, in collaboration with other key public and private sector institutions.

The Project Development Objective (PDO) is: ***“To increase private sector investments, access to markets, and sustainable finance to create and improve jobs.”***

The key development objectives of the KJET Project are to:

- a. **Increase access to sustainable finance** for MSMEs, including green and climate finance mechanisms.
- b. **Enhance MSMEs’ access to local and export markets** through value chain upgrading and cluster competitiveness.
- c. **Stimulate private sector investment** in job-rich and environmentally sustainable MSME-led enterprises.
- d. **Improve productivity and resilience** of MSMEs, especially in priority value chains and marginalized regions.
- e. **Strengthen institutional capacity and coordination** among national and sub-national implementing entities involved in enterprise development.
- f. **Generate inclusive, quality jobs** with a specific focus on women, youth, and climate-smart innovations.

This report outlines the performance of the KJET Project in FY 2024/25 against these objectives, highlighting progress made, results achieved, challenges encountered, and opportunities for improvement in the subsequent implementation years.

Progress on the attainment of strategic development objectives

To effectively implement and monitor the Kenya Jobs and Economic Transformation (KJET) Project, the overarching development objectives have been translated into **SMART outcomes**—Specific, Measurable, Achievable, Realistic, and Time-bound—accompanied by indicators for progress tracking and performance measurement.

The KJET Project remains on course toward achieving its development objectives, with substantial groundwork laid during the foundational year. Continued emphasis on coordinated implementation, stakeholder engagement, and timely disbursements will be critical to fully realizing the intended impact.

Below is a summary of progress made toward achieving the strategic development objectives during the FY 2024/25:

Progress on the attainment of strategic development objectives

Project	Objective	Outcome	Indicator	Performance	Remarks
Kenya Jobs and Economic Transformation (KJET) Project.	To create job opportunities and improve existing ones through project interventions.	Created and improved jobs by project interventions	# of jobs improved and created by project interventions (of which a percentage are women).	The project has just started. Status on achievement of the indicator will be reported at the end of FY 2025/2026.	The assessment on jobs created by the project will be undertaken on an annual basis.
	To enhance MSME Cluster Competitiveness and access to markets.	Enhanced MSME Cluster Competitiveness through co-investment support	% of MSME clusters that increase productivity and revenue.	The project has just started. Status on achievement of the indicator will be reported at the end of FY 2025/2026.	Draft Co-Investment Strategy and Framework has been develop.
	To improve business practices.	Improved business practices.	% of beneficiaries in project clusters with improved business practices.	The project has just started. Status on achievement of the indicator will be reported at the end of FY 2025/2026.	The BDS service provider has developed the Generalized BDS Curriculum ready for roll out of the trainings.

4. Environmental and Sustainability Reporting

a) Introduction and Project Mandate

The Kenya Jobs and Economic Transformation (KJET) Project is a flagship initiative of the Government of Kenya, supported by the World Bank through an International Development Association (IDA) credit of USD 150 million. The project's core mandate is to address constraints within government and market systems that hinder Micro, Small, and Medium Enterprises (MSMEs) from achieving scale, productivity, and environmental sustainability. Anchored within the Bottom-Up Economic Transformation Agenda (BETA), KJET aims to generate quality jobs, boost MSME competitiveness, and foster inclusive economic growth across Kenya.

The project adopts a sustainability-focused approach to ensure that its interventions generate long-term impact. Sustainability in this context refers to the capacity to maintain the delivery of services, foster resilience, and preserve environmental and social systems over the long term. The strategy integrates environmental stewardship, social inclusion, economic viability, institutional strengthening, and risk mitigation.

The KJET Project is strategically aligned with Kenya's development agenda and is committed to sustainability across environmental, social, economic, and institutional domains. Through its comprehensive Environmental and Social Management Framework (ESMF) and embedded accountability mechanisms, the project seeks to not only deliver immediate development outcomes but also lay a resilient foundation for long-term transformation in Kenya's MSME sector as highlighted below:

b) Environmental Sustainability

KJET's environmental sustainability strategy is guided by the World Bank Environmental and Social Framework (ESF) and applicable national regulations. The project will adhere to environmental standards by implementing Environmental and Social Management Plans (ESMPs) for subprojects, promoting climate-smart and resource-efficient practices, and avoiding or mitigating negative environmental impacts.

Activities such as construction or rehabilitation of Common Manufacturing Facilities (CMFs) or aggregation centers are expected to generate minor adverse environmental impacts (e.g., waste, noise, water use). These will be addressed through mitigation measures including proper waste disposal, noise control, energy-efficient equipment, and compliance with environmental permits. Additionally, subprojects will undergo Environmental and Social Impact Screening using the tools outlined in the ESMF.

c) Social Sustainability

The project places strong emphasis on equitable access to benefits, protection of vulnerable populations, and community engagement. Specific measures include:

- i. Inclusive stakeholder consultations to ensure the voices of youth, women, persons with disabilities (PWDs), and marginalized groups are heard.
- ii. Development of a Stakeholder Engagement Plan (SEP) and a Grievance Redress Mechanism (GRM) to resolve conflicts transparently.
- iii. Gender-based Violence (GBV) risk mitigation and awareness measures across project activities.
- iv. Promotion of decent work conditions and labor rights under the Labour Management Procedures (LMP).

These actions aim to foster social cohesion, minimize exclusion, and uphold human rights, thereby contributing to long-term social sustainability.

d) Economic and Operational Sustainability

KJET is designed to catalyze systemic change in the MSME ecosystem by improving access to markets, finance, and competitive infrastructure. Key elements include:

- i. Strengthening productive clusters to support value addition and job creation.
- ii. Establishing financial mechanisms such as the Green Investment Fund (GIF) and Credit Guarantee Scheme to unlock sustainable financing.
- iii. Supporting Business Development Services (BDS) and innovation to improve enterprise survival and scalability.

These interventions will boost MSME productivity, enhance competitiveness, and ensure that economic gains are sustained beyond the project lifecycle.

e) Institutional Sustainability

To ensure sustainability beyond donor support, KJET is implemented using a whole-of-government approach involving key public agencies such as the State Department for MSME Development, KenInvest, MSEA, KDC, and others. The project builds institutional capacity by:

- i. Embedding Environmental and Social Specialists within Project Implementation Units (PIUs).
- ii. Training implementing entities on ESF compliance, monitoring, and reporting.
- iii. Promoting coordination through the Project Steering Committee and Technical Working Groups.

These measures will strengthen institutional ownership, enable long-term policy reform, and ensure continuity in service delivery.

f) Risk Mitigation and Adaptive Management

KJET integrates proactive risk management throughout its design and implementation. Environmental and social risks are identified and mitigated through:

- i. Environmental and Social Screening and classification of subprojects.
- ii. Preparation and implementation of site-specific ESMPs, LMPs, and GBV Action Plans.
- iii. Continuous monitoring, evaluation, and adaptive management based on stakeholder feedback.

A structured grievance mechanism and periodic reporting will allow early identification and resolution of emerging risks, contributing to overall project resilience.

1. Sustainability Strategy and Profile

a) Leadership Commitment and Vision

The Kenya Jobs and Economic Transformation (KJET) Project reflects the Government's bold and strategic commitment to building a more resilient, inclusive, and sustainable economy. Under the stewardship of the State Department for MSME Development and guided by the top leadership, including the Principal Secretary as Accounting Officer, the

Project is anchored in the Government's Bottom-Up Economic Transformation Agenda (BETA).

KJET has embraced sustainability not only as a cross-cutting goal but as a core principle influencing how investments are selected, implemented, and evaluated. The Accounting Officer has consistently emphasized the importance of institutionalizing sustainable practices in line with international standards and has directed implementing agencies to prioritize environmental protection, social inclusion, fiscal responsibility, and long-term value creation.

b) Broad Trends Affecting Sustainability Priorities

The sustainability strategy of KJET is shaped by several macroeconomic, political, and institutional factors, including:

- i. **Macroeconomic Constraints:** Budget ceilings, rising public debt, and the need for fiscal consolidation place pressure on public investments. This necessitates efficient use of resources and targeting of high-impact, scalable interventions.
- ii. **Climate Change and Green Growth:** Increasing climate variability and Kenya's vulnerability to environmental shocks highlight the need for climate-smart MSME development and green investment initiatives.
- iii. **Youth Unemployment and Social Equity:** High rates of youth unemployment and regional disparities require that economic transformation efforts—like KJET—be inclusive and job-rich, especially in rural and underserved areas.
- iv. **Global Value Chains and Trade Integration:** Kenya's participation in the African Continental Free Trade Area (AfCFTA) and shifting global value chains present both opportunities and pressure to increase MSME competitiveness and compliance with global sustainability standards.

c) Alignment with International Best Practices

KJET has adopted global best practices for sustainability by operationalizing the **World Bank's Environmental and Social Framework (ESF)**, which includes ten Environmental and Social Standards (ESS) covering areas such as stakeholder engagement, labor,

resettlement, environmental management, and biodiversity. Key practices aligned with international frameworks include:

- i. **Robust Environmental and Social Screening** for all subprojects.
- ii. Development of **Environmental and Social Management Plans (ESMPs)** and **Grievance Redress Mechanisms (GRMs)**.
- iii. **Gender-based Violence (GBV) prevention frameworks** and **inclusive stakeholder consultations**.
- iv. Integration of **climate-smart practices** and promotion of green finance through the planned Green Investment Fund (GIF).

d) Key Sustainability Achievements

- i. **Establishment of a Project Environmental and Social Management Framework (ESMF):** Provides guidance on mitigating environmental and social risks and institutionalizing sustainability across project components.
- ii. **Institutional Mainstreaming:** Embedding Environmental and Social Specialists within PIUs and establishing coordination mechanisms through the Project Steering Committee.
- iii. **Promotion of Sustainable MSME Models:** Through support for aggregation centers and cluster-based approaches to reduce environmental footprints and enhance shared infrastructure use.
- iv. **Capacity Building:** Rollout of training and sensitization sessions for implementing teams on sustainability compliance.

e) Challenges and Lessons Learned

- i. **Delayed Budget Absorption:** Limited fiscal space and slow disbursements have affected the timely rollout of sustainability-linked interventions.
- ii. **Inter-Agency Coordination Gaps:** Achieving a unified sustainability vision has been challenged by differing capacities and mandates among implementing partners.
- iii. **Data Gaps:** Incomplete MSME data and weak baseline systems hinder evidence-based sustainability monitoring and reporting.

The sustainability strategy of KJET is evolving and responsive to Kenya's complex development context. Through strong leadership commitment, alignment with global standards, and integration of sustainability at the core of its design and implementation, KJET offers a pathway for transforming Kenya's MSME landscape in a way that is environmentally sound, socially inclusive, and economically viable over the long term. Going forward, greater political coordination, fiscal efficiency, and adaptive management will be critical to sustaining the gains and addressing implementation bottlenecks.

2. Environmental performance

The KJET Project operates under a clear commitment to environmentally sustainable development, guided by both national legislation and the World Bank's Environmental and Social Framework (ESF), particularly the **Environmental and Social Standard 1 (ESS1): Assessment and Management of Environmental and Social Risks and Impacts**.

a) Environmental Policy Framework

The KJET Project aligns with:

- i. **Kenya's Environmental Management and Coordination Act (EMCA, 1999)** and its subsidiary legislation.
- ii. **World Bank Environmental and Social Standards (ESSs)**, especially ESS1–ESS10, which form the core basis for project planning, risk management, and implementation.
- iii. **Environmental and Social Commitment Plan (ESCP)** and site-specific instruments such as Environmental and Social Management Plans (ESMPs), which guide operational compliance.

b) Biodiversity and Ecosystem Protection

The ESMF recognizes the potential risk of interventions on ecologically sensitive areas and commits to:

- i. Avoidance of project activities in critical natural habitats or protected areas.
- ii. Screening subprojects to assess proximity to biodiversity hotspots.
- iii. Site-specific mitigation measures under ESMPs for any activity near sensitive habitats.

c) Waste Management

The ESMF outlines robust procedures for:

- i. Identifying and managing solid and liquid waste from activities such as construction, processing, or MSME operations.
- ii. Compliance with national waste management regulations, including hazardous waste, e-waste, and organic waste.
- iii. Capacity building and training for implementing partners on proper waste handling, disposal, and recycling practices.

d) Reducing Environmental Footprint

The project promotes:

- i. **Clean and green MSMEs**, by encouraging environmentally sustainable production methods.
- ii. **Use of climate-smart technologies** and energy-efficient solutions in supported clusters and facilities.
- iii. Design and promotion of business models that minimize water and energy usage and reduce emissions and effluents.

e) Successes and Shortcomings

• **Successes:**

- ✓ Completion of the ESMF and institutional capacity-building plans.
- ✓ Early-stage screening and risk mitigation mechanisms in place prior to full-scale implementation.
- ✓ Stakeholder engagement and awareness-building on environmental safeguards.

• **Shortcomings:**

- ✓ Capacity constraints at county and MSME levels to implement environmental safeguards.
- ✓ Need for enhanced integration of environmental performance indicators in project monitoring systems.

f) Monitoring and Reporting

- The ESMF requires **quarterly environmental monitoring** reports and internal audits to ensure compliance.
- **Annual environmental performance reviews** are planned, with oversight by the State Department for MSMEs, Environmental Safeguards Specialists, and the World Bank.

3. Employee welfare

The KJET Project, under the State Department for MSME Development, places significant emphasis on fair labor practices, workplace safety, and career development in line with both **national labor legislation** and the **World Bank Environmental and Social Framework (ESF)**. The project is also aligned with the **Occupational Safety and Health Act (OSHA), 2007**, ensuring compliance with legal requirements for worker protection.

a) Hiring Practices and Inclusivity

- i. **Merit-based recruitment** is observed across implementing units, with positions publicly advertised and competitively filled.
- ii. The project emphasizes **gender equity**, promoting fair representation of women in both technical and leadership roles within PIUs and contracted firms.
- iii. **Stakeholder engagement** informs the staffing of technical assistance and consultancy roles to ensure responsiveness to local contexts and community needs.
- iv. The hiring process integrates provisions from the **Labour Management Procedures (LMP)**, which detail fair recruitment, non-discrimination, and grievance redress mechanisms for workers.

b) Skills Development and Career Management

- i. Capacity-building plans are included within the ESMF and project design to enhance the technical skills of implementing partners, contractors, and support staff.
- ii. Training is provided on:
 - a. Environmental and social safeguards
 - b. Occupational health and safety
 - c. Gender mainstreaming

d. Monitoring and evaluation

- iii. Future phases of implementation include **career development workshops** and targeted training for MSME ecosystem stakeholders, with a focus on young professionals and women.

c) Performance Appraisal and Rewards

- i. Staff within the PIU and implementing agencies are subject to **routine performance reviews**, consistent with public service guidelines and development partner frameworks.
- ii. While a structured reward system is not detailed in the ESMF, performance-based recognition is encouraged through continuous professional development opportunities and leadership roles.

d) Occupational Health and Safety (OHS)

- i. The KJET Project is committed to full compliance with the **Occupational Safety and Health Act (OSHA), 2007**.
- ii. The ESMF includes provisions for:
- a. Safe working conditions for direct and contracted workers.
 - b. Use of personal protective equipment (PPE) during site visits or MSME cluster interactions.
 - c. Emergency preparedness, incident reporting, and accident response protocols.
- iii. Each subproject will include an **Environmental and Social Management Plan (ESMP)**, outlining specific occupational health and safety measures.

e) Grievance Redress for Workers

- i. The **Labour Management Procedures (LMP)** provide a mechanism for workers to raise concerns confidentially and receive timely redress.
- ii. Grievance mechanisms will be available at multiple levels, including implementing entities and contracted firms.

4. Marketplace Practices-

The Kenya Jobs and Economic Transformation (KJET) Project is committed to upholding responsible, ethical, and transparent marketplace practices in the delivery of its interventions. The project adheres to the **World Bank's Environmental and Social Framework (ESF)**, the **Public Procurement and Asset Disposal Act (PPADA), 2015 of Kenya**, and international standards of accountability and transparency. Its practices are guided by efforts to foster trust among stakeholders, ensure compliance with national regulations, and promote inclusive and sustainable economic growth.

a) Responsible Supply Chain and Supplier Relations-

- i. **Transparent procurement processes** are undertaken in accordance with national public procurement regulations and the World Bank Procurement Regulations.
- ii. Suppliers, contractors, and consultants are selected competitively through open tendering, with clear evaluation criteria and contract terms.
- iii. The project promotes **fair treatment of suppliers** by:
 - a. Honoring contractual obligations.
 - b. Ensuring timely disbursement of payments upon satisfactory delivery of services or goods.
 - c. Providing clear grievance channels for procurement-related complaints.
- iv. Priority is given to engaging **local MSMEs and youth- and women-owned enterprises** to promote inclusive supply chains aligned with the BETA Agenda.

b) Responsible Ethical Practices

- i. KJET enforces a **zero-tolerance policy on corruption**, fraud, and unethical behavior, in line with both World Bank and Government of Kenya regulations.
- ii. All implementing partners, suppliers, and contractors are required to comply with **anti-corruption clauses** embedded in contracts and procurement documents.
- iii. Project staff and affiliated entities **undergo regular sensitization on ethical conduct**, conflict of interest disclosure, and responsible political neutrality.

- iv. Internal controls and audits are applied throughout the project cycle to **detect and deter malpractice**, with whistleblower mechanisms available to report breaches confidentially.

c) Regulatory Impact Assessment

- i. The ESMF and Stakeholder Engagement Plan (SEP) ensure that project activities do not violate community rights and that citizens are consulted meaningfully throughout the project lifecycle.
- ii. Prior to implementation of any subproject, **site-specific Environmental and Social Impact Assessments (ESIAs)** or **Environmental and Social Management Plans (ESMPs)** are conducted to assess risks, including on land use, health, and livelihoods.
- iii. The **Grievance Redress Mechanism (GRM)** allows citizens, workers, and suppliers to lodge complaints and receive timely resolutions, promoting accountability and safeguarding stakeholder rights.
- iv. Social inclusion and non-discrimination are mainstreamed throughout the project to ensure equitable access to opportunities, especially for women, youth, and persons with disabilities.

5. Community Engagements

The Kenya Jobs and Economic Transformation (KJET) Project places community engagement at the core of its implementation strategy, recognizing that inclusive development and meaningful participation are essential to achieving sustainable economic transformation. The Project's community engagement efforts are aligned with the **World Bank Environmental and Social Standards (ESS10)** and are implemented in line with the **Stakeholder Engagement Plan (SEP)** and **Labour Management Procedures (LMP)**.

a) Participatory Community Consultations

- i. The project is undertaking **extensive stakeholder consultations** at national, county, and local levels involving MSME associations, producer groups, women and youth networks, cooperatives, and local authorities.

- ii. Through these engagements, community members have influenced project design, especially in identifying **priority MSME clusters**, environmental risks, and mitigation measures.
- iii. Community meetings and sensitization forums have enhanced **awareness and ownership** of the project, fostering stronger support and participation.

b) Social Investments and Inclusive Targeting

- i. KJET interventions specifically target vulnerable and underserved communities, such as:
 - a. Youth- and women-led enterprises.
 - b. Informal sector players.
 - c. Producer cooperatives and rural MSMEs.
- ii. Though KJET does not conduct Corporate Social Responsibility (CSR) in the conventional sense (being a public investment project), its **core mandate acts as a long-term community empowerment initiative** by expanding access to finance, markets, and jobs.

c) Contributions to Education, Training, and Skills Development

- i. The Project is building capacity for **business development services (BDS) providers**, and will launch **training programs for MSMEs** focused on digital skills, climate resilience, and financial literacy.
- ii. Plans are underway to pilot **centers of excellence and common manufacturing facilities** (e.g., CIDs), which will serve as innovation hubs and knowledge-sharing centers.

d) Support for Labour Relations, Water, and Sanitation

- i. Occupational health and safety standards are enforced on project worksites through the application of **World Bank Environmental and Social Standard 2 (ESS2)** and national labour laws.
- ii. **Water and sanitation risks** are addressed through ESMPs, especially in MSME clusters dealing with agriculture, food processing, and manufacturing.

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

- iii. During implementation, the project promotes **decent work environments** and **equitable treatment** of community workers, as stipulated in the LMP.

This comprehensive community-focused approach ensures that KJET is not only a vehicle for job creation and economic growth, but also a **platform for empowering citizens, enhancing livelihoods, and building inclusive local economies.**

5. Statement of Project Management Responsibilities

The **Principal Secretary** for the State department for Micro, Small and Medium Enterprises Development and the **Project Coordinator** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

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

The **Principal Secretary** for the State department for Micro, Small and Medium Enterprises Development and the **Project Coordinator** accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

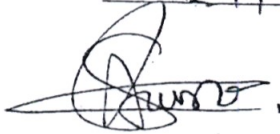
The **Principal Secretary** for the State department for Micro, Small and Medium Enterprises Development and the **Project Coordinator** are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The **Principal Secretary** for the State department for Micro, Small and Medium Enterprises Development and the **Project Coordinator** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The **Principal Secretary** for the State department for Micro, Small and Medium Enterprises Development and the **Project Coordinator** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

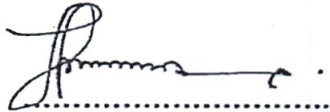
Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary State Department for Micro, Small and Medium Enterprises Development and the Project Coordinator on 29/09/2025 2025 and signed by:



.....
Hon. Susan Mange'ni
Principal Secretary



.....
Dr Tedson R. Nyongesa
Project Coordinator

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT (IDA CREDIT NUMBER 7450-KE) FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Jobs and Economic Transformation Project set out on page 1 to 31, which comprise of the statement of

Report of the Auditor-General on Kenya Jobs and Economic Transformation Project (IDA Credit Number 7450-KE) for the year ended 30 June, 2025 – State Department for Micro, Small and Medium Enterprises Development

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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial position of Kenya Jobs and Economic Transformation Project as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement Credit Number 7450-KE between the International Development Association (IDA) and the Republic of Kenya dated 28 February, 2024.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

Basis for Qualified Opinion

Foreign Travel and Subsistence

The foreign Travel and Subsistence of Kshs.7,371,921 includes air tickets amounting to Kshs.5,784,357 which includes payments for three (3) officials to Washington totalling Kshs.4,027,257, while the daily subsistence allowance to the officials was not included in the expenses.

Three (3) officers from the State Department participated in a high level-visit to World Bank Washington to discuss Kenya Jobs and Economic Transformation Project implementation from 17 June to 24 June, 2024. Two (2) of the officers used business class air tickets costing a total of Kshs.3,224,595 which was against the no objection issued by the Bank that allowed the use of economy class tickets only. The third officer who used economy class paid Kshs.691,950 leading to an ineligible balance of Kshs.1,840,695. In addition, their air tickets varied, one of the officers in business class costed Kshs.1,925,825 while that of the second officer costed Kshs.1,298,770 even though they were procured the same day and covered the same route resulting to an unexplained variation of Kshs.627,055.

Further, as per No objection from World Bank dated 09 June, 2024 the IDA resources cover economy class yet they used business class as per the boarding passes with no justifications provided for audit.

In the circumstances, the eligibility of foreign travel expenditure of Kshs.1,840,695 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Jobs and Economic

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

Emphasis of Matter

Project Performance

Review of the Project's performance for the year under review revealed that the Project implementing unit did not adopt the activities of the work plan as earlier planned such as hiring of staff and operating costs which were partially implemented. The total amount of unimplemented activities was Kshs.162,879,712.

In the circumstances, non-implementation of activities in the work plan 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. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Delay in Project Implementation

The Financing Agreement for the Project was signed on 28 February, 2024 and the expected commencement date was 29 May, 2024, ninety (90) days after the signing of the agreement. The deadline for the effectiveness of the Financing Agreement was later extended to 25 July, 2024. However, the Project commenced on 1 January, 2025 which was ten (10) months after signing of the agreement. This was contrary to paragraph 5.02 of Article V - Effectiveness; Termination of the Financing Agreement, which sets the effectiveness deadline as the date ninety (90) days after the signature date.

In the circumstances, the Project Management was in breach of the provisions of the Financing Agreement.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association Financing Agreement, I report, based on my audit, that:

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 November, 2025

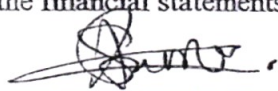
Kenya Jobs and Economic Transformation (KJET) Project

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

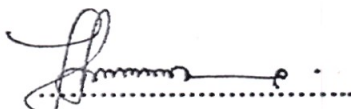
6. Statement of Financial Performance for the Year Ended 30th June 2025.

Statement of Financial Performance		
Revenue		
Revenue Transfers	6	547,162,400
Miscellaneous Revenue		
Total revenue		547,162,400
Expenses		
Employee costs	8	1,650,000
Use of goods and services	9	10,454,685
Depreciation and amortization expense		0
Transfer to other Government Entities	11	499,162,400
Other Transfers/Subsidies/Grants		0
Certified Works		0
Total expenses		511,267,085
Other gains/(losses)		
Gain/Loss on sale of assets		0
Gain/Loss on foreign exchange transactions		0
Impairment loss		0
Surplus		35,895,314

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



Hon. Susan Mang'eni
Principal Secretary



Dr Tedson R. Nyongesa
Project Coordinator



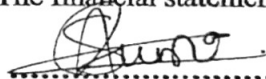
Mr. Jacob Macharia
Project Accountant
ICPAK Member No:16777

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

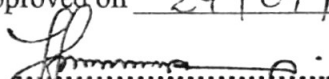
7. Statement of Financial Position as at 30th June 2025

Statement of Financial Position as at 30 th June 2025			
Assets			
Current Assets			
Cash and Cash equivalents	17	14,679,112	0
Receivables		0	0
Inventories		0	0
Prepayment		0	0
Total Current Assets		14,679,112	0
Non-Current Assets			
Property, Plant and Equipment	21	23,744,602	0
Intangible Assets		0	0
Total Non- Current Assets		23,744,602	0
Total Assets (a)		38,423,714	0
Liabilities			
Current Liabilities			
Trade and Other Payables	23	2,528,400	0
Third Party Deposits		0	0
Deferred Income		0	0
Total Current Liabilities		2,528,400	0
Total Liabilities (b)		2,528,400	0
Net Assets (a-b)		35,895,314	
Represented By:			
Accumulated Surplus		0	0
Total Net Assets		35,895,314	0

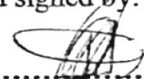
The financial statements were approved on 29/09/2025 and signed by:



Hon. Susan Mang'eni
Principal Secretary



Dr Tedson R. Nyongesa
Project Coordinator



Mr. Jacob Macharia
Project Accountant
ICPAK Member No.16777

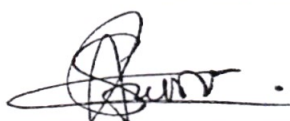
Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

8. Statement of Changes in Net Assets

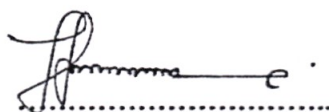
Description	Accumulated Surplus
	Basis
As at 30 th June 2024 (Cash Basis)	0
Adjustments:	
Asset Recognition	0
Liabilities recognition	(0)
As at 1 st July 2024	0
Surplus for the year	35,895,314
As at 30 th June 2025	35,895,314

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

The financial statements were approved on 29/09/ 2025 and signed by:



.....
Hon. Susan Mang'eni
Principal Secretary



.....
Dr. Tedson R. Nyongesa
Project Coordinator



.....
Jacob Macharia
Project Accountant
ICPAK Member No.16777

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

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

Cashflow from operating activities		
Receipts		
Revenue Transfers	6	547,162,400
Miscellaneous Revenue		0
Total receipts		547,162,400
Payments		
Employee costs		0
Use of goods and services	9	9,576,28
Transfer to other Government Entities	11	499,162,400
Other Transfers/Subsidies/Grants		0
Certified Works		0
Total payments		508,738,685
Net cash flow from operating activities	26	38,423,714
Cashflow from investing activities		
Acquisition of non-financial assets	21	(23,744,602)
Proceeds from sale of Assets		0
Acquisition of Intangible assets		(0)
Net cash flows from investing activities		(23,744,602)
Cash flow from financing activities		
Net cash flow from financing activities		0
Net increase/Decrease in cash and cash equivalents		0
Cash and cash equivalent at 1st July 2024		0
Cash and cash equivalent at end June 2025	17	14,679,112

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

	Budget	Actual	Actual	Actual	Actual	Percentage
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods		0	0	0	0	0
Receipts						
Revenue Transfers	1,000,000,000	(452,000,000)	548,000,000	547,162,400	837,600	99%
Miscellaneous Revenue	0	0	0	0	0	0%
Total Revenue	1,000,000,000	(452,000,000)	548,000,000	547,162,400	837,600	99%
Payments						
Employee costs	25,800,000	(19,800,000)	6,000,000	0	6,000,000	0%
Use of goods and services	174,200,000	(132,200,000)	42,000,000	33,320,887	8,679,112	79%
Transfer to other Government Entities	800,000,000	(300,000,000)	500,000,000	499,162,400	837,600	99%
Other Transfers/Subsidies/Grants	0	0	0	0	0	0%
Certified Works	0	0	0	0	0	0%
Total Payments	1,000,000,000	(452,000,000)	548,000,000	532,483,287	15,516,712	97%
Surplus	0	0	0	14,679,112		0

Budget notes

1. The project managed to absorb 97.2 % of the allocated budget kshs 548,000,000. Under-absorption in the item of use of goods and services and employee costs was as a result of MSMEs State Department's under-establishment. There were insufficient staff to assist in the project preparatory tasks such as the development and submission of multiple ToRs to the World Bank for review and approval (no objection). This constraint led to a delay in the recruitment and onboarding of Project Implementation Unit (KJET-PIU) members, resulting in a delay in the implementation.

The KJET - PIU is now fully established. The team is collaborating closely with our development partners (World Bank) to expedite the project's implementation. The 2025/2026 work plan and budget have been developed in conjunction with the World Bank, approved, and are currently being implemented.

2. The difference between Original and Final budget was as a result of budget cut by the National treasury.

Budget Reconciliation

		Amount
	Actual Surplus Amounts as per the statement of Budget	14,679,112
1	Reason for differences	0
2	Reason for differences	0
3	Reason for differences	0
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	14,679,112

11. Notes to the Financial Statements

1. General Information

KJET entity is established by and derives its authority and accountability from PFM Act 2012 and World Bank regulations. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity’s principal activity is to *‘increase private sector investments, access to markets and sustainable finance to create and improve jobs.’*

2. Statement of Compliance and Basis of Preparation

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

KJET project has taken advantage of the transitional provisions under IPSAS 33, and therefore the 1st/ 2nd/ 3rd/year financial statements will be transitional financial statements. In the first year we have only taken care of Financial Assets and Financial Liabilities. Inventories will be considered in financial year 2025/26 and accounting for Property, Plant and Equipment will be taken care of in financial year 2026/2027. These financial statements were authorized for issue by the accounting officer on 29th August 2025.

3. Adoption of New and Revised Standards

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

<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The State Department did not apply this standard.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>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:</p>

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

	<p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The State Department did not apply this standard.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The State Department did not apply this standard.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The State Department did not apply this standard.</p>

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

IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The</p>
----------------------	---

**Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Standard	Description
	<p>objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The State Department did not apply this standard.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The State Department did not apply this standard.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The State Department did not apply this standard.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>The State Department did not apply this standard.</p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Parliament on April 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded reductions in appropriations of *kshs 452,000,000* on the FY 2024/2025 budget following the Supplementary Act. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section 10 of these financial statements.

c) Property, plant and equipment

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

Notes to the financial statements

d) Leases

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

e) Intangible assets

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

f) Research and development costs

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

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

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

Notes to the financial statements

g) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Notes to the financial statements

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

h) Inventories

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

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

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

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

Notes to the financial statements

Inventories (Continued)

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

i) Provisions

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

Contingent liabilities

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

Contingent assets

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

j) Nature and purpose of reserves

The Project has not maintained any reserves .

k) Changes in accounting policies and estimates

The Project 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

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Borrowing costs

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

o) Related parties

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

Notes to the financial statements

p) Service concession arrangements

The Project 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 project 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 project also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

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

r) Subsequent events

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

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were not raised and management never determined an estimate based on the information available. Additional disclosure of these estimates of provisions is not included in any Note.

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.

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

6. Revenue Transfers

Unconditional Transfers	
GoK Counter Part funding	0
Transfers from World Bank	547,162,400
Other unconditional transfers	0
Total Unconditional Transfers (a)	547,162,400
Conditional Transfers	
Transfers from Development partners 1	0
Transfers from Development partner 2	0
Other conditional transfers	0
Total Conditional Transfers (b)	0
Total Transfers for the Year (a + b)	547,162,400

The funds are meant for implementation of KJET project

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount moved to Capital fund	Total transfers (2024/2025)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	0	0	0	0
World Bank	547,162,400	0	0	547,162,400
Subtotal	547,162,400	0	0	547,162,400
Deferred Income realized	0		0	0
Transfers in Kind	0			0
Total	547,162,400	0	0	547,162,400

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

7. Miscellaneous revenue

Description	2024/25
	Kshs
Interest Income	0
Others	0
Total	0

8. Employees Costs

Basic salaries of permanent employees	0
Basic wages of temporary employees	1,650,000
Personal allowances paid as part of salary	0
Personal allowances paid as reimbursements	0
Personal allowances provided in kind	0
Pension and other social security contributions	0
Compulsory national social security schemes	0
Compulsory national health insurance schemes	0
Others	0
Total	1,650,000

9. Use of Goods and Services

Utilities, supplies and services	0
Bank charges	0
Communication, supplies and services	110,000
Domestic travel and subsistence	0
Foreign travel and subsistence	7,371,921
Fuel and lubricants	0
General office supplies	260,000
Stationery, Printing, advertising, and information supplies	401,163
Office rent	0
Training payments	1,385,200
Hospitality supplies and services	926,400
Insurance costs	0
Specialized materials and services	0
Other operating payments	0
Routine maintenance – vehicles and other transport equipment	0
Routine maintenance- other assets	0
Total	10,454,685

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

10. Depreciation and Amortization expense

Property, Plant and Equipment	c
Intangible Assets	0
Total	0

11. Transfer to Other Government Entities

MSEA Transfer	447,162,400
MSEA Transfer	52,000,000
Total	499,162,400

12. Other Transfers/Subsidies/Grants

Transfers to Non-Government Organizations	0
Subsidies	0
Total	0

13. Certified Works

Road Works	0
Water Works	0
Energy Infrastructure	0
Total	0

Notes to the financial statements

14. Gain/Loss on Sale of Assets

Property, plant and equipment	0
Intangible assets	0
Other assets not capitalised	0
Total gain/loss on sale of assets	0

15. Gain/Loss on foreign exchange transactions

Gain on foreign exchange transactions	0
Loss on foreign exchange transactions	0
Total Gain/Loss	0

16. Impairment Loss

Property, Plant and Equipment	0
Intangible Assets	0
Total Impairment Loss	0

17. Cash and Cash Equivalents

Cash in Bank Project Account	14,679,112	0
Cash at hand	0	0
Total Cash and Cash Equivalents	14,679,112	0

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

Project Bank Accounts

Foreign Currency Accounts		
Central Bank of Kenya [A/c No 1000742623]	404,797,720	0
Total Foreign Currency balances	404,797,720	<u>0</u>
Local Currency Accounts		
Central Bank of Kenya [A/c No1000746653]	14,679,112	0
Total local currency balances	14,679,112	<u>0</u>
Total bank account balances	419,476,832	<u>0</u>

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the Financial Statements (Continued)

18. Receivables

Counter Part Funding	0	0
Contractor's Advance payments	0	0
Total Receivables	0	0

Ageing analysis for Receivables

	2024/2025	% of the total	2024/2025	% of the total
Less than 1 year	0	0%	0	0%
Between 1- 2 years	0	0%	0	0%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (a+b)	0	0%	0	0%

19. Inventories

Consumable stores	0	0
Construction stores	0	0
Less: allowance for impairment	(0)	(0)
Total inventories	0	0

20. Prepayments

Insurance	0	0
Rent	0	0
Total prepayments	0	0

*Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

21. Property, Plant and Equipment

	Motor Vehicle	Leasehold Intangible	R.T. Equipment	Other Assets (specify)	Capital Work in Progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Depreciation rate						
As At 1 July 2024 (opening balances)	0	0	0	0	0	0
Additions	7,748,320	4,104,761	11,891,521	0	0	23,744,602
Disposals	(0)	-	-	(0)	(0)	(0)
Transfers/Adjustments	(0)	0	(0)	(0)	0	(0)
As at 30th June 2025	7,748,320	4,104,761	11,891,521	0	0	23,744,602
Depreciation And Impairment						
As at 1 July 2025	(0)	(0)	(0)	(0)		(0)
Depreciation charge for the year	(0)	(0)	(0)	(0)		(0)
Impairment loss	(0)	(0)	(0)	(0)		(0)
Transfers/ Adjustments	(0)	0	(0)	(0)		(0)
As At 30th June 2025	0	0	0	(0)		0
Net Book Values						
As at 1 st July 2024	0	0	0	0	0	0
As at 30th June 2025	7,748,320	4,104,761	11,891,521	0	0	23,744,602

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

22. Intangible Assets

22. Intangible Assets	
Cost	
As at 1 st July 2024	0
Additions	0
As At 30 th June 2025	0
Amortization and impairment	
As at 1 st July 2024	0
Amortization	0
Impairment loss	0
As At 30 th June 2025	0
NBV as at 1 st July 2024	0
NBV as at 30 th June 2025	0

23. Trade and Other Payables

23. Trade and Other Payables				
Trade payables	576,000		0	
Employee payables	1,952,400		0	
Total trade and other payables	2,528,400		0	
Ageing analysis: (Trade and other payables)	2024/2025	% of the Total	2023/2024	% of the Total
Under one year	2,528,400	100%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (tie to above total)	2,528,400		0	

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

24. Third-Party Deposits

Contractor's Retention	0	0		
Gratuity	0	0		
Total deposits	0	0		
Ageing analysis: (Refundable deposits)	2024/2025	% of the Total	2024/2025	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0		0	

25. Deferred Income

Development partner 1	0	0
Development partner 2	0	0
Total Deferred Income	0	0

Deferred Income Movement Schedule

	Kshs	Kshs	Kshs	Kshs
Balance as at 1 st July 2024	0	0	0	0
Additions	0	0	0	0
Transfers To Performance Statement as Revenue	(0)	(0)	(0)	(0)
Balance as at 30 th June 2025	0	0	0	0

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

26. Cash Generated from Operations

Surplus/Deficit for the year	35,895,314
Adjusted for:	
Depreciation	0
Non-cash grants received	(0)
Impairment	0
Gains and losses on disposal of assets	0
Working capital adjustments	
Increase in inventory	(0)
Increase in receivables	(0)
Increase in deferred income	0
Increase in payables	2,528,400
Increase in payments received in advance	0
Net cash flow from operating activities	38,423,714

27. Special Deposit Accounts

There are kshs 404,797,720 in the Project's Special Deposit Account(s) as of 30th June 2025 and are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision. The exchange rate used to covert funds is 1 Euro = kshs 136.7906.

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

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

Special Deposit Accounts Movement Schedule

Description		
(i) A/C Name: Kenya Jobs and Economic Transformation Project [A/c No 1000742623]		
Opening balance	0	0
Total amount deposited in the account	951,960,120	0
Total amount withdrawn	<u>547,162,400</u>	<u>0</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>404,797,720</u>	<u>0</u>

The Special Deposit Account reconciliation statement has been attached as Annex 4 to support this closing balance.

28. Related Party Disclosures

Nature of related party relationships

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

Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	0
Rent income from govt. Agencies	0
Total	0
B) purchases from related parties	
Purchases of electricity from KPLC	0
Purchase of water from govt service providers	0
Rent expenses paid to govt agencies	0
Total	0
b) Grants /transfers from the government	
Grants from national govt	0
Grants from county government	0
Donations in kind	0
Total	0
c) Expenses incurred on behalf of related party	
Payments of salaries and wages	0
Payments for goods and services	0
Total	0
d) Key management compensation	
Directors' emoluments	0
Compensation to key management	0
Total	0

***Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025***

Notes to the financial statements

29.Events after the Reporting Period

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

30.Ultimate And Holding Entity

The Project is under the State Department for Micro, Small and Medium Enterprises Development. Its ultimate parent is the Government of Kenya.

31.Currency

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


Kenya Jobs and Economic Transformation (KJET) Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

13. Annexes

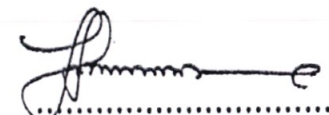
Annex 1: Prior Year Auditor-General's Recommendations

[Redacted Table Header]				
N/A	N/A	N/A	N/A	N/A

The project has not been audited before. It started operations in the Financial Year 2024/2025.



Hon Susan Mang'eni
Principal Secretary



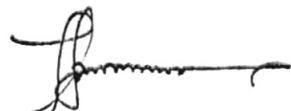
Dr Tedson R. Nyongesa
Project Coordinator

Annex 2: Reconciliation of inter-entity transfers

<i>Project Name: Kenya Jobs and Economic Transformation (KJET) Project</i>			
<i>Fiscal year of transfer from the State Department of Micro, Small and Medium Enterprises Development</i>			
a.	Government Counterpart funding		
		Bank Statement Date	Amount (Kshs)
			FY to which the amounts relate
		Total	0
B	Direct payments		
		Bank Statement Date	Amount (Kshs)
			FY to which the amounts relate
	Transfer from the State Department Development Account	07.01.2025	547,162,400
		Total	547,162,400
C	Others		
		Bank Statement Date	Amount (Kshs)
			FY to which the amounts relate
		Total	0
		Total (A+B+C)	547,162,400

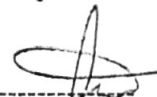
The above amounts have been communicated to and reconciled with the State Department.

Project Coordinator
KJET Project

Sign  -----

Head of Accounting Unit

State Department for Micro, Small and Medium Enterprises Devt

Sign  -----

Annex 3: Fixed Asset Register

Land	0	0	0	0	0
Buildings and structures	0	0	0	0	0
Transport equipment	0	7,748,320	0	0	7,748,320
Office equipment, furniture and fittings	0	4,104,761	0	0	4,104,761
ICT Equipment	0	11,891,521	0	0	11,891,521
Machinery and Equipment	0	0	0	0	0
Biological assets	0	0	0	0	0
Infrastructure Assets- Roads, Rails	0	0	0	0	0
Heritage and cultural assets	0	0	0	0	0
Intangible assets	0	0	0	0	0
Work in Progress	0	0	0	0	0
Total	0	23,744,602	0	0	23,744,602

Annex 4: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report
- iv. Special Deposit Account reconciliation statement

ANNEX 4

**KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2025**

Credit No.: IDA LOAN CREDIT NO.74500-KE (DA-C)

Bank Account No.: 1000742623 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		6,959,256.00
	Less:		
2	Total amount documented		-
3	Outstanding amount to be documented		6,959,256.00
	Represented by:		
4	Ending Special account Balance as as 30 June 2025		2,959,251.00
5	Amounts claimed but not credited as at 30 June 2025		
6	Amounts withdrawn and not claimed		4,000,000.00
7	Service Charges (if not included in lines 5 and 6 above)		5.00
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2025		6,959,256.00

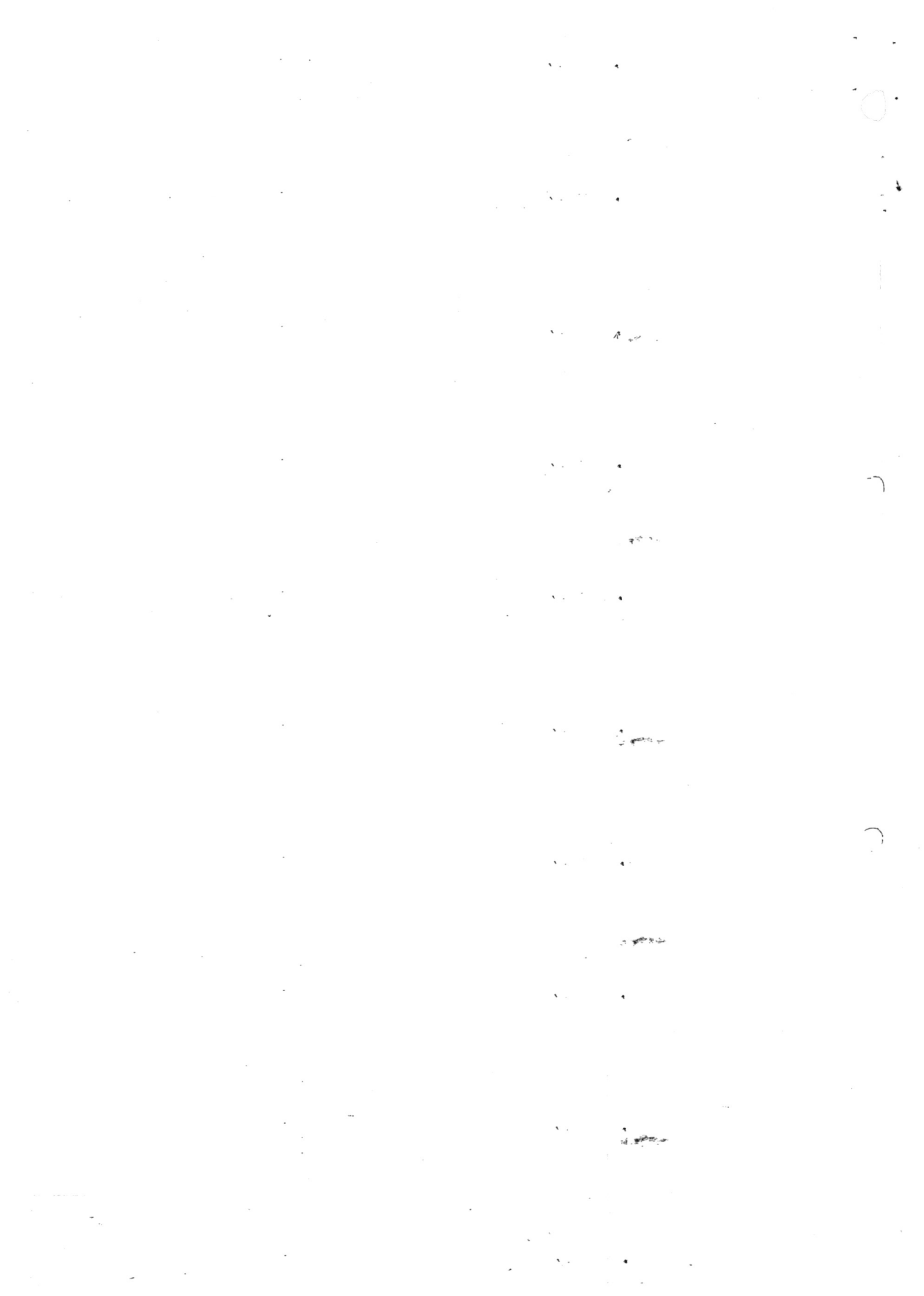
Discrepancy between total appearing on line 3 and 9

Notes:

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

[Signature]
**AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY**

DATE: 05-08-2025



109
110

SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2025
Account No.	1000742623
Depository Bank	CENTRAL BANK OF KENYA
Address	CBK
Related Loan	KENYA JOBS ECON. TRANS. PROJ DA C
Credit Agreement	
Currency	EUR

Part A - Account Activity

Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account	0.00
Add:	
Total Amount deposited by Donor	6,959,251.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	4,000,000.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2025	2,959,251.00

AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA

SIGNATURE:

DATE

14/07/2025

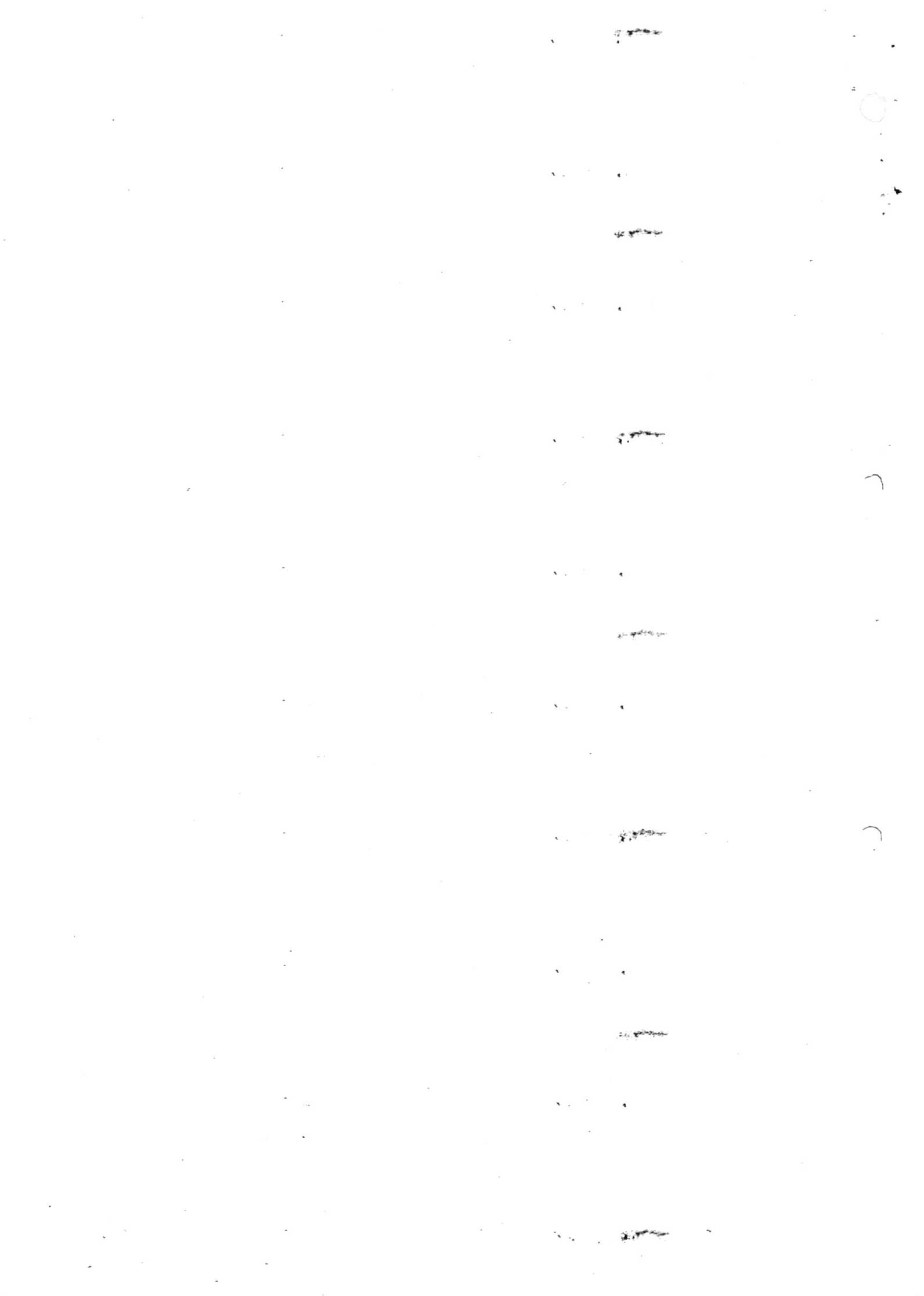
AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY

SIGNATURE:

DATE

05-08-2025

NOTE: The ending balance as per Central Bank of Kenya Ledger
as at 30th June, 2025 is attached.



Results 1 - 2 of 2

Run Date: 04/07/2025 Run Time: 09:38:03
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000742623

ACCOUNT TITLE : KENYA JOBS ECON. TRANS. PROJ DA C
 30/06/2025

STATEMENT PERIOD: From 01/07/2024 To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :			0.00			
NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
1	22/11/2024	FT24327WZ7Z4:1	PROJECT FUNDING.	0 00	6,959,251.00	6959251
2	10/12/2024	FT24345WP4Q3:1	PA136474	-4,000,000 00	0 00	2959251
				CLOSING BALANCE : 2959251		

END OF ACCOUNT STATEMENT

Favourites

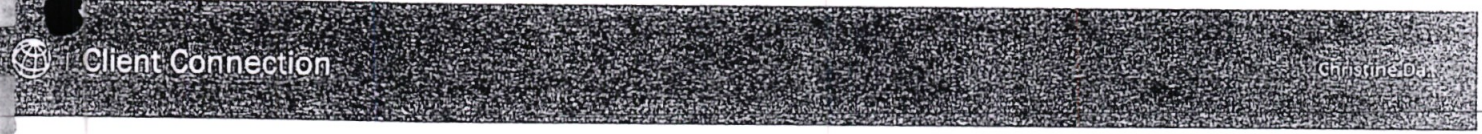
TAM.E.STMT.OF.ACCT.EPRM

More Options
 Clear Selections Find

Account 1000742623
 Statement From 20240701
 Statement To 20250630

TAM.E.STMT.OF.ACCT.EPRM





Loan: IDA 74500 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya |

Project: P179381 - Kenya Jobs and Economic Transformation (KJET) Project

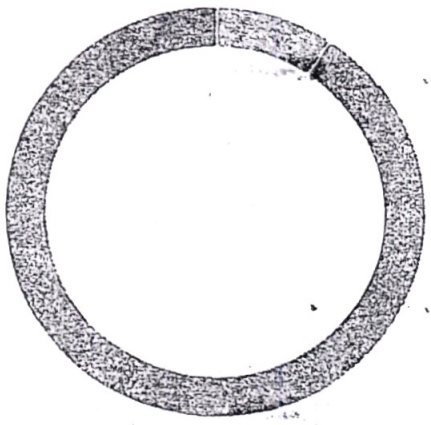
- Loan Overview
- Disbursements
- History
- Repayments
- Amortization Schedule
- Audit Submission
- Disbursen

Important Dates

Approval	Signing	Commitment Charges Start Date	Effective	Closing	First Repayment	Application Deadline	Last Repayment
11-Dec-2023	28-Feb-2024	28-Apr-2024	09-Jul-2024	31-Dec-2028	15-Mar-2029	30-Apr-2029	15-Sep-2053

Currency of Commitment : EUR

Show amounts in EUR



Loan Information (EUR)

Signed Amount	140,700,000.00
Cancelled	0.00
Disbursed	12,802,570.00
Undisbursed	127,897,430.00
Special Commitments	0.00
Funds Available	127,897,430.00

Funds Available (EUR)

Withdrawal Applications	0.00
Special Commitment Issuance Applications	0.00
Estimated Funds Available	127,897,430.00

Last Bill, IDA 74500, due on 15-Mar-2025

2,800,000.00

Retroactive Available

Borrower: The National Treasury and Planning

Date Payable	Currency	Amount Payable
17-Mar-2025	EUR	32,836.06

Retroactive Limit 2,800,000.00

Retroactive Disbursed 0.00

Period of Retroactivity 02-Nov-2023 to 27-Feb-2024

	12,802,570.00		1.49 %		0.00 %
	Principal Outstanding		Total Charges		Net Commitment Fee
Disbursed	12,802,570.00	Service Charge	1.49 %	Commitment Fee	0.50 %
Repaid	0.00	Waiver	0.00 %	Waiver	0.00 %
Prepaid	0.00	Interest Waiver Status	Ineligible		
Regular Repayments	0.00	Rate Reset Date	28-Feb-2024		

USD Equivalents

Original Approved Amount	150,000,000.00
Current Undisbursed	148,949,346.98
Historical Disbursed	13,501,412.54

Reference Information

Lending Instrument :	IPF - Investment Project Financing		
Loan Type :	IDA - IDA Credit	Available Embedded Options :	- Currency Conversion Option - Hedge request starting type
Borrower of Record :	The National Treasury and Planning		
Guarantor :	Kenya	Maturity Type :	IDA5_30
Loan Term :	30 Years	Maturity Profile :	STANDARD
Grace Period :	5 Years		

Loans with Inactive Advances

Replenishment applications are to be submitted in accordance with the Instructions provided in the Disbursement Letter.

If the DA is inactive for six months, the Bank notifies the borrower that it will request a refund of the outstanding balance unless, within 90 days, the borrower submits satisfactory evidence of eligible expenditures financed through the DA.

To discuss other arrangements, including refund of funds deposited to the Designated Account, the borrower representative should contact the Finance Officer.

Loan: IDA 74500 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya |

Project: P179381 - Kenya Jobs and Economic Transformation (KJET) Project

Loan Overview | Disbursements | History | Repayments | Amortization Schedule | Audit Submission | Disbursement

Applications | eSignatorie(s) | Beneficiaries | Designated/UN Accounts | Category Schedule |

Designated Account Detail- DA-C

Account Details

Account Holder	KENYA JOBS AND ECONOMIC TRANSFORMAT	DA Currency	EUR
Account Holder's Bank	CENTRAL BANK OF KENYA HAILE SELASSIE AVENUE NAIROBI Swift: CBKEKENXXXX	Current Authorized Allocation	0.00
Account Number	XXXXXXXX23	Associated Categories	2 - (Gds,CS,NCS,Trg,OC Pt 4.2 SDMSME) 3 - (Gd,Wk,CS,NCS,T,OC Pt 2.1&SP 2.2 MSEA)
Intermediary Bank	STANDARD CHARTERED BANK 1 BASINGHALL AVENUE LONDON Swift: SCBLG2LXXX	Other Financing Sources	

Transaction Details

	Currency (EUR)	View Transaction List
Total Deposits Less Refunds	6,959,256.00	
Documented	0.00	
Outstanding Balance	6,959,256.00	
Waived Documentation Amount	0.00	
Transaction in Process	0.00	

Loans with Inactive Advances

Replenishment applications are to be submitted in accordance with the instructions provided in the Disbursement Letter.
 If the DA is inactive for six months, the Bank notifies the borrower that it will request a refund of the outstanding balance unless, within 90 days, the borrower submits satisfactory evidence of eligible expenditures financed through the DA.
 To discuss other arrangements, including refund of funds deposited to the Designated Account, the borrower representative should contact the Finance Officer.

To discuss other arrangements, including refund of funds deposited to the Designated Account, the borrower representative should contact the Finance Officer.



Loan: IDA 74500 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya |

Project: P179381 - Kenya Jobs and Economic Transformation (KJET) Project

Loan Overview | Disbursements | History | Repayments | Amortization Schedule | Audit Submission | Disbursemei

Applications | eSignatorie(s) | Beneficiaries | Designated/UN Accounts | Category Schedule |

Withdrawal Applications

Disbursement Milestone

Loan Approval Date 11-Dec-2023	Loan Signing Date 28-Feb-2024	Loan Made Effective 09-Jul-2024	Authorized Signatories Submitted to WB 19-Jun-2025	Authorized Signatories Approved 19-Jun-2025	Loan Is Ready for Disbursing Online 22-Jul-2025
-----------------------------------	----------------------------------	------------------------------------	---	--	--

Submit Withdrawal Application

Transaction List

Showing results 1 - 2 of 2 entries

Filter by Type - All Documented Deta Value Date

Search

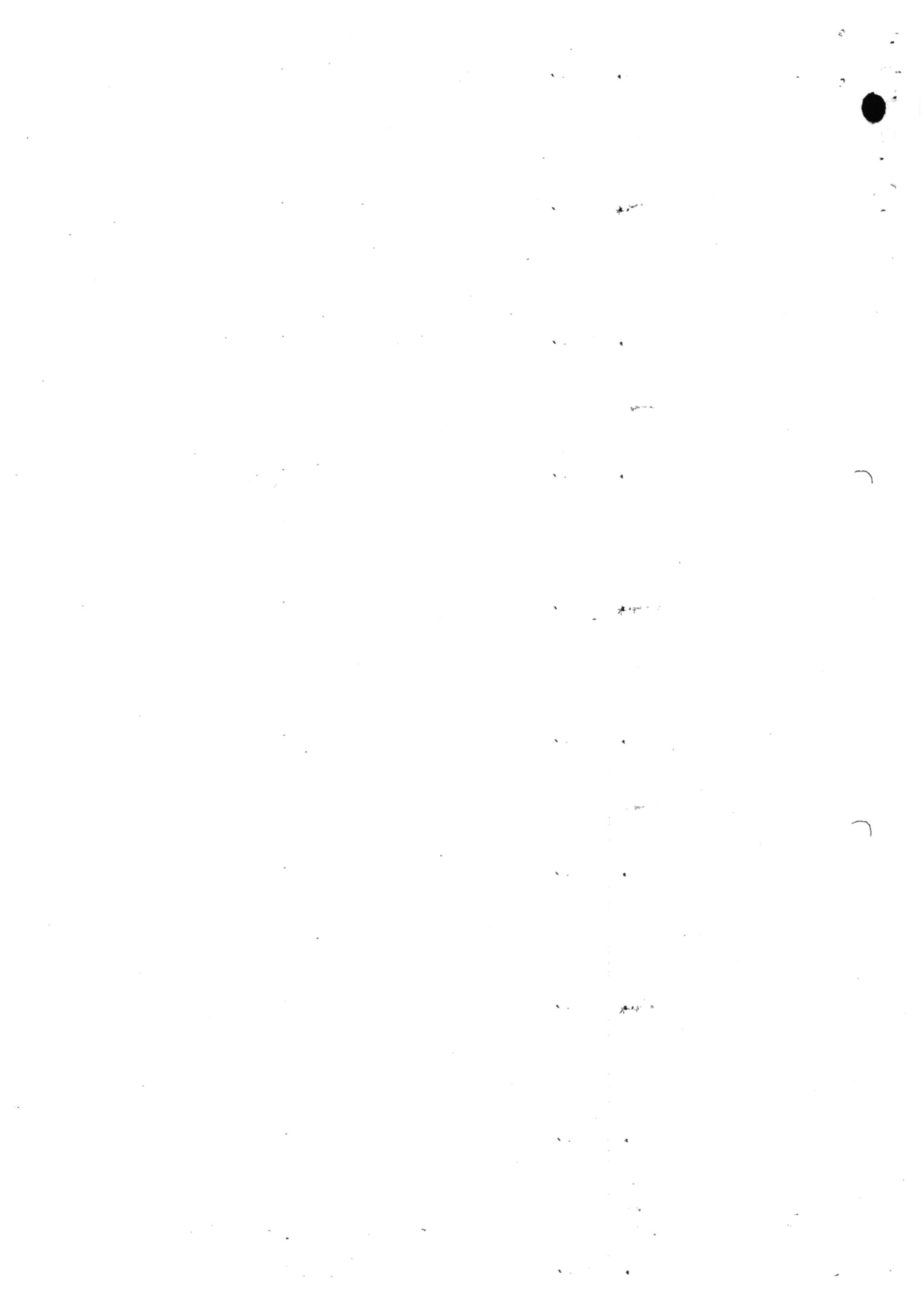
Borrower Reference	Application					Paid		Date received	Value Date	Logged by	Last Updated
	Type	Status	Ccy	Amount	Category Summary	Ccy	Amount				
SDIP WA 0002	DA-B	Completed by WB	EUR	5,031,257.00	DA-B		0.00	18-Nov-2024		Luke Ombara	22-Jan-2025
SDMSME WA001	DA-C	Completed by WB	EUR	6,959,256.00	DA-C		0.00	12-Nov-2024		Jacob Gathenya	21-Nov-2024

Loans with Inactive Advances

Replenishment applications are to be submitted in accordance with the instructions provided in the Disbursement Letter.

If the DA is inactive for six months, the Bank notifies the borrower that it will request a refund of the outstanding balance unless, within 90 days, the borrower submits satisfactory evidence of eligible expenditures financed through the DA.

To discuss other arrangements, including refund of funds deposited to the Designated Account, the borrower representative should contact the Finance Officer.





Loan: IDA 74500 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya |

Project: P179381 - Kenya Jobs and Economic Transformation (KJET) Project

Loan Overview | **Disbursements** | History | Repayments | Amortization Schedule | Audit Submission | Disbursement

Applications | eSignatorie(s) | Beneficiaries | Designated/UN Accounts | Category Schedule |

Withdrawal Applications

Disbursement Milestone

Loan Approval Date 11-Dec-2023	Loan Signing Date 28-Feb-2024	Loan Made Effective 09-Jul-2024	Authorized Signatories Submitted to WB 19-Jun-2025	Authorized Signatories Approved 19-Jun-2025	Loan is Ready for Disbursing Online 22-Jul-2025
-----------------------------------	----------------------------------	------------------------------------	---	--	--

Submit Withdrawal Application

Showing results 1 - 2 of 2 entries

Transaction List

Filter by Type - All Documented Data Value Date

Search

Borrower Reference	Application					Paid		Date received	Value Date	Logged by	Last Updated
	Type	Status	Ccy	Amount	Category Summary	Ccy	Amount				
SDIP WA 0002	DA-B	Completed by WB	EUR	5,031,257.00	DA-B		0.00	18-Nov-2024		Luke Ombara	22-Jan-2025
SOMSME WA001	DA-C	Completed by WB	EUR	6,959,256.00	DA-C		0.00	12-Nov-2024		Jacob Gathenya	21-Nov-2024

Loans with Inactive Advances

Replenishment applications are to be submitted in accordance with the instructions provided in the Disbursement Letter.

If the DA is inactive for six months, the Bank notifies the borrower that it will request a refund of the outstanding balance unless, within 90 days, the borrower submits satisfactory evidence of eligible expenditures financed through the DA.

To discuss other arrangements, including refund of funds deposited to the Designated Account, the borrower representative should contact the Finance Officer.

**KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2024**

Credit No.: IDA LOAN CREDIT NO.74500-KE (DA-C)

Bank Account No.: 1000742623 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		-
	Less:		
2	Total amount documented		-
3	Outstanding amount to be documented		-
	Represented by:		
4	Ending Special account Balance as as 30 June 2024		-
5	Amounts claimed but not credited as at 30 June 2024		
6	Amounts withdrawn and not claimed		-
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2024		-

Discrepancy between total appearing on line 3 and 9

Notes:

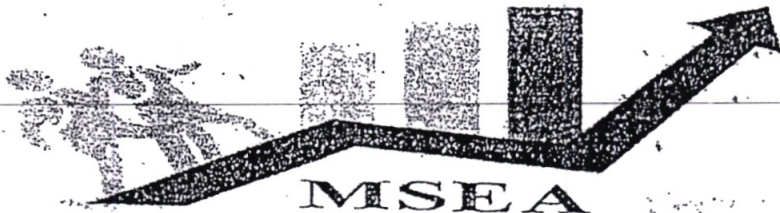
- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

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

DATE:

00000





MSEA

Micro And Small Enterprises
Authority

Reconciliation of inter-entity transfers

Project Name: KJEBI				
Breakdown of transfers from the State Department of MSMED				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	FY
		Total		
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	FY
		08/01/2025	447,162,400	FY 2024/2025
		09/06/2025	52,000,000	FY 2024/2025
		Total	499,162,400	
C.	Others			
		Bank Statement Date	Amount (Kshs)	FY
		Total		
		Total (A+B+C)	499,162,400	

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

Project Coordinator

Head of Accounting Unit

KJET

State Department for MSMED

Sign

Sign

FO 30. MINISTRY OF COOPERATIVES AND MICRO, SMALL & MEDIUM ENTERPRISES		
BANK RECONCILIATION STATEMENT FOR KJET ACCOUNT		
BANK ACCOUNT FOR THE MONTH ENDING 30TH JUNE 2025		
	AMOUNT	AMOUNT
	KSHS	KSHS
Balance as per Bank Certificate		39,741,714.55
LESS		
(1) PAYMENT IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENTS	25,062,602.00	
(2) RECEIPTS IN THE BANK STATEMENTS NOT YET RECORDED IN THE CASH BOOK		
SUB-TOTAL KSHS		
ADD BACK		
(3) PAYMENT IN THE BANK STATEMENT NOT YET RECORDED IN THE CASH BOOK		
(4) RECEIPT IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENTS		
CASH BOOK BALANCE		14,679,112.55

Prepared by:
Veronicah Kivuva

Name
Checked by:
..... J. Macharia

Name
I certify that the bank reconciliation statements are correct.
Principle Secretary K. W.

Senior Accountant
Designation
Sign
A. A. G.
Designation
Sign

MINISTRY OF COOPERATIVES AND MICRO, SMALL & MEDIUM ENTERPRISES

DEVELOPMENT ACCOUNT

Jun/25

SCHEDULE NO. ONE (1)

PAYMENT IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENTS

MONTH	C/B NO	C/B PV	CHEQUE	PARTICULARS	AMOUNT
DATE	FOLIO	NO	S/R NO	PAYEE	KSHS
30.06.2025	54	17	20	Pamelyn Enterprises Ltd	4,104,761.00
30.06.2025	54	21	18	Intermass Tech EA Ltd	5,435,000.00
30.06.2025	54	25	35	Fenymen EA Ltd	6,826,521.00
30.06.2025	54	29	36	CFAO Mobility (K) Ltd	7,748,320.00
30.06.2025	54	33	49	Manyaga Achoki	37,800.00
30.06.2025	54	34	43	Kennedy Ochieng	37,800.00
30.06.2025	54	35	42	Eric Chepkonga	67,200.00
30.06.2025	54	36	40	Geoffrey Tanui	67,200.00
30.06.2025	54	37	39	Brenda Nyaboke	67,200.00
30.06.2025	54	38	48	Caroline Muli	67,200.00
30.06.2025	54	39	44	Jacob Macharia	84,000.00
30.06.2025	54	40	46	Nathan Solta	100,800.00
30.06.2025	54	41	47	Kennedy Aungo	100,800.00
30.06.2025	54	42	45	Elizabeth Birgen	100,800.00
30.06.2025	54	43	41	Susan Mangeni	109,200.00
30.06.2025	54	44	52	Gladwel Mirigo	24,000.00
30.06.2025	54	45	50	Anthony Njeru	84,000.00
TOTAL KSHS					25,062,602.00

SCHEDULE NO. TWO (2)

RECEIPT IN THE BANK STATEMENTS NOT YET RECORDED IN THE CASH BOOK

MONTH	BANK	TRANS	PV/IMP	PARTICULARS	AMOUNT
DATE	SR/NO	SR/NO	SR/NO	PAYEE	KSHS
TOTAL KSHS					

SCHEDULE NO. THREE (3)

PAYMENT IN THE BANK STATEMENT NOT YET RECORDED IN THE CASH BOOK

MONTH	BANK	TRANS	PV/IMP	PARTICULARS	AMOUNTS
DATE	SR/NO	SR/NO	SR/NO	PAYEE	KSHS
TOTAL KSHS					

SCHEDULE NO. FOUR (4)

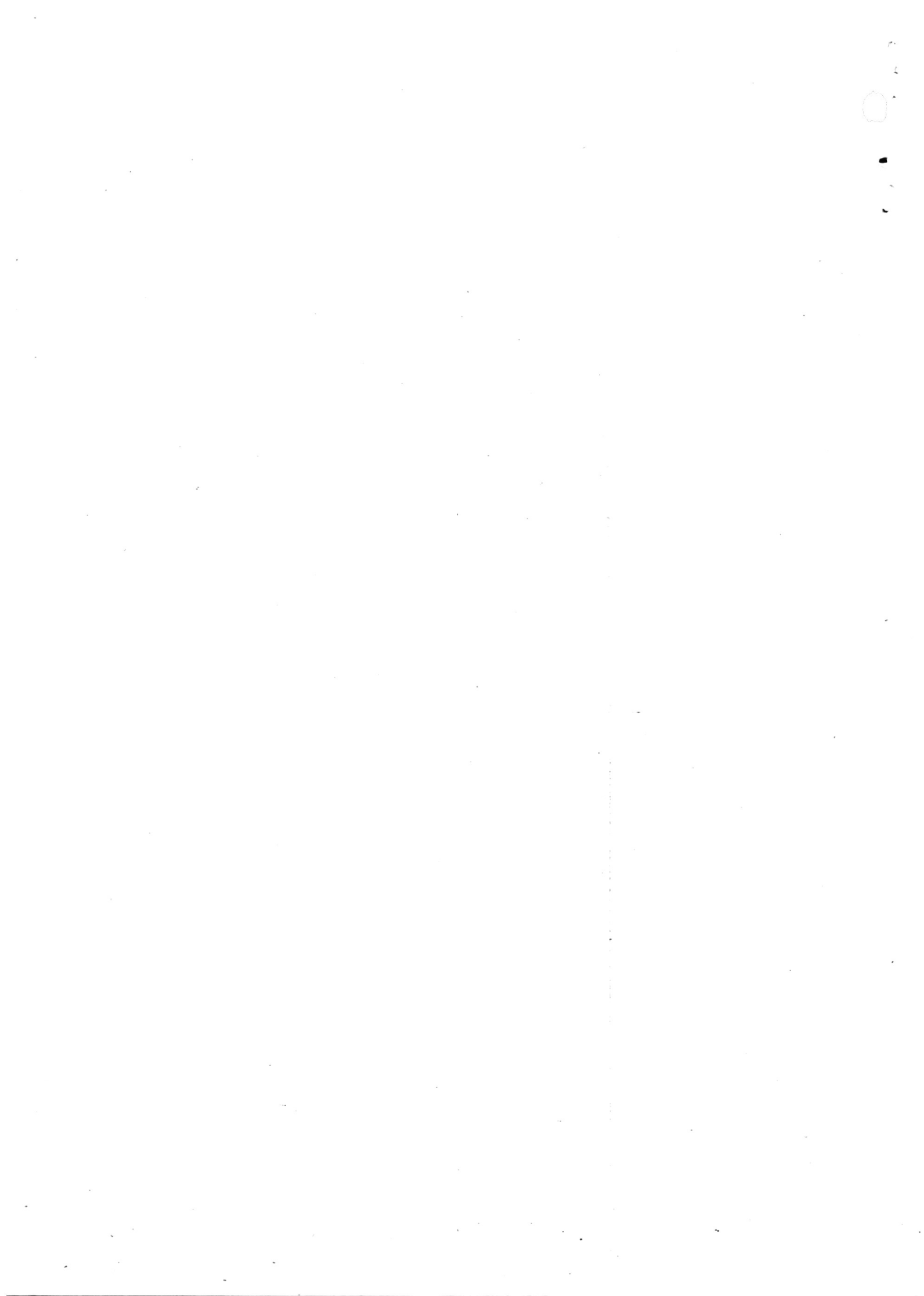
RECEIPT IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT

MONTH	CHEQUE	C/B NO	C/B	PARTICULARS	AMOUNT
DATE	SR/NO	SR/NO	SR/NO	PAYEE	KSHS
TOTAL KSHS					

**KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT
TRIAL BALANCE
AS AT 30TH JUNE 2025**

PARTICULARS	DR	CR
CAPITAL		547,162,400.00
MOTOR VEHICLES	7,748,320.00	
FURNITURE & FITTINGS	4,104,761.00	
ICT EQUIPMENTS	11,891,521.00	
OFFICE AND GENERAL SUPPLIES AND SERVICES	260,000.00	
COMMUNICATION SUPPLIES & SERVICES	110,000.00	
PRINTING, ADVERTISING & INFORMATION SUPPLIES AND SERVICES	401,163.60	
FOREIGN TRAVEL AND SUBSISTENCE & OTHER TRANSPORTATION COSTS	7,371,921.85	
HOSPITALITY SUPPLIES AND SERVICES	350,400.00	
TRAINING EXPENSES	1,082,800.00	
BANK BALANCE PROJECT ACCOUNT AT CBK	14,679,112.55	
CAPITAL TRANSFER TO OTHER GOVT AGENCIES	499,162,400.00	
TOTAL	547,162,400.00	547,162,400.00





KJET

F.O. 51

REPUBLIC OF KENYA

Date 15-07-2023

Report of the board of Survey on the Cash and Bank Balances of Account NO. 1000746653 as at the close of business on 30th June 2023

The Board, consisting of- (Names and Official titles)
CHAIRPERSON: BEATRICE W. THURO
SECRETARY: PAUL MURUGI
MEMBER: EVANS JILANI

assembled at the office of THE CASHER STATE DEPARTMENT FOR MUGO at 11:00 AM (time) on the 15th July 2023

Table with 4 columns: Item (Notes, Silver, Copper, Cheques), Quantity (ML), Unit (Sh), and Amount (ML). Total amount is 112.55.

It was observed that cheques amounting to Sh 112.55 had been at hand for more than 14 days prior to the date of the survey.

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

The cash book reflected the following balances as at the close of business on the 30th June 2023:
Cash at hand Sh 211.74
Bank Balance Sh 14,679.12.55

The Bank Certificate of Balance showed a sum of Shs. 31,741.74 (Sh. 31,741.74, cts. 55)

Amounting to the credit of the account on 30th June 2023. The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation statement (F.O. 30) attached.

Date 15/07/2023

Chairman (Signature)
Member of the Board

NO. 111111

NO. 111111

NO. 111111
NO. 111111
NO. 111111

NO. 111111
NO. 111111
NO. 111111

NO. 111111
NO. 111111
NO. 111111

NO. 111111
NO. 111111
NO. 111111

NO. 111111
NO. 111111
NO. 111111



BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

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


July 18, 2025


CERTIFICATE OF BALANCES

Customer : 167954
Balance
Date: 30-Jun-25

STATE DEPT FOR MICRO SMALL
AND MEDIUM ENTERPRISES

Account No	Account Name	Currency	Balance
1000695374	REC-STATE DEPT FOR MICRO, SMALL MED	KES	442,870.20
1000695382	DEP-STATE DEPT FOR MICRO, SMALL MEDI	KES	7,097,347.25
1000695398	CBK 165-STATE DEP FOR MICRO, SMALL M	KES	0.00
1000695404	DEV-STATE DEPT FOR MICRO, SMALL MEDI	KES	3,000.00
1000739215	FINANCIAL INCLUSION FUND	KES	0.00
1000739697	KFW PROG FOR PROM OF ENTRERP AND EM	KES	0.00
1000742518	CENTER FOR ENTREPRENEURSHIP PROJECT	KES	1,239,400.00
1000745002	NATIONAL YOUTH OPPORT TOWARDS ADV P	KES	190,555,319.00
1000745258	FINANCIAL INCLUSION FUND	KES	0.00
1000746653	KENYA JOBS AND ECONOMIC TRANSF PROJ	KES	39,741,714.55


Micah Nabori
Authorised Signatory
Banking Services Division


Joyce Nasieku
Authorised Signatory
Banking Services Division

