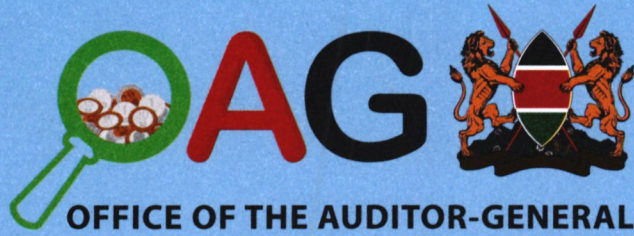


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 14 FEB 2023	DAY: WED
TABLED BY:	Deputy leader majority party Hon Owen Bayo, MP
CLERK-AT-THE-TABLE:	Enlaysia Mwangi

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REPORT

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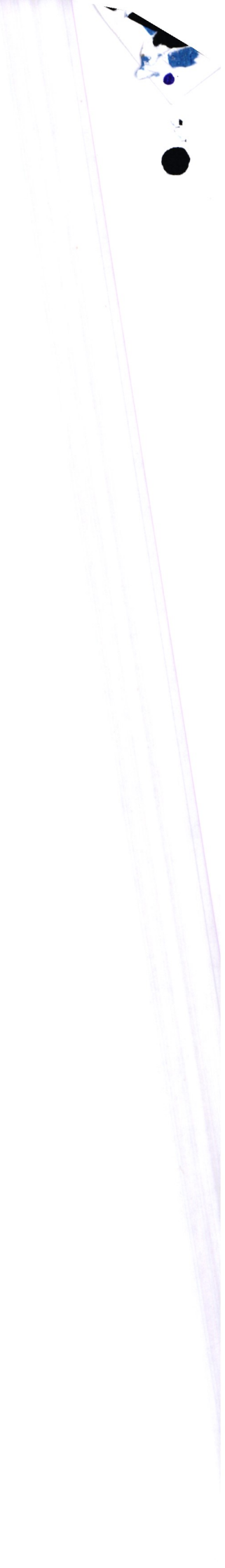
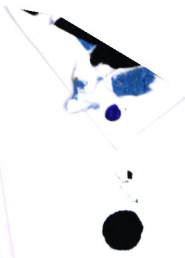
ON

UWEZO FUND

FOR THE YEAR ENDED

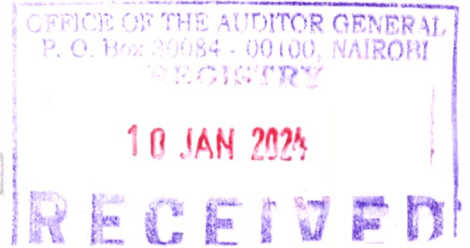
30 JUNE, 2023

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REPUBLIC OF KENYA



UWEZO FUND OVERSIGHT BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

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1. KEY UWEZO FUND INFORMATION AND MANAGEMENT**(a) Background information**

Uwezo Fund was established by Legal Notice No. 21 of the Public Finance Management (Uwezo Fund) Regulations, 2014 of 21st February, 2014. At the Cabinet level, Uwezo Fund is represented by the Cabinet Secretary for the Ministry of Cooperatives and MSMEs Development who is responsible for the general policy and strategic direction of the Fund. The Fund is administered in all the two hundred and ninety constituencies in the republic.

(b) Principal Activities

The principal activity of the Fund is to expand access to finances in promotion of youth and women businesses and enterprises at the constituency level for economic growth towards the realization of the goals of Vision 2030. The clientele of the Fund was later expanded to include persons with disabilities. This is achieved through provision of affordable credit to the target groups, capacity building towards enterprise development and provision of mentorship opportunities for sustainable growth of their enterprise. The vision of the Fund is equitable social economic transformation of the youth, women and persons with disabilities and its mission is to provide accessible and affordable loans, capacity enhancement, market linkages to youth, women and persons with disabilities for sustainable enterprises.

(c) Key Management

Uwezo Fund's day-to-day management is under the following key organs:

- Uwezo Fund Oversight Board
- Fund Administrator/Accounting Officer
- Uwezo Fund Secretariat
- Constituency Uwezo Fund Management Committees

KEY UWEZO FUND INFORMATION AND MANAGEMENT (Continued)**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June, 2023 and who had direct fiduciary responsibility were:

- | | |
|---------------------------------|----------------------------------|
| 1. Principal Secretary | - Susan Mang'eni |
| 2. Head of Secretariat | - CPA. Peter L. Lengapiani (MBA) |
| 3. Head of Finance and Accounts | - CPA. John M. Makai (MBA) |
| 4. Supply Chain Management | - Samuel Okeyo |
| 5. Administration Coordination | - Jessica Achieng |
| 6. Programme Coordination | - Danson Kamanda |

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Annual reports and Financial Statements for the year ended 30th June, 2023

7. Human Resource Management and Development- Gad Etyang
8. Corporate Affairs & Communication - Nooh Bashey
9. Internal Audit and Risk Management - CPA. Jennifer Mureithi

(e) Fiduciary Oversight Arrangements

a. Special Funds Accounts Committee of Parliament

b. The Fund Oversight Board and through the following committees:

- Programmes, Publicity and Strategy Committee
- Finance and Resource Mobilization Committee
- Human Resource and Administration Committee
- Audit, Risk Management and Compliance Committee

(f) Uwezo Fund headquarters

Uwezo Fund Headquarters
P.O. Box 42009 – 00100
Lonrho House 16th Floor
Standard Street
Nairobi, Kenya

(g) Uwezo Fund Contacts

Contacts
Telephone: (254) 776 156 204
E-mail: info@uwezo.go.ke
Website: www.uwezo.go.ke

h. Uwezo Fund Bankers

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

National Bank of Kenya Ltd
Harambee Avenue
P.O. Box 72866
City Square 00200
Nairobi, Kenya

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

Co - operative Bank of Kenya
Kimathi Street
P. O. Box 7512 - 00200
Nairobi, Kenya

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Equity Bank Ltd.
P.O. Box 75104 – 00200
Nairobi, Kenya

SBM Bank Kenya Ltd, Riverside
P.O Box 34886-00100
Nairobi, Kenya

Consolidated Bank Ltd.
P. O. Box 51133 – 00200
Nairobi, Kenya

Family Bank Ltd.
P. O. Box 74145 - 00200
Nairobi, Kenya

African Banking Cooperation
P.O. Box 46452 – 00100
Nairobi, Kenya

Chase Bank Ltd
P. O. Box 66049 - 00800
Nairobi, Kenya

First Community Bank Ltd
P. O. Box 26219 – 00100
Nairobi, Kenya




i. Independent Auditors

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



j. Principal Legal Adviser

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




2. THE BOARD OF DIRECTORS

Name/Responsibility	Passport Size Photo	Professional/Academic Qualifications	Tenure	Experience
<p>Ms. Anne Wambui Njuguna</p> <p>Chair of the Board</p>		<p>D.O.B 1987</p> <p>Bachelor of Commerce (Actuarial Science Option) KU Certified Public Accountant (Part 2 Section 4)</p>	<p>May 15th 2023 to date</p>	<p>Accounting, Organizational development, Leadership, analytical and Problem Solving, Excellent Communication Skills</p>
<p>Mr. Sam Ogola</p> <p>Independent Director</p> <p>Chairperson-FRM & HR&A</p>		<p>D. O. B 1969</p> <p>MA, Gender and Development studies. (UON) Bachelor of Laws, (MKU) Bachelor of Arts (Political Science) (UON) Post Graduate Diploma in Law. (Advocate of the High Court of Kenya) Certified Professional Mediator.</p>	<p>30th June 2023 to date</p>	<p>LSK Member Legal Knowledge Research gender & Development. Advocate of the High Court of Kenya</p>
<p>Ms. Wanjiku Muhato</p> <p>Independent director</p> <p>Chairperson PP&S</p>		<p>D.O.B 1955</p> <p>Executive Master in Business Administration, Master of Arts in Gender and Development. Bachelor of Arts, Literature</p>	<p>13th July, 2022 to date</p>	<p>Program Planning, Research, Monitoring & Evaluation. Gender issues.</p>





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Name/Responsibility	Passport Size Photo	Professional/Academic Qualifications	Tenure	Experience
Ms. Susan Mang'eni (Principal Secretary MSME)		D.O.B 1978 Master of Arts	2 nd November 2022 to date	Entrepreneurship development
Ms. Naomi Matheri, alternate to CS the National Treasury and Economic Planning Chairperson ARM & C		D.O.B 1981 Master of Arts (Economics) Bachelor of Science (Statistics)	20 th May, 2022 to date	Public Finance Policy Analysis, Knowledge in economic policy analysis & Management. Budget making Proficiency in statistical data analysis

3. MANAGEMENT TEAM


	Name	Passport Size Photo	Professional/Academic Qualifications	Area of Responsibility
1.	CPA. Peter L. Lengapiani		MA (Project Planning and Management) – University of Nairobi CPA (K) Member of ICPAK	Head of Secretariat
2.	CPA. John Makai Mwangangi		MBA Finance JKUAT B. Com Accounting Kenyatta University CPA(K) Diploma in Co-op Management – Co-operative University of Kenya Cert in IT	Finance & Accounts
3	Jessica Achieng		Master of Arts (armed conflict and peace studies) Post graduate diploma in education, Bachelor of Arts (language and literacy studies) Diploma (Public administration) Senior Management Course	Administration

UWEZO FUND**Annual reports and Financial Statements for the year ended 30th June, 2023**

	Name	Passport Size Photo	Professional/Academic Qualifications	Area of Responsibility
4	Gad Etyang		B. Arts the University of Nairobi 1992, Higher Dip HRM, TOT, Member IHRM, Trained in Corporate Governance	Human Resource
5	Mr Samuel Okeyo		B. Com Daystar University Diploma in Purchasing and Supplies. Member KISM	Supply Chain Management
6.	CPA. Jenifer Mureithi		B. Com (Finance) CPA (K). Member of ICPAK Member of IAA	Audit and Risk Management
7.	Mr Danson Kamanda		Masters in Economics Degree in Economic and Statistics	Programs and coordination

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	Name	Passport Size Photo	Professional/Academic Qualifications	Area of Responsibility
8.	Mr Nooh Bashey		BA (Mass Communication and political science)	Corporate Affairs and Communication

4. CHAIRMAN'S STATEMENT

As the Uwezo Fund marks its ninth year of operation, I take pride in the achievements made towards realizing economic empowerment of groups that would otherwise not benefit from the mainstream banking sector.

I am proud of the achievements that were made during the 2022/23 FY, and I am grateful to the Board members for role they played in providing policy guidelines into the management of the Fund. This was achieved against the backdrop of a myriad of challenges that affected the Fund in the year under review. These challenges ranged from the continued drop in funding from the exchequer and the unprecedented harsh economic situation that adversely affected performance of enterprises funded in the period.

The Board is highly indebted to the Ministry of Co-operatives and Micro, Small Medium Enterprises (MSMEs) Development especially for valued guidance and support offered in the implementation of the Fund during the period under review. The support enhanced the Fund's ability to navigate the challenges and align accordingly towards realization of the Bottom-up Economic Transformation Agenda.

I wish to thank and greatly appreciate the contribution of my fellow members of the Board whose valued deliberations have made pragmatic decisions that have steered the Fund to greater heights of prosperity. I wish to recognize the immense contribution of my predecessor, Prof. Losenge Turoop and his team which provided a suitable springboard for my team to steer the Fund to greater heights.

Finally, the efforts of the Management team would not go unmentioned, as they dedicated hours of hard work and diligence into the realization of the Fund's mandate. It is the contribution of all team members that made the Fund realize the progress recorded in the year 2022/23.



**ANNE WAMBUI NJUGUNA
CHAIRPERSON**

5. REPORT OF THE HEAD OF SECRETARIAT

I am pleased to present the financial statements for the Uwezo Fund Oversight Board for Year 2022/2023. This report highlights the achievement attained by the Fund during the period. The key mandate of the Fund is to expand access to finances for promotion of enterprises owned by youth, Women and Persons with Disabilities for economic empowerment. Towards this end, the Fund has disbursed a total of Kshs 6,729,648,941 to the 290 constituencies as loan since its inception to 30th June, 2023. From this capital Fund Kshs.1,615,984,891 has been revolved from repayments in the constituencies. The Fund has cumulatively loaned Kshs.7,495,404,499 to 82,368 groups comprising 51,186 women groups, 29,189 youth groups and 1,993 PWD groups.

In the period under review, the Fund's lending capacity was adversely affected by delay in reconstitution of the Constituency Uwezo Fund Management Committees. Cumulatively the Fund provided loans in the amounts of Kshs.145,210,000 to 1,296 groups (971 Women Groups, 301 Youth groups and 24 groups of PWD). The Fund's cumulative repayment as at 30th June, 2023 stands at Kshs.2,874,370,396.3 which translates to a 41% repayment rate. Towards this, the Fund spearheaded several public sensitization forums to reach out to the loan beneficiaries to repay the loans and also engaged various stakeholders to reach out to the defaulters. In addition, the Fund spearheaded loan repayment through mobile money for constituency accounts domiciled in Equity Bank, Cooperative Bank and KCB. This enabled a realization of a total collection of Kshs. 205,511,004 in the year under reporting.

In addition to provision of credit, the Fund provides capacity building of the beneficiary groups across the country. This ensures that these groups enhance their entrepreneurial skills and prepares them to take advantage of Government initiatives such as AGPO. Through the training, the Fund has promoted the concept of table banking which has not only enhanced the saving culture among the beneficiary groups, but also played an important role in advancement of cohesion amongst the groups.

Despite the significant milestones achieved so far, the Fund has not been without challenges. The Fund's constituency operations were adversely affected by delay in the re-constitution of the Constituency Uwezo Fund Management Committees. Similarly, upon expiry of term of the Board chairperson and two Board members and a subsequent delay in their replacement the Fund's Board's operations were derailed. In the year under review, the Fund experienced reduced budgetary provision that affects its efficient and effective operations..

In addition, the Fund continued to experience low repayment rates across some constituencies during the period under review. This limits the funds available for re-lending to groups. The low repayment has largely been occasioned by bad economic times experienced by public hampering the ability of repayment of the Fund. The staffing challenge continues to impede on the Fund's optimal performance. This is compounded by the largely manual operations of the Fund as well as the structure of the Fund's management which domiciles its operations in the constituencies. This has convoluted the timeliness and accuracy of the reports from the constituencies. The

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Annual reports and Financial Statements for the year ended 30th June, 2023

Fund through the support of public service internship program has eased the staffing challenge at constituency level, however, the insufficiency of human resources still persists.

The challenges notwithstanding, I wish to recognize the efforts made by the limited staff deployed to the Fund from the various MDAs. It is their commitment to the mandate of the Fund that has steered hope amidst the challenges faced in our passion to deliver. Similarly, I appreciate members of Constituency Committees for the support they give to the Fund towards realizing its mandate. It is the selflessness of this team that has made the achievements aforementioned a reality.

Finally, I wish to thank the Board of Directors for their valued direction, timely guidance and decision making that enabled us to deliver the impressive results.



**PETER L. LENGAPIANI , MBS
HEAD OF SECRETARIAT**

6. STATEMENT OF UWEZO FUND PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023

The Fund has five strategic pillars and objectives within its Strategic Plan for the FY 2018/2019 – 2022/2023. These strategic pillars are as follows: -

Pillar 1: Fund Management and Resource Mobilization

Pillar 2: Leadership and Governance

Pillar 3: Awareness creation

Pillar 4: Strengthening Institutional Capacity and Infrastructure

Pillar 5: Monitoring and evaluation

Uwezo Fund develops its annual work plans based on the above pillars. The assessment of the Fund's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below

Strategic Pillar	Objective	Key Performance Indicators	Activity	Achievements
Fund Management and Resource Mobilization	To enhance financial base for loaning and technical development	No. of groups funded	Disbursement of loan funds to groups at the constituencies	1,296 groups of youth, women and PWDs issued with loans
	Effective and efficient operation of CUFMCs	No. of constituencies facilitated	Facilitation of CUFMCs	Constituencies facilitated with Kshs. 47,845,000.00
	Empowerment of group members on entrepreneurship and value addition	No. of groups trained	Training of the beneficiary groups	5,232 groups trained
	Effective implementation of the Fund	No. of CUFMCs Secretariat trained	Capacity building of the CUFMCs Secretariat in 100 constituencies	80 officers trained in 26 constituencies

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Strategic Pillar	Objective	Key Performance Indicators	Activity	Achievements
Leadership and Governance	To promote good governance/policy direction for the Fund	No. of Board meetings held	Full Board Meetings	2 meetings held
	Compliance with the regulations of the Fund and PFM for effectiveness	No. of Audits	Audits the operation of the Fund in the constituencies and headquarters	Audit in 50 constituencies and headquarters
Awareness creation	To increase awareness and visibility of the Fund	No. of trade fairs and exhibitions attended	Trade Fairs, Conferences and Exhibitions	2 trade fairs
	Provide opportunities for youth to acquire skills on the job	No. of interns engaged	Internship engagement	201 interns engaged
Strengthening Institutional Capacity and Infrastructure	Renewal of Microsoft Office	No. of licenses renewed	Enhanced Data Safety and Security	No licenses required
	Involvement of a service provider creation of accounts for users on Uwezo System training of users	Bulk SMS to enhance loan recovery	Operationalize Bulk SMS services	No Bulky SMS required

UWEZO FUND**Annual reports and Financial Statements for the year ended 30th June, 2023**

Strategic Pillar	Objective	Key Performance Indicators	Activity	Achievements
	Effective operations	No. of goods and services procured	Procurement of office equipment and consumables	Kshs.36.2Million for the promotion of local content and Kshs 15.5M for AGPO
Monitoring and evaluation	Ensure effective and efficient implementation of the Fund	The Strategic Plan	Development of Strategic Plan	Draft Strategic Plan developed

7. CORPORATE GOVERNANCE STATEMENT

Uwezo Fund recognizes good corporate governance as an important aspect towards meeting its objectives. To achieve long-term success of the Fund, the Board has ensured consistent maintenance and practical application of good corporate governance. The Fund complies with the Corporate Governance Guidelines as prescribed by the Inspectorate of State Corporations being the primary regulatory body of Semi-Autonomous Government Agencies (SAGAs) and ascribe to the ethical standards as set out by the Public Officer Ethics Act.

The Board of Directors

Uwezo Fund is governed by a Board of Directors, comprising of Independent Directors appointed by the Cabinet Secretary, Ministry of Cooperatives and MSME Development, the Chairperson nominated by the Cabinet Secretary and appointed by the President and Principal Secretaries for the National Treasury and State Department of MSME Development. Currently two slots in the Board are yet to be filled, the Cabinet Secretary appointee nominated by the National Council for Persons with disability and an additional independent member to complete the Board's composition. The Board is accountable to the Kenyan citizens and the Ministry of Cooperatives and MSME Development for the overall performance and is collectively responsible for the long-term success of the Fund.

The functions of the Board as outlined in section 6 of the Public Finance Management (Uwezo Fund) Regulations, 2014 include to provide overall management, design and oversight of the Fund, to develop relevant guidelines and review them as the need arises, to guide the operations and implementation of the Fund amongst others. The board continued to discharge these duties with utmost diligence in the period under review.

It is important to report that the FY. 2022/2023 was a transition year that saw the term of the Chairperson and Board members come to an end on 14th October, 2022. Further, one member exited the Board upon taking up other duties in the public sector. Subsequently, new appointments were made to fill in the vacant positions in the Board, this process is yet to be completed. Despite the transition, the Board steered the Fund to great heights of prosperity through provision of policy guidelines and board resolutions.

Board Remuneration

The Directors' expenses in the year were in the amounts of Kshs. 5,431,503 comprising of Chairman's honoraria of Kshs. 375,484 and Directors' allowances amounting to Kshs.5,056,019

Board and Committee Membership

The current composition of the Board is five members comprising the Board chairperson, two independent members, PS/PS representatives for the National Treasury and the State Department for MSME development. The Board's size and

composition is determined by the Public Finance Management (Uwezo Fund) regulations, 2014, Board Charter and Mwongozo Code of Regulations. Full details of the current Board members, their qualifications, skills, experience and tenure are indicated on pages (vi) and (vii) of the 2022/2023 Reports and Financial Statements.

To enhance effective and efficient dispensing of the Board's mandate, four Board committees were put in place by the Board;

- i) The Finance and Resource Mobilization Committee
- ii) The Programmes, Publicity and Strategy Committee
- iii) The Human Resource and Administration Committee
- iv) The Audit, Risk Management and Compliance Committee

UWEZO FUND**Annual reports and Financial Statements for the year ended 30th June, 2023**

The Committee membership and meeting attendance of the Board for the FY. 2022/2023 is as set out below:

	<i>Director</i>		<i>Board Meetings</i>		<i>Committee Meetings</i>				<i>TOTAL</i>
			<i>Board meetings attended</i>	<i>Special Board Meeting</i>	<i>Finance and Resource Mobilization</i>	<i>Human Resource & Administration</i>	<i>Programmes and Publicity</i>	<i>Audit and Risk Management</i>	
		BOARD/MEETINGS HELD	2		3	3	3	3	
1	<i>Prof. Losenge Turoop</i>	<i>Chairman</i>	2	1	-	-	-	-	3
2	<i>Lucy Magelo</i>	<i>Independent</i>	2	1	3	3	3		12
3	<i>CPA. Joyce Munyua</i>	<i>Independent</i>	1	1	-	-	-	3	5
4	<i>Nicholas Tepeso</i>	<i>Independent</i>	2	1	-	3	3	-	9
5	<i>Wanjiku Muhato</i>	<i>Independent</i>	2	-	1	1	1	-	5
5	<i>Kasembeli W. Nasiuma/ Naomi Matheri</i>	<i>Representative PS - National Treasury</i>	2	1	3	-	-	1	7
6	<i>Florence chemtai</i>	<i>Representative PS- State department of gender</i>	2	1	3	3	3	3	15
7	<i>Peter Lengapiani, MBS</i>	<i>Head of secretariat (secretary to the board)</i>	2	0	1	-	-	-	15

In the period under review, the Board held two full board, before quorum hitch that was occasioned by expiry of term of the chairperson and two Board members on 15th October, 2023. Each of the committees held at least three meetings.

Constituency Uwezo Fund Management Committees (CUFMC's)

The activities of the Fund at the constituency level, are undertaken by Constituency Uwezo Fund Management Committees (CUFMCs). The composition of these committees is stipulated in Section 15 (2) of the Public Finance Management (Uwezo

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Annual reports and Financial Statements for the year ended 30th June, 2023

Fund) Regulations, 2014 which consist of four government representatives, ward representatives nominated by the Constituency Member of Parliament and three constituency representatives nominated by the County Member of Parliament representing Women, Youth and PWD.

Secretariat

The day to day operations of the Fund is undertaken by a team of Secretariat both at the constituency and Headquarters. In the constituencies, the Constituency Development Fund Manager, Sub-county Youth Development Officer and the Sub-County Development Officers provide secretariat services to the constituency committees. At the Headquarters, a team of 26 officers deployed from various MDAs undertake the day to day running of the Fund.

Succession Planning

Succession planning is an integral part of the continuity of an organization. To ensure continuity in the constituencies, the Fund has put in place a Secretariat composed of Public servants to spearhead the operations of the Fund even after the expiry of terms of the Committee members. This ensures that there is continuity in information/implementation when new committees are constituted every three years. Towards ensuring succession planning at the Board level, the term of the current Board members have been staggered to ensure continuity of the Fund's business with minimal interruptions.

Induction and Training

The Fund inducted and trained Board members on corporate governance to equip them with the requisite skills and competences on board operations and governance issues.

Conflict of Interest

In adherence to accountability and transparency, the Fund maintains a register for conflict of interest which board members sign to declare matters they may be conflicted in during all Board meetings.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The printed estimate budgetary allocation for the Fund was Kshs 92,000,000 for Development and Kshs. 153,600,000 for recurrent totaling Kshs.245,600,000. The Fund received exchequers of Kshs. 69,000,000 and Kshs. 153,530,000 for development and recurrent respectively totaling to Kshs. 222,530,000.

Sustainability of the Fund

The budgetary allocation for the financial year 2022/2023 continued to focus on enhancing accessibility to affordable credit and sustainability of the Fund. Towards enhanced sustainability of the Fund, loan repayment efforts in constituencies and capacity building of the Constituency Committees were prioritized in the period under review. In addition, business development opportunities were availed for the Fund's beneficiaries which included participation in exhibitions, trade fairs and public forums aimed at enhancing the group's ability to expand markets and linkages. The head office continued to provide oversight role to the constituencies for achievement of its mandate.

The period under review, witnessed the Fund initiate re-engineering efforts towards transforming the Fund's model from a social to a business model. Tangible milestones were recorded which will form foundational basis to the subsequent years, in which the re-engineering will be implemented.

Sampled Success Stories of Fund's beneficiaries

Tunaweza PWD CBO

A group from Nyalii constituency in Mombasa County. They produce reusable sanitary pads. They have exported over 1000 sanitary pads. They also distribute sanitary pads locally in counties of Baringo, Turkana, and Samburu. They produce and sell jewelries. They received a loan of KSH 200 000 From Uwezo Fund



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The Mombasa WhatsApp Group

The Mombasa WhatsApp Group comprises of 10 members. It was established in 2014, with each member contributing 100/= every month for table banking. After Uwezo sensitization and enrolling with the Uwezo Initiative, they were advanced with the Wezesha loan (1st loan) of one hundred thousand shillings, which they used to enhance their table banking activities. After successful repayment, they were advanced a second loan of 200,000/= and diversified into printing services to expand their income streams.



The Golden Mothers group

The Golden Mothers group was established in 2014 by young teenage mothers to support each other through table banking and merry-go-round. The group learned about the Uwezo Fund from their Area MP and received 100,000 as their first Uwezo loan in 2015. Later, they invested in various individually owned small businesses, such as selling lessons, dera, pots, utensils, and even started a Mangrove nursery.

The group acknowledges that the Uwezo Fund has helped them expand their table banking and various ventures pointing out that the Funds interest-free loans and longer grace and repayment periods, has allowed their businesses to gain stability. They expressed gratitude to the Government for supporting them, thereby enabling them to provide for their families



9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Uwezo Fund exists to transform livelihoods, as such the Fund's concern over what affects humanity is key to its operations. Subsequently, the Fund is responsive to environmental issues affecting humanity, towards which tree planting has been central to its field activities. Further, towards social equity the Fund provides accessible and affordable credit to groups that would otherwise not access such funding in the mainstream financial institutions.

1). Sustainability strategy and profile

The Fund continues to contribute towards socio-economic empowerment of the marginalized population through provision of affordable credit, business development services and linkages towards increased market for the youth, women and PWD owned enterprises. This is a key step towards addressing Sustainable development goals No. 1, 5 and 8. The Fund has prioritized timely repayment of the loans to ensure availability of funds for promotion of more enterprises in the constituencies. In addition, the Fund has put in place requisite policies and guidelines to support its sustainability, they include, the strategic plan 2019-2023, resource mobilization policy, investment policy and policies on cross cutting issues that affect employees. Further, the Fund engaged in several community/public forums towards sensitizing them on the space of the Fund in their overall social economic development agenda.

ii). Environmental performance

The Fund in collaboration with other stakeholders has engaged in its activities that are geared into conservation of environment. The Fund has partnered with Equity bank in planting of trees in various parts of the country.

iii). Employee welfare

The Fund has a staff establishment that is anchored in its strategic plan. In the year under review it has a staff establishment of 26 members of staff that have a fair gender spread. The Fund in its effort to develop employee's welfare considers staff training as an essential aspect of employee development. The Fund has continuously upgraded its officer's core competencies, knowledge, skills and aptitudes inducing their ability to assimilate technology. In compliance with guidance from the Salaries and Remuneration Commission (SRC), the Fund faithfully remunerates the employees' extraneous allowance accordingly. The Fund embeds its employees' treatment on the provisions of the Human Resource Policies and Procedures Manual for Public Service, 2016.

iv). Corporate Social Responsibility / Community Engagements

Uwezo Fund has its share of concern towards undertaking corporate social responsibility activities and other forms of community engagements. Uwezo Fund participated in the joint tree planting program as a partnership between Uwezo Fund Oversight Board and Equity Bank. The bank has offered trees to be planted across the country and Pokot South Constituency received a total of 3500 trees. The trees were bought from tree nurseries for various Uwezo Fund beneficiary groups in Busia County.

The Busia School Campaign Launch was christened #Mindset Shift and Sustainable Practices for Quality Education and scheduled to run from the 11th-16th of September 2023 which involved visiting 15 schools in Busia County. The initiative provided educational support to children who face immense challenges due to their socio-economic circumstances. In line with the Presidential directive to plant 15 billion trees in Kenya and PC 2023/24, Uwezo Fund is committed to ecosystem restoration and has supported the Edu Green project in planting 750 seedlings which aligns with the Edu Green project's goal of acquiring 50 seedlings for each of the 15 schools as a means of generating sustainable income for the children and fostering environmental stewardship among them. The tree planting exercise formed part of the ongoing efforts to promote ecological balance and to enhance the green cover in our community. Trees play a vital role in mitigating climate change, maintaining biodiversity, and preserving the beauty of our environment.

UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023



10. REPORT OF THE DIRECTORS

The Directors submit this report together with the financial statements for the year ended June 30th, 2023 which show the state of the Uwezo Fund Affairs.

Principal Activities

The principal activity of the Fund is to provide affordable loans to women, youth and persons with disabilities led enterprises at the constituency level. It also provides capacity building to enable the beneficiaries take advantage of the 30% government procurement preference. Uwezo Fund, therefore, is an avenue for incubating enterprises, catalyzing innovation, promoting industry, creating employment, and growing the economy.

Results

The results of the entity for the year ended June 30, 2023 are set out on page 1 to 6 that includes the summary of the deficit during the year.

Directors

The members of the Board of Directors who served during the year are shown on pages (vii) and (ix) in accordance with Section 4 of the Public Finance Management (Uwezo Fund) Regulations, 2014. The term of the Chairperson and two independent Directors expired on 14th October 2022, while one director exited the Fund upon taking up other duties in the public service. That affected the quorum of the Board, and subsequently its operations until later in May and June, 2023 when one director and the Chairperson were appointed. The Board still has two vacancies unfilled.

Dividends/ surplus remission

The entity posted for the year ended June 30, 2023 because of reduction of the exchequer receipts.

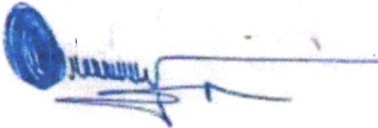
UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

Auditors

The auditor general carried out the statutory audit of Uwezo fund in accordance with article 229 of the constitution of Kenya and the Public Audit Act 2015

BY ORDER OF THE BOARD



**HEAD OF THE SECRETARIAT
UWEZO FUND**
Date... 29/9/23

UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 11 (e) of the Public Fund Management (Uwezo Fund) regulations, 2014 provide for the preparation of financial statements in respect of Uwezo Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year and the operating results of the Fund for the year 2022/2023. The Directors are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund.

The Directors are responsible for the preparation and presentation of the Uwezo Fund financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30th, 2023. This responsibility includes: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for Uwezo Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with accrual basis of accounting method under the international Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and the Public Finance Management (Uwezo Fund) regulations, 2014. The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of the Funds transactions during the financial year ended June 30th, 2022, and the Fund's financial position as at June 30th 2023. The Directors further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that Uwezo Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 15th September, 2023 and signed on its behalf by:



Chairperson of the Board



Head of Secretariat

REPUBLIC OF KENYA



Enhancing Accountability

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Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON UWEZO FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Uwezo Fund set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year

Report of the Auditor-General on Uwezo Fund for the year ended 30 June, 2023

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 statements present fairly, in all material respects, the financial position of Uwezo Fund as at 30 June, 2023, 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 Legal Notice No.21 of the Public Finance Management (Uwezo Fund) Regulations, 2014.

Basis for Qualified Opinion

Long Outstanding Receivables – Outstanding Loans

The statement of financial position and as disclosed in Note 16 to the financial statements reflects long-term receivables - outstanding loans balance of Kshs.4,826,616,733. However, the Fund's overall loan performance indicates loan disbursements and repayments of Kshs.6,729,872,949 and Kshs.2,874,370,396 respectively resulting to unpaid amount of Kshs.3,855,502,553 or 57% of the loan amount. The recoverability of the outstanding amount is however doubtful. Further, no adjustments have been made by way of provision for bad and doubtful debts to the loan balance in recognition of the doubtfulness.

In the circumstances, the accuracy and fair statement of the long term receivables – outstanding loans balance of Kshs.4,826,616,733 as at 30 June, 2023 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.362,993,319 and Kshs.169,870,107 respectively resulting to under-expenditure of Kshs.193,123,212 or 53% of the budget.

The under-expenditure affected the planned activities which may have impacted negatively on the service delivery to the public.

My opinion is however, not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of previous year, issues were raised under the Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues remain unresolved as it has not been concluded by the relevant Parliamentary Committee.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Staff Under-Establishment

The Fund had in post twenty-one (21) staff representing 30% of its approved establishment of seventy (70) members of staff. Review of records indicated that the low staffing number is attributed to the inability by the Fund to recruit its staff. Further, most of staff in-post are on secondment from the State Departments.

Failure to adequately staff the Fund with staff with requisite skills and tenure of service may impede its effective service delivery to the citizens.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the projects policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 January, 2024

UWEZO FUND**Annual reports and Financial Statements for the year ended 30th June, 2023****13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2023**


	Notes	2022-2023 Kshs	2021-2022 Kshs
Revenue from non-exchange transactions			
Government grants and subsidies	6(a)	153,530,000	153,600,000
Donation from Cooperative Bank	6(a)	1,000,000	
Transfer from other government gifts and services in kind	7	31,946,562	30,516,817
Total revenue		<u>186,749,562</u>	<u>184,116,817</u>
Expenses			
Employee cost	8	4,716,210	4,906,308
Use of goods and services	9	60,024,514	60,243,038
Remuneration of Directors	10	5,431,503	4,908,704
Depreciation and amortization expense	11	6,962,747	2,770,247
Repairs and maintenance	12	2,214,566	3,274,912
Constituencies' Administration Costs	13	<u>58,574,005</u>	<u>81,139,925</u>
Total expenses		169,870,107	187,759,951
Net Surplus for the year		<u>16,606,455</u>	<u>-3,643,134</u>

The notes set out on pages 9 to 29 form an integral part of these Financial Statements

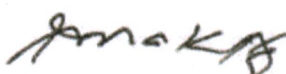
Head of Secretariat

Head of Finance

Chairman of the Board



Name: Peter Lengapiani



Name: CPA. John
Mwangangi ICPAK Member
Number: 4223



Name: Anne Wambui
Njuguna

Date: 29/9/23

Date: 29.09.23

Date: 29/9/23

UWEZO FUND**Annual reports and Financial Statements for the year ended 30th June, 2023****14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023****Assets Current assets**

Cash and cash equivalents	14(a)	2,257,342,320	2,216,249,041
		2,257,342,320	2,216,249,041

Non-current assets

Work-in-Progress	15	<u>19,522,765</u>	<u>19,522,765</u>
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Long term receivables – Loans to Groups	16	4,826,616,733	4,790,521,663
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Property, plant and equipment	17	31,992,984	25,275,731
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Total assets		7,135,474,802	7,051,569,201
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Liabilities Current liabilities

Trade and other payables	18	387,057	2,087,911
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		387,057	2,087,911
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Net assets

		<u>7,135,087,745</u>	<u>7,049,481,290</u>
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Accumulated surplus		239,117,741	222,511,286
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Revaluation reserve		13,870,000	13,870,000
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Capital Fund		<u>6,882,100,004</u>	<u>6,813,100,004</u>
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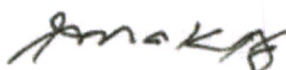
Total net assets and liabilities		<u>7,135,087,745</u>	<u>7,049,481,290</u>
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The Financial Statements set out on pages 9 to 29 were signed on behalf of the Board of Directors by:

Head of Secretariat

Head of Finance

Chairman of the Board


Name: Peter Lengapiani


**Name: CPA. John
Mwangangi ICPAK Member
Number: 4223**



**Name: Anne Wambui
Njuguna**

UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

15.STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2022

	Retained Surplus	Revaluation reserve	GOK Development grants - Loan Fund	Total
At June 30, 2020	382,879,369	0	6,710,100,004	7,092,979,373
Surplus/ (deficit) for the year	(156,724,949)			-156,724,949
Development grants received during the year			41,000,000	41,000,000
At June 30, 2021	226,154,420	0	6,751,100,004	6,977,254,424
Surplus/ (deficit) for the year	(3,643,134)			-3,643,134
Motor vehicle revalued during the year		13,870,000	-	13,870,000
Development grants received during the year			62,000,000	62,000,000
At June 30, 2022	222,511,286	13,870,000	6,813,100,004	7,049,481,290
Surplus/ (deficit) for the year	16,606,454			16,606,454
Motor vehicle revalued during the year				
Development grants received during the year			69,000,000	69,000,000
At June 30, 2023	239,117,741	13,870,000	6,882,100,004	7,135,087,745

**Transfer from capital fund being three percent for administration fee and eight percent for capacity building in line with section 18 (1) (a) (b) of Public Finance Management (Uwezo) Regulations.*

UWEZO FUNDAnnual reports and Financial Statements for the year ended 30th June, 2023**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2023**

		2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6(a)	153,530,000	153,600,000
Donation from Cooperative Bank	6(a)	1,000,000	
Total Receipts		154,530,000	153,600,000
Payments			
Employee Costs	8	4,716,210	4,906,308
Use of Goods and services	9	60,024,514	60,243,038
Remuneration of Directors	10	5,431,503	4,908,704
Repairs and Maintenance	12	2,214,566	3,274,912
Administration Costs	13	58,574,005	81,139,925
Total		130,960,798	154,472,887
Net cash flows from operating activities		23,569,202	(872,887)
Cash used in Operating Activities			
Decrease in Payables	18	(1,700,854)	
Net Cash used in Operating Activities		21,868,348	(872,887)
Cash flows From Investing Activities			
Purchase of property, plant, equipment and intangible assets	17	(13,680,000)	(3,588,850)
Non-current receivables	20	(36,095,070)	(150,041,154)
Net cash flows used in investing activities		(49,775,070)	(153,630,004)
Cash flows from financing activities			
Grant for capital loan fund from GOK		69,000,000	62,000,000
Net Cash flows from financing activities		69,000,000	62,000,000
Net increase/(decrease) in cash and cash equivalents	-	41,093,278	(92,502,891)
Cash and cash equivalents at 1st July, 2022		2,216,249,041	2,308,751,932
Cash and cash equivalents at 30th June, 2023		2,257,342,320	2,216,249,041

UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variance
	REVENUE					
	Government grants and subsidies-Recurrent	153,600,000	153,530,000	70,000	99.95442708	Austerity measure
	Government grants and subsidies-Development	92,000,000	-	92,000,000		
	Transfer from other Government -Gifts		31,946,562			
	Donation from cooperative bank	0	1,000,000			
	Total Income	245,600,000	186,476,562	70,000		
	EXPENSES					
2110302	Honoraria	960,000	375,484	584,516	39%	Board chair term expired
211000	Employee cost		31,946,562			
2110315	Extraneous Duty Allowance	6,000,000	4,716,210	1,283,790	79%	Some officers left to their respect
2210101	Electricity	1,600,000	1,025,989	574,011	64%	
2210201	Telephone, Telex, Facsimile and Mobile Phone Services	1,920,000	1,758,105	161,896	92%	Transfer of officers
2210203	Courier and Postal Services	320,000	201,188	118,812	63%	
2210301	Travel costs (airlines, bus, railway, Mileage Allowance etc)	13,700,000	1,783,914	11,916,086	13%	
2210302	Accommodation - Domestic Travel	40,939,200	29,722,958	11,216,242	73%	

UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variance
2210303	Daily Subsistence Allowance	4,900,000	121,800	4,778,200	2%	
2210304	Sundry items	400,000	14,560	385,440	4%	
2210401	Travel costs (airlines, bus, railway, Mileage Allowance etc)	1,300,000	702,800	597,200	54%	
2210402	Accommodation - foreign Travel	1,500,000	511,847	988,153	34%	
2210404	Sundry items (e.g. airport tax, taxis, etc...)	200,000	114,814	85,186	57%	
2210502	Publishing and Printing Services	5,333,200	320,845	5,012,355	6%	Austerity measures
2210503	Subscriptions to Newspaper Magazines and periodicals	216,000	0	216,000	0%	Austerity Measures
2210504	Advertising Awareness and Publicity Campaigns	13,125,500	318,000	12,807,500	2%	Austerity Measures
2210505	Trade Shows and Exhibitions	9,243,000	292,487	8,950,513	3%	Austerity Measures
2210603	Payment of Rents and Rates - Residential	15,400,000	11,974,584	3,425,416	78%	Late receipt of Payment docume
2210701	Hire of Transport	300,000		300,000	0%	Austerity Measures
2210701	Travel Allowance	58,023,450		58,023,450	0%	Austerity Measures
2210704	Hire of Training Facilities and Equipment	9,720,000	2,857,680	6,862,320	29%	Austerity measures
2210801	Catering Services (receptions), Accommodation, Gift, Food and Drinks	2,000,000	1,808,810	191,190	90%	

UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variance
2210802	Boards, Committee, Conference and Seminars Allowances	11,042,400	2,641,619.00	8,400,781	24%	
2210809	Board Allowance	9,800,000	2,414,400	7,385,600	25%	
2210910	Medical Insurance	825,000		825,000	0%	
2211016	Purchase of Uniforms and Clothing	400,000	118,750.00	281,250	30%	Late receipt of Payment docume
2211101	General office supplies (papers, pencils, forms, small office equipment etc)	848,550	807,636	40,914	95%	Late receipt of Payment docume
2211102	Supplies and Accessories for Computers and Printers	1,546,732	855,810	690,922	55%	Late receipt of Payment docume
2211201	Refined Fuels and Lubricants for Transport	3,600,000	1,895,385	1,704,615	53%	Late receipt of exchequer
2211301	Bank Services Commission and Charges	350,000	218,560	131,440	62%	Late receipt of exchequer
2211305	Contracted Guards and Cleaning Services	2,460,000	2,428,650	31,350	99%	Late receipt of exchequer
2211306	Membership Fees, Dues and Subscriptions to Professional Bodies	360,000	169,342	190,658	47%	Late receipt of exchequer
2211310	Contracted Professional services	6,900,000		6,900,000	0%	Late receipt of exchequer
2220101	Maintenance Expenses - Motor Vehicles	4,600,000	1,620,691	2,979,309	35%	Late receipt of exchequer
3110701	Purchase of motor vehicle	13,680,000	13,680,000		100%	

UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variance:
3110302	Refurbishment of Non-Residential Buildings	1,000,000	389,875	610,125	39%	
2220210	Maintenance of Computer software and networks	800,000	204,000	596,000	26%	Late receipt of Payment docume
3111001	Purchase of Office Equipment and Fittings	994,000		994,000	0%	Late receipt of Payment docume
3111002	purchase of computers, printers and other IT equipment	2,915,000	33,600	2,881,400	1%	Late receipt of Payment docume
3111111	Purchase of ICT networking and Communications Equipment	2,585,400		2,585,400	0%	Late receipt of Payment docume
3111112	Purchase of software	5,000,000		5,000,000	0%	
2640503	CUFMCs costs	106,185,887	58,574,005	58,340,887	45%	Non qualification by Some Const
	Depreciation		6,962,747			
	Total expenditure	362,993,319	169,870,107	193,123,212	47%	
	Surplus	-117,393,319	16,606,544	229,977,927	0.098305942	

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Uwezo Fund is established by and derives its authority and accountability from Public Finance Management (Uwezo Fund) Regulations, 2014. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to:

- (a) Expand access to finances in promotion of youth and women business and enterprises at the constituency level for economic growth towards the realization of the goals of vision 2030;
- (b) To generate gainful self-employment for the youth and women; and
- (c) To model an alternative framework in funding community driven development.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012, the Public Finance Management (Uwezo Fund) Regulations, 2014 and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Effective date	Applicable	Impact
<p>IPSAS 40: Public Sector Combinations</p>	<p>1st January 2019</p>	<p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.</p>	<p>The process of merger of affirmative funds took longer than anticipated. It maybe applicable later</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk Management strategy.

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January, 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p>
Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>

iii. Early adoption of standards

The Fund did not have any early adoption of any new or amended standards in year 2022.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

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. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

b) Budget information

The original budget for financial year 2022/2023 was approved by the Board on 5th September, 2022. There were no subsequent revisions or additional appropriations made to the approved budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a 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.

c) Taxes

The Fund is tax exempt as provided for under income Tax Act CAP 470 section 10

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

e) Depreciation and impairment of property, plant and equipment

Depreciation on property, plant and equipment is recognized in the income statement on straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	8 years

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

f) Contingent liabilities

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

g) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more

uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

i) Changes in accounting policies and estimates

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

j) Related parties

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

k) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

l) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

m) 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, 2023.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Fund derive amounts reported as outstanding loan fund and administrative costs from bank balances. In the event the cash book balances are obtained from the 290 constituencies and applied the amounts will change significantly.

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

UWEZO FUNDAnnual reports and Financial Statements for the year ended 30th June, 2023**6. (a) TRANSFERS FROM OTHER GOVERNMENTS**

Description	2022-2023 KShs.	2021-2022 KShs.
Unconditional grants		
Operational grant	153,530,000	153,600,000
Total government grants and subsidies	153,530,000	153,600,000
Donations	<u>1,000,000</u>	<u>0</u>
	154,530,000	153,600,000

(b) TRANSFERS FROM MINISTRIES DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs.	Amount recognized in capital fund. KShs.	Total grant recognised during the year KShs.	2021-2022 KShs.
Ministry of Public service, Youth and Gender, State Department of Gender	153,530,000	69,000,000	222,530,000	153,600,000.00
Total	153,530,000	69,000,000	222,530,000	153,600,000.00

7. GIFTS AND SERVICES IN KIND

All officers attached to the Fund are deployed from various ministries and Government Agencies (MDAs) and are remunerated by their respective MDGAs. Subsequently the fund received Contribution in Kind totaling Kshs. **31,946,562**

8. EMPLOYEE COSTS

	2022-2023 KShs.	2021-2022 KShs.
Transfer from other governments- gifts and services in kind	31,946,562	30,516,817
Extraneous allowance to employees	<u>4,716,210</u>	<u>4,906,308</u>

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Employee costs	<u>36,662,772</u>	<u>35,423,125</u>
Permanent Employees- Management	26	27

9. USE OF GOODS AND SERVICES

Description	2022-2023 KShs.	2021-2022 KShs.
Electricity	1,025,989	1,469,403
Security and cleaning services	2,428,650	2,414,772
Subscriptions	169,342	92,981
Foreign travel	1,329,461	1,230,000
Domestic travel and subsistence	31,643,232	25,997,910
Conferences and delegations- Hospitality	1,808,810	1,506,680
Specialized materials and supplies	118,750	482,000
Consumables-office and general supplies	1,663,446	2,572,115
Fuel, oil and lubricants	1,895,385	3,121,364
Printing, Advertising and Information Supplies and Services	931,332	3,684,715
Rental	11,974,584	11,974,584
Postage, telecommunication services	1,959,293	1,561,410
Training	2,857,680	3,810,764
Others-Bank charges	<u>218,560</u>	<u>324,340</u>
Total	<u>60,024,514</u>	<u>60,243,038</u>

10. RENUMERATION OF DIRECTORS

Description	2022-2023 KShs.	2021-2022 KShs.
Chairman's Honoraria	375,484	880,000
Directors emoluments	5,056,019	3,583,500
Insurance	-	445,204
Total director emoluments	<u>5,431,503</u>	<u>4,908,704</u>

11. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2022-2023 KShs.	2021-2022 KShs.
Property, plant and equipment	6,962,747	<u>2,770,247</u>
Total depreciation and amortization	<u>6,962,747</u>	<u>2,770,247</u>

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12. REPAIRS AND MAINTENANCE

Description	2022-2023 KShs.	2021-2022 KShs.
Vehicles	1,620,691	2,283,112
Computers and accessories	204,000	962,300
Others	<u>389,875</u>	<u>29,500</u>
Total repairs and maintenance	2,214,566	3,274,912

13. ADMINISTRATION COSTS

Description	2022-2023 KShs.	2021-2022 KShs.
Balance B/F	41,491,971	32,941,896
Transfers	47,845,000	89,690,000
Sub-total	<u>89,336,971</u>	<u>122,631,896</u>
Unutilized Funds-Constituencies' bank balances	30,762,966	41,491,971
Sub-total	<u>30,762,966</u>	<u>41,491,971</u>
Total Cost incurred	<u>58,574,005</u>	<u>81,139,925</u>

14 (a) CASH AND CASH EQUIVALENTS

Description	2022-2023 KShs.	2021-2022 KShs.
Current & Fixed deposit accounts 13 (b)	2,256,314,120	2,214,588,371
Others- Staff imprest	<u>1,028,200</u>	<u>1,660,670</u>
Total cash and cash equivalents	<u>2,257,342,320</u>	<u>2,216,249,041</u>

(b). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution		2022-2023 KShs.	2021-2022 KShs.
CURRENT ACCOUNTS			
Central Bank of Kenya	1000203714	365,611,967	271,989,399
Cooperative bank (Headquarters)	1141530596600	8,627,729.84	13,663,922
African Banking Cooperation	Various	3,422,183.50	4,562,508
Chase Bank/SBM	Various	869,240	869,531
Consolidated Bank	Various	15,300,395	14,980,530
Co-operative Bank	Various	515,350,589.05	524,437,085
Equity Bank	Various	716,209,172	726,271,008

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Family Bank	Various	55,979,378.19	52,395,050
First Community Bank	Various	92,963,399	95,309,155
Kenya commercial bank	Various	474,254,110	502,365,749
National Bank of Kenya	Various	<u>7,725,956</u>	<u>7,744,436</u>
Grant - Total		<u>2,256,314,120</u>	<u>2,214,588,371</u>

15. WORK IN PROGRESS

Description	2022-2023 KShs	2021-2022 KShs
ERP	<u>19,522,765</u>	<u>19,522,765</u>
Total	<u>19,522,765</u>	<u>19,522,765</u>

16. LOANS TO GROUPS

Description	2022-2023 KShs	2021-2022 KShs
Loan Capital Fund	6,729,648,941	6,654,087,019
Transfers to Loan Fund A/C	-	<u>75,561,922.00</u>
Sub-total	6,729,648,941	6,729,648,941
Bank Balance in CBK A/C	51,684,198	51,684,198
Bank Balance in Loan Repayment A/C	1,218,126,398	1,142,019,323
Bank Balance in Main A/C	<u>633,221,612</u>	<u>745,423,756.97</u>
Sub-total	<u>1,903,032,208</u>	<u>1,939,127,278</u>
	<u>4,826,616,733</u>	<u>4,790,521,663</u>

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17.PROPERTY, PLANT AND EQUIPMENT

Schedule of Fixed Assets.					
Description	Motor vehicles	Office Furniture & Fittings	Computers & Related Equipment	Office Equipment	Total
		Kshs	Kshs		
COST	Kshs	Kshs	Kshs	Kshs	Kshs
End of Year-June 2019	58,587,800	10,742,301	12,112,888	9,654,016	91,097,006
Additions	-	-	97,000	-	97,000
Transfers/Adjustments	-	-	-1,437,000	-	-1,437,000
End of Year- June 2020	58,587,800	10,742,301	10,772,888	9,654,016	89,757,006
Additions			4,536,154	1,660,000	6,196,154
Transfers/Adjustments					
End of Year- June 2021	58,587,800	10,742,301	15,309,042	11,314,016	95,953,160
Additions		331,350	1,663,000	1,594,500	3,588,850
Transfers/Adjustments					
End of Year- June 2022	58,587,800	11,073,651	16,972,042	12,908,516	99,542,010
Additions	13,680,000				13,680,000
Transfers/Adjustments					
End of June 2023	72,267,800	11,073,651	16,972,042	12,908,516	113,222,010
DEPRECIATION AND IMPAIRMENT					
At June 30, 2019	55,687,800	6,822,371	11,106,555	5,567,021	79,183,745
Depreciation	0	1,342,788	0	1,205,462	2,548,250
Transfers/Adjustments	-	-	-479,000	-	-479,000
At June 30 ,2020	58,587,800	8,165,158	10,675,888	6,772,483	84,201,328
Depreciation		1,342,788	1,544,385	1,225,862	4,113,035
Transfers/Adjustments					
At June 30 ,2021	58,587,800	9,507,946	12,220,273	7,998,345	88,314,363
Depreciation		0	1,544,385	1,225,862	2,770,247
Transfers/Adjustments					0
At June 30 ,2022	58,587,800	9,507,946	13,764,658	9,224,207	91,084,611
Depreciation	4,192,500	0	1,544,385	1,225,862	6,962,747
Transfers/Adjustments					0
*At June 30, 2023	62,780,300	9,507,946	15,309,043	10,450,069	98,047,358
Net Book Values.					

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At June 30, 2019	2,900,000	3,919,930	1,006,333	4,086,995	11,913,259
At June 30, 2020	2,900,000	2,577,143	145,333	2,881,533	8,504,009
At June 30, 2021	2,900,000	1,234,355	3,137,102	3,315,671	10,587,128
*At June 30, 2022	30,450,000	1,565,705	3,255,717	3,684,309	38,955,731
*At June 30, 2023	26,257,500	1,565,705	1,711,332	2,458,447	31,992,984

*No depreciation was provided for new assets as they were acquired at the close of the year.

18. TRADE AND OTHER PAYABLES

Description Current Liabilities	2022-2023 KShs.	2021-2022 KShs
Opening Balance	2,087,911	-
Increase/(decrease)	(1,700,854)	2,087,911
Closing Balance	<u>387,057</u>	<u>2,087,911</u>

19. CASHFLOWS ON PURCHASE OF COMPUTERS AND OTHER RELATED EQUIPMENT

Description	2022-2023 KShs.	2021-2022 KShs
Purchase of motor vehicles	13,680,000	
Computers & Related equipment	-	3,588,850
	<u>13,680,000</u>	<u>3,588,850</u>

20 NON-CURRENT RECEIVABLES

Description Outstanding Loans	2022-2023 KShs.	2021-2022 KShs
Opening Balance	4,790,521,663	4,640,480,509
Increase/(decrease)	36,095,070	150,041,154
Closing Balance	<u>4,826,616,733</u>	<u>4,790,521,663</u>

21. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. The fund's overall risk management programme focuses on unpredictability of loan repayment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund has structures in place to ensure that credit is given only to vetted registered groups within the constituency.

The Fund's financial risk management objectives and guidelines are detailed below:

i) Credit risk

The Fund has exposure to credit risk, which is the risk that the government as the single financier will be unable to transfer exchequer equivalent to total budgetary allocation in full when due. Management causes disbursements only after the exchequer has been received.

The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk.

ii) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Fund's directors, who have built an appropriate liquidity risk management framework for the Management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of budgetary allocation and actual cash flows as exchequer releases and movement of loan balances.

iii) Operating risk

The board has put in place internal audit functions to assist in assessing the risks faced by the Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls

21. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of Uwezo Fund, holding 100% of the Fund's equity interest. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Constituency and County Member of Parliament
- iv) CUFMCs
- v) Key management;
- vi) Board of directors;

22. CAPITAL COMMITMENTS

Capital commitments	2022-2023	2021-2022
	KShs	KShs
Loan Fund for disbursement to constituencies	0	85,419,313

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Administration Fund for disbursement to constituencies	47,845,000	83,126,575
Total	47,845,000	165,251,922

This is loan fund and administrative fund commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. The loan and administrative commitments are authorized by the board but at the end of the year had not been transferred to the respective constituencies.

23. EVENTS AFTER THE REPORTING PERIOD

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

24. ULTIMATE AND HOLDING ENTITY

The entity is a National Fund under the Ministry of Public Service and Gender which is the ultimate parent is the Government of Kenya.

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following APPENDIX is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported and Unreconciled Cash and Cash Equivalents				
	<p>The statement of financial position and corresponding reflects cash and cash equivalents balance of Kshs.2,216,249,041 as disclosed in note 14 to the financial statements. The balance includes an amount of Kshs.1,928,935.05 which was derived from bank statements held in ten commercial banks with each of the 290 Constituencies maintaining three (3) types of bank accounts; main, administration and loan accounts. However, supporting documents including bank reconciliation</p>	<p>The statement of financial position submitted for audit reflects balance of cash and cash equivalent as at 30th June 2022 of ksh 2,216,249,041. This figure is composed of current and fixed deposit account balances of ksh 2,214,588,371 and the outstanding imprest of ksh 1,660,670. The statement of financial position reflects a balance of KSH 1,928,935,050 held in eight commercial banks of 290 constituencies maintaining three types of bank accounts. The supporting summary</p>	John Makai (DAG)	Resolved	Immediately

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Annual reports and Financial Statements for the year ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>statements, certificate of bank balance confirmation, board of survey reports and copies of cash book extracts for all the bank accounts were not provided for audit. Further, the reported bank balance was derived from the bank statement balances as at 30 June, 2022 instead of the cash book balances.</p> <p>Further, field inspection revealed that most constituencies had huge unreconciled balances emanating from untraceable depositors and unrepresented cheques that have not been considered and factored in arriving at the reported balance in the financial statements.</p> <p>In the circumstances, the accuracy and</p>	<p>schedule in support of the same figure is attached for audit review. The managements submits that the corresponding documents for 775 in support of the same figure.</p>			

UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	completeness of reported cash and cash equivalents balance of Kshs.2,216,249,041 as at 30 June, 2022 could not be confirmed.				
2	Unsupported Long-term Receivables-Outstanding loans				
	The statement of financial position reflects long term receivables outstanding loans balance of ksh 4,790,521,663 as disclosed in note 16 to the financial statements. However the balances were not supported by debtors' ledger detailing loans issued since inception repayments made and outstanding balances. In addition Fund's overall loan performance indicates loans disbursements of ksh 6,716,400,895 and loan repayments of ksh 741,048,530 or 11% resulting to a balance of ksh 5,975,352,365 or 89% whose	The statement of financial position reflects a balance of ksh 4,790,521,663 in respect of long-term receivables-outstanding loans to groups as at 30th June 2022. The balance has been arrived at by adjusting capital fund of ksh 6,654,987,019 For amount of monies held at central bank of Kenya loan repayments and main accounts of ksh 51,684,198 ksh 1,142,019,323 and ksh 745,423,756 respectively. The fund submits	John Makai (DAG)	Not Resolved	Immediately

UWEZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>recoverability is doubtful Further no provision for bad and doubtful debt has been made. In the circumstances the accuracy and completeness of the long-term receivables outstanding loan balances of ksh 4,790,521,663 could not be confirmed.</p>	<p>that the bank balances for loan repayment and main account held in all bank for constituencies and the bank balance certificates for the central bank account are available for audit review.</p>			
3	Unsupported Trade and Other Exchange Payables				
	<p>The statement of financial position reflects trade and other exchange payables balance of ksh 2,087,911 as disclosed in note 18 to the financial statements for eight (8) constituencies balances revealed an amount of ksh 8,268,312 resulting to an unreconciled variance of ksh 6,180,401. In addition, trade and other exchange payables balance excludes outstanding audit fees of ksh 5,220,000 since financial year 2013/2014.</p>	<p>The financial statements for the year under review reported an amount of ksh 2,087,911 as trade and other payables. The management submits that the reported amount was purely for deposits done to Uwezo fund constituency bank accounts by the unknown depositors who are not members of any group that the fund could have loaned. On the other hand</p>	<p>John Makai (DAG)</p>	<p>Not Resolved</p>	<p>Immediately</p>

UWEZO FUND

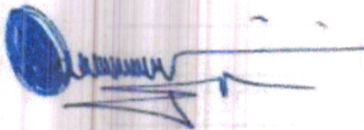
Annual reports and Financial Statements for the year ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>In the circumstances the accuracy and completeness of trade and other exchange payables balance of ksh 2,087,911 could not be confirmed. The audit was conducted in accordance with international standards of supreme audit institutions (ISAAs). I am independent of Uwezo fund management in accordance with (ISAAs). and in accordance with other ethical requirements applicable to performing audit of financial statement in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p>	<p>the sampled figure in the amounts of Ksh 8,268,312 as observed by the external auditors represent all unreconciled loan repayment balances by the unknown depositors as well as deposits from known groups that have failed to submit the bank deposits slips to the subcounty accountant for reconciliation. Further the fund did not include audit fees as trade payables in the financial statements because the fund is a government entity that is exempted from payment of audit fees as it does not generate income from its operations. In addition, the fund receives all its funding from the national</p>			

UWZO FUND

Annual reports and Financial Statements for the year ended 30th June, 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		treasury and does not have an allocation for audit fees.			



Head of Secretariat
Peter Lengapiani

Date 29/9/23



Chairperson of the Board
Ann Wambui Njuguna

Date 29/9/23

APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME: UWEZO FUND				
Break down of Transfers from the State Department of Gender				
FY 2022/2023				
a.	Recurrent Grants			
	Ref. No	Bank Statement Date	Amount (Kshs)	Financial Year
1	FT22210FCZXZ	29/07/2022	12,800,000	2022/2023
2	FT22244VMHXB	01/09/2022	12,800,000	2022/2023
3	FT22270RKW3H	27/09/2022	12,782,500	2022/2023
4	FT23051WGRZM	20/02/2023	12,800,000	2022/2023
5	FT23051HKVL5	20/02/2023	12,800,000	2022/2023
6	FT230515WYZH	20/02/2023	12,800,000	2022/2023
7	FT2305157TRQ	20/12/2023	12,800,000	2022/2023
8	FT23170QGYMI	19/06/2023	12,800,000	2022/2023
9	FT231742R99D	23/06/2023	12,765,000	2022/2023
	Sub-Total		115,147,500	
	Development			
1	FT23010GKT4L	10/1/2023	23,000,000.00	2022/2023
	Total Gender		138,147,500	

UWEZO FUND**Annual reports and Financial Statements for the year ended 30th June, 2023**

ENTITY NAME: UWEZO FUND				
Break down of Transfers from the State Department of MSMEs				
FY 2022/2023				
a.	Recurrent Grants			
	Ref. No	Bank Statement Date	Amount (Kshs)	Financial Year
1	FT231740CVY4	23/06/2023	12,800,000	2022/2023
2	FT23174ZQ2YJ	23/06/2023	25,582,500	2022/2023
			38,882,500	
b.	Development			
3	FT231499IRBL	29/05/2023	46,000,000.00	2022/2023
	Sub-Total		46,000,000.00	
	Total from MSME		84,382,500.00	

ENTITY NAME

Check box

BY 2025/2

Recruitment

Ref No.

HTS

HTS

Development

HTS

Sub-Total

Total for