

REPUBLIC OF KENYA



*Enhancing Accountability*



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DATE: 26 APR 2023 Wednesday

TABLED BY: Hon. Naomi Wago Deputy Majority Whip

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA EXPORT PROMOTION  
AND BRANDING AGENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**





**KENYA EXPORT  
PROMOTION & BRANDING  
AGENCY**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

20 MAR 2023

RECEIVED

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30<sup>TH</sup> JUNE 2022**

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



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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **a) Background Information**

Kenya Export Promotion and Branding Agency (KEPROBA) is a state corporation under the State Department for Trade and Enterprise Development in the Ministry of Industrialization, Trade and Enterprise Development which was established under the State Corporations Act Cap 446 by the Kenya Export Promotion and Branding Agency Order, 2019 Legal Notice No. 110 of 9<sup>th</sup> August 2019 after the merger of the former Export Promotion Council and Brand Kenya Board. The Agency is domiciled in Kenya.

### **b) Principal Activities**

The Agency's principal activities are implementing export development and promotion activities through providing export assistance to promote Kenyan goods and services globally, distributing trade related and international export standards information and carrying out export market research. The Agency is also mandated to manage the Kenya Nation Brand and country's image through coordinating nation branding initiatives and trade fairs, providing branding guidelines for Kenya Missions Abroad, marketing and providing positive information about Kenya and its products.

### **Vision**

Transform Kenya into a top global brand

### **Mission**

Brand Kenya, Export Kenyan, Build Kenya

### **Tagline**

Inspiring Global Trade



## **Functions**

- i. To advocate, coordinate, harmonize and implement export promotion and Nation branding initiatives and policies to promote Kenyan goods and services in export markets;
- ii. To collect, collate, disseminate and serve as a repository of trade and Kenya brand information;
- iii. To provide nation branding guidelines for stakeholders' initiatives including Kenya missions abroad;
- iv. To advocate, promote and facilitate the development and diversification of Kenya' export trade;
- v. To promote and brand Kenyan exports through knowledge-based support and information to exporters and producers including export procedures and documentation, market entry requirements and marketing techniques;
- vi. To encourage and monitor the observance of international standards and specifications by exporters;
- vii. To provide cooperation to the export inspection agencies on quality control and reshipment inspection of export products to ensure observance of international standards and specifications;
- viii. To promote and brand Kenya as a supplier of high-quality goods and services;
- ix. To ensure the harmonized application of the national mark of identity for Kenyan goods and services;
- x. To formulate and implement strategies for improved balance of trade foreign exchange earnings and retention;
- xi. To offer advice to Kenyan exporters including in technology upgrading, quality and design improvement, standards and product development, and innovation;
- xii. To provide export assistance services, such as distribution of trade-related information to exporters, foreign country market research, and counselling to exporters;
- xiii. To co-ordinate Kenya's participation in trade promotion events including trade fairs and buyer-seller meets;



- xiv. To provide market intelligence through research, analysis and monitoring of trends and opportunities in international markets that Kenyan exporters can take advantage of to increase or diversify exports;
- xv. To provide Kenyans with positive information about Kenya in order to promote national unity, patriotism and national pride;
- xvi. To establish an integrated approach within Government and private sector towards international marketing and branding of Kenya;
- xvii. To build national support for the nation brand with other Government Agencies, non-governmental organizations and the private sector;
- xviii. To provide customized advisory services; and
- xix. To do any other thing necessary or expedient for the discharge of its functions under this order.

### **Strategic Objectives**

The following strategic objectives will guide the Agency's strategies and activities over the next 3 years.

- 1) To develop, diversify and brand Kenya Export Products;
- 2) To develop and diversify Kenya's Export Market;
- 3) To Manage the image and reputation of the Kenya Brand; and
- 4) To Strengthen the Agency's institutional capacity to deliver on its mandate.



**c) Key Management**

The Board's day-to-day management is under the following key organs:

- Board of Directors;
- Chief Executive Officer; and
- Management.



**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer	Dr. Wilfred Marube
2.	Director Corporate Services	Ms. Christine Mwaka
3.	Director, Resource Mobilization and Stakeholder Management	Ms. Floice Mukabana
4.	Ag. Director, Product and Market Development	Mr. Austin Macheso
5.	Ag. Director, Nation Brand Development, Marketing and Communication	Ms. Maureen Mambo
6.	Ag. Director, Research and Innovation	Mr. Peter Ochieng
7.	Ag. Director, Resource Centre	Mr. Reuben Wanjala
8.	Ag. Director Corporate Strategy, Planning & Quality Assurance	Ms. Celestine Rono
9.	Manager, Supply Chain Management	Mr. Domnick Ariro
10.	Manager, Internal Audit	Mr. Victor Odindo
11.	Corporation Secretary and Manager, Legal Services	Ms. Frida Mbugua

**e) Fiduciary Oversight Arrangements**

The Board has formed three (3) principal committees which meet under well-defined terms of reference set by the Board members. These committees comprise of the following members:

**I. Finance, Human Resource and Administration Committee**

1. Jacqueline Muga - Chairperson



2. Kathleen Kihanya
3. Oliver Konje
4. Leah Baraza
5. Veronica Okoth

**II. Strategy, Marketing, Communication and Quality Assurance Committee**

1. Kathleen Kihanya - Chairperson
2. Jacqueline Muga
3. Mark Bichachi
4. Oliver Konje
5. Leah Baraza
6. Veronica Okoth

**III. Audit, Risk and Governance Committee**

1. Mark Bichachi - Chairperson
2. Kathleen Kihanya
3. Oliver Konje
4. Leah Baraza
5. Veronica Okoth

The committees were formed to assist the board to effectively and efficiently carry out its functions. The following comprise the terms of reference for the three committees:

**1. Finance, Human Resources and Administration Committee.**

Its functions include but are not limited to:

- KEPROBA Financial oversight.



- Budget approvals.
- Human Resource development.
- Work environment policies.
- Internal and external stakeholder engagements.
- Resource mobilization policy development and implementation.
- Organizational Culture and change management

## **2. Strategy and Quality Assurance Committee**

Its functions include but are not limited to;

- Strategic Plan development and implementation oversight.
- Performance management and appraisals.
- ISO certification.
- Performance Contracts (PC) development and Implementation.
- Export promotion and Nation Brand Programmes.

## **3. Audit and Governance Committee**

Its functions include but are not limited to;

- Internal controls.
- Governance.
- Organizational Risks and compliance

### **f) Headquarters**

Kenya Export Promotion and Branding Agency  
Anniversary Towers 16th Floor  
University Way  
P. O. Box 40247 – 00100  
**Nairobi, Kenya**

### **g) Contacts**

Tel: +254-20-2228534-8  
Office Mobile: +254-722-205875, +254-734-228534  
Fax: +254 -20-2228539/  
Email: [chiefexe@brand.ke](mailto:chiefexe@brand.ke)



**h) Bankers**

Kenya Commercial Bank Limited  
University Way Branch  
P.O. Box 7206 - 00100  
**Nairobi, Kenya**

Kenya Commercial Bank  
Capital Hill Branch  
NHIF Building  
P.O. Box 46360 - 00100  
**Nairobi, Kenya**

Housing Finance Limited  
Rehani House  
P.O. Box 20691 - 00100  
**Nairobi, Kenya**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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

## II. THE BOARD OF DIRECTORS



**Mr. Jaswinder Bedi, EBS, MBS  
Chairman**

**D.O.B.** 15/01/1963

Mr. Jas Bedi is a seasoned leader whose business acumen has been recognized by various Governments worldwide and presidents of the Republic of Kenya. He is a Textile Graduate and has attended numerous executive business courses at the Havard Business School, IMD and IIM.

He has been tirelessly involved in developing export market opportunities in trading blocs such as EAC, COMESA, SADC, TFTA, AfCFTA, USA and the European Union.

He is the managing director, Bedi Investments Limited and the executive director, Fine Spinners Uganda Limited. He has previously served in other boards as chairman or director including Kenya Association of Manufacturers, Export Promotion Council, Export Processing Zones Authority, Federation of Kenya Employers, Kenya Private Sector Alliance, African Cotton & Textile Industries Federation, International Textile Manufacturers Federation among others.



**Mr. Oliver Konje  
Alt. to PS, State Department for  
Trade**

**D.O.B.** 25/04/1963

Mr. Konje holds a Bachelor of Commerce- Marketing and Master of Science Entrepreneurship degrees. He is the Deputy Director External Trade at the State Department for Trade and currently the Acting Director of External Trade. He has formerly served as a Senior Lecturer at the Kenya Institute of Business Training and as a Commercial Attaché in Germany.

He is a member of the following Board Committees: Finance, Human Resource & Administration Committee, Strategy, Marketing, Communication & Quality Assurance Committee and Audit, Risk & Governance Committee.



**Mrs. Veronica Okoth**  
**Alt. to PS, The National Treasury**

**D.O.B.** 25/05/1980

Veronica is the Director, Public Private Partnerships (PPP) at the National Treasury.

She holds a bachelor's degree in economics from Moi university, Master's degree in Economic policy and management from Makerere University, Uganda, Post Graduate Diploma in Rural Development and Devolved Systems from the National Institute of Rural Development, India.

She has vast experience in managing high impact public sector projects in both National and County levels of Government for over 15 years having served as a District Development Officer, a County Executive Committee for Economic Planning, Commerce and Industry in Trans-Nzoia County and as a Director, Economic Pillar at the Vision 2030 Delivery Secretariat.

She is a member of the following Board Committees: Finance, Human Resource & Administration Committee; Strategy, Marketing, Communication & Quality Assurance Committee; and Audit, Risk & Governance Committee.



**Ms. Leah Aywah Baraza**  
**Alt. to the Attorney General**

**D.O.B.** 21/06/1972

Leah is the Chief State Counsel at the Office of the Attorney General and Department of Justice. She holds a Bachelor of Laws, Master of International Relations and Master of International Trade and Commercial Law.

She is an International Trade Law Expert and has represented Kenya in the COMESA-EAC-SADC, Free Trade Area negotiations as well as the Africa Continental Free Trade Area negotiations. She has over 20 years post admission experience.

She is a member of the following Board Committees: Finance, Human Resource & Administration Committee; Strategy, Marketing, Communication & Quality Assurance Committee; and Audit, Risk & Governance Committee.



**Ms. Kathleen Kihanya  
Independent Director**

**D.O.B.** 18/05/1962

Ms. Kihanya is the Managing Director of Sundales International, founder and CEO of XQUE Communications Ltd.

She holds a Bachelor of Business Administration, Marketing Major from the University of Texas, USA and an MBA from United States International University.

She is a marketing consultant and brand strategist, a corporate culture and personal branding trainer and a guest lecturer at the United States International University.

She was the Chairperson of the Strategy, Marketing, Communication & Quality Assurance Committee and a member of the Finance, Human Resource & Administration Committee as well as the Audit, Risk & Governance Committee.

***(Resigned on 8<sup>th</sup> February 2022)***



**Mr. Mark Bichachi  
Independent Director**

**D.O.B.** 01/04/1984

Mr. Bichachi is a communication strategist. He holds a Bachelor of Science in Instrumentation and Control Engineering.

He is the founder and Managing Director of Dia Group of Companies, Dia Consult Limited and a Director of Clouds Digital, Tanzania.

He is the chairperson of the Audit, Risk and Governance Committee and a member of the Strategy, Marketing, Communication and Quality Assurance Committee of the Board.



**Ms. Jacqueline Muga  
Independent Director**

**D.O.B.** 06/06/1977

Ms. Muga holds a Bachelor of Arts Degree in Economics & Sociology and a Master of Business Administration – Finance. She is a Certified Investment and Financial Analyst (CIFA) and a member of the Institute of Certified Investment and Financial Analysts (ICIFA). She also has post graduate qualifications in strategic leadership and corporate governance.

She is the General Manager at Eliud & Associates Management Consultants. She formerly worked for Cooperative Bank of Kenya.

She is the chairperson of the Finance, HR and Administration Committee and a member of the Strategy, Marketing, Communication and Quality Assurance Committee of the Board.



**Dr. Wilfred Marube  
Chief Executive Officer**

**D.O.B.** 10/02/1974

Dr. Wilfred Marube holds a PhD in Communications Studies, Master of Arts (Linguistics) and Bachelor of Education (English and Literature). He also holds an Executive Diploma in Marketing and a Diploma in Public Relations Management.

He has previously served as Head of Public Relations and Communications at the Office of the Auditor-General from 2013 to 2020. Prior to that he was the Chief Public Relations Officer at the City Council of Nairobi from 2007 to 2013 and at the Teachers Service Commission from 1997 to 2007.

He is currently a board member of the International Trade Centre (ITC) Advisory Board. He has previously served as the vice president and president of the Public Relations Society of Kenya. He is also a former board member of the Global Alliance for Public Relations and Communication Management Board and as the delegate-at-large for Africa.



**Ms. Frida Mbugua  
Corporation Secretary**

**D.O.B. 17/08/1984**


Frida holds a Master of Arts Degree in International Studies and a Bachelor of Laws from the University of Nairobi. She has a Post Graduate Diploma in Law from the Kenya School of Law and a Higher Diploma in Human Resource Management from the Institute of Human Resource Management.

She is an Advocate of the High Court of Kenya and a Certified Public Secretary and a member of the Institute of Certified Public Secretaries of Kenya. She is also a trained Arbitrator, Governance and Public Policy Expert.

She has a wealth of experience having worked in the manufacturing and agricultural sectors, export trade and Nation Branding.

***(Resigned on 5<sup>th</sup> November 2021)***

### III. MANAGEMENT TEAM

 <p><b>Dr. Wilfred Marube</b> Chief Executive Officer</p>	<p>Dr. Wilfred Marube holds a PhD in Communications Studies, Master of Arts (Linguistics) and Bachelor of Education (English and Literature). He also holds an Executive Diploma in Marketing and a Diploma in Public Relations Management.</p> <p>He has previously served as Head of Public Relations and Communications at the Office of the Auditor-General from 2013 to 2020. Prior to that he was the Chief Public Relations Officer at the City Council of Nairobi from 2007 to 2013 and at the Teachers Service Commission from 1997 to 2007.</p> <p>He is currently a board member of the International Trade Centre (ITC) Advisory Board. He has previously served as the vice president and president of the Public Relations Society of Kenya. He is also a former member of the Global Alliance for Public Relations and Communication Management Board and as the delegate-at-large for Africa.</p>
 <p><b>Ms. Christine Mwaka</b> Director, Corporate Services</p>	<p>Christine holds a Master of Business Administration in Finance. She is currently pursuing her PhD.</p> <p>She is a Certified Public Accountant of Kenya (CPA(K)) and a full member of the Institute of Certified Public Accountants of Kenya, a member of the Kenya Institute of Management and the Institute of Directors.</p> <p>She has over 20 years' experience in Financial Management and Accounting attained in the Public Sector, Private Sector and Non-Profit Sector in senior positions.</p> <p><i>(Resigned on 28<sup>th</sup> February 2022)</i></p>



**Ms. Floice Mukabana**  
**Director, Resource Mobilization  
and Stakeholder Management**

Floice holds an Executive MBA from Jomo Kenyatta University of Agriculture and Technology and Bachelor of Law from the University of Nairobi.

She is a member of the Institute of Certified Financial Analysts (ICIFA), Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Public Secretaries of Kenya (ICPSK) and the Law Society Kenya (LSK).

She has vast experience in financial management attained in both the Public and private sectors where she has worked in various capacities.



**Mr. Austin Macheso**  
**Ag. Director, Product and Market  
Development**

Mr. Macheso holds a master's degree in International Business Management MIM (International Marketing), from Pondicherry University, a Bachelor's Degree in Economics, Sociology & History from Agra University among other professional trainings.

He is a qualified Product Development and Export Promotion expert with over 15 years' experience in Export Market Development and Promotion. He is a member of the Marketing Society of Kenya



**Ms. Maureen Mambo**  
**Ag. Director, Nation Brand  
Development, Marketing and  
Communication**

Maureen is a Strategic Communications and Media Relations expert with over 13 years of experience in the industry. She holds a Master of Development Communications and a Bachelor of Arts Degree in Communications from Daystar University (Kenya).

She has managed client communications and engaged with high level media across international, Pan African and local outlets. She has supported clients from the private and public sector in various sectors including Agriculture, Extractives, Infrastructure, Health, Banking, Oil and Gas among others. She has previously worked for Africappractice EA Ltd, a Pan-African strategy and communications consultancy and the Kenya Broadcasting Corporation.



**Mr. Peter Ochieng**  
**Ag. Director, Research and  
Innovation**

Mr. Ochieng holds a Master of Economics and Business from the University of Zagreb and a post Graduate Diploma in International Relations from the University of Nairobi.

He also has certificates in Trade Promotion Policy, Tourism Management and Negotiations. He has professional experience spanning over twenty-five years in Tourism Management, Trade Development and Promotion and in Diplomacy where he has served Kenya as a commercial Attaché.



**Mr. Reuben Wanjala**  
**Ag. Director, Resource Centre**

Mr. Wanjala holds a master's degree in Information System and a Bachelor of Commerce (Management Science) both from the University of Nairobi and a National Diploma in Computer Studies. He also holds several certifications in leadership, Microsoft systems and virtualization.

He has close to 20 years' experience in the ICT industry having worked in both private and public sectors. He is a member of the Computer Society of Kenya and Information Society of Kenya.



**Ms. Celestine Rono**  
**Ag. Director, Strategy, Planning  
& Quality Assurance**

Celestine holds a Master of Business Administration (Strategic management) and a Bachelor of Business Administration (Accounting). She is a Certified Public Accountant of Kenya (CPA(K), a Certified Monitoring and Evaluation Professional and a Certified Secretary of Kenya (CS)(K).

She is a full member of the Institute of Certified Public Accountants (ICPAK), Institute of Certified Secretaries (ICSK) and Kenya Institute of Management (KIM), all in good standing.

She has previously worked with the Anti-Counterfeit Agency, Kenya Women Finance Trust and Eastern Produce Kenya Limited.



**Mr. Domnick Airo**  
**Manager, Supply Chain**  
**Management**

Mr. Airo holds a Master of Science Degree in Procurement and Logistics, a Bachelor of Purchasing and supplies Management Degree from Jomo Kenyatta University of Agriculture and Technology and a diploma in supplies management from Nairobi Technical Training Institute.

He is a licenced supplies practitioner and a registered member of the Kenya Institute of Supplies management. He has over 12 years' experience in public procurement.



**Mr. Victor Odindo**  
**Manager, Internal Audit**

Mr. Odindo holds a Master of Commerce (Forensic Accounting) and a Bachelor of Commerce (Finance). He is a certified Public Accountant of Kenya (CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is also a Certified Information Systems Auditor (CISA).

He has over 13 years' experience in audit, risk and quality assurance.



**Ms. Frida Mbugua**  
**Corporation Secretary**

Frida holds a Master of Arts Degree in International Studies and a Bachelor of Laws from the University of Nairobi. She has a Post Graduate Diploma in Law from the Kenya School of Law and a Higher Diploma in Human Resource Management from the Institute of Human Resource Management.

She is an Advocate of the High Court of Kenya and a Certified Public Secretary and a member of the Institute of Certified Public Secretaries of Kenya. She is also a trained Arbitrator, Governance and Public Policy Expert.

She has a wealth of experience having worked in the manufacturing and agricultural sectors, export trade and Nation Branding.

***(Resigned on 5<sup>th</sup> November 2021)***

#### **IV. CHAIRMAN'S STATEMENT**

I am pleased to forward the Annual and Financial Report for the 2021-2022 Financial Year.

Kenya has experienced steady export growth over the last three years despite the uncertainty in the business environment that was brought about by the global Covid-19 pandemic in 2020 and the associated containment measures.

Exports have been driven by steady supply of agricultural products including tea, horticulture products (flowers, fruits, and vegetables) coffee beans that has over years enjoyed global comparative. Manufactured products including black tea, textiles, fast moving consumer goods as well as pharmaceutical products.

In 2021, Kenya's exports grew by 15.5% from KShs.. 641.2 billion in 2020 to KShs.. 738.6 billion in 2021. On the other hand, Kenya's imports grew by 30.9% from KShs.. 1.6 trillion in 2020 to KShs.. 2.1 trillion in 2021. Consequently, the balance of trade deficit grew by 40.4% from KShs.. 1 trillion in 2020 to KShs.. 1.4 trillion in 2021.

Uganda continues to be the leading destination market for Kenya's exports both in 2020 and 2021 with export value of KShs.. 72.2 billion and KShs.. 90.4 billion respectively. Recording a percentage increase of 25% in 2021 compared to 2020 for the same period.

In 2021, the Kenya Export Promotion and Branding Agency (KEPROBA) coordinated Kenya's participation in the World Expo 2020 Dubai, a global event that was hosted by the Government of the United Arab Emirates (UAE). More than half a million visitors were received at the Kenya Pavilion and were provided with opportunities for trade, investment, and tourism in Kenya.

During this Expo, Kenya's private sector was facilitated to exhibit their products and engage in Business-to-Business interactions with buyers in UAE and other participating nations. At least sales and business deals worth KShs.. 582.2 million were realized by the Kenya's private sector. Further, investment leads in various sectors including health,



transport and logistics, housing and blue economy were realized. This demonstrates appreciation and elevation of Kenya's brand profile. Some of the key partners who worked with the Agency for the implementation of the World Expo 2020 Dubai include Athletics Kenya, Kenya Airways, Kenya Flower Council, Kenyatta International Convention Centre, among others.

Additionally, the UAE Minister of State for Foreign Trade, Dr. Thani bin Ahmed Al Zeyoudi paid a visit to Kenya and signed a joint statement with Betty Maina, Cabinet Secretary, Ministry of Industrialisation, Trade and Enterprise Development to start negotiations on a Comprehensive Economic Partnership Agreement (CEPA) between the two countries.

The economic integration between the two nations will open huge business opportunities to the importers and exporters in both countries and while the Kenyan companies can benefit from the strategic geographic and logistical position of the United Arab Emirates, the UAE companies can leverage the vast agricultural and other natural resources of Kenya.

The Agency continues to position Kenya's export products as high-quality and preferred products in the market (both locally and internationally) through the Made in Kenya Initiative where 97 companies adopted the made in Kenya mark in the financial year 2021/2022 against the annual target of 100. Further to this, 248 products were branded with the mark of identity.

In the financial year ended, we successfully participated in regional and international fairs and exhibitions such as the Expo 2020 Dubai, the Kenya Portugal Blue Economy Business Forum, the Jua Kali- Nguvu Kazi Exhibition in Mwanza Tanzania, among others. The Agency also continues to leverage on existing e-commerce sites through promoting Made in Kenya products on digital platforms such as Alibaba, TradeIn.com, Dubuy, among others, all aimed at increasing and diversifying Kenya's exports.

The Agency is also embracing and investing in technology to deliver on our mandate through the development of the E-Portal that will be a linkage between Kenyan exporters



and the international buyers. The development of the E-portal is at the final stages awaiting launch and recruitment and onboarding of exporters onto the platform. Other nitty-gritties towards adequate utilization of the portal will be undertaken in the subsequent financial year.

To strengthen institutional capacity for KEPROBA to deliver on its mandate, the Agency developed an Enterprise Resource Planning System (ERP) aimed at improving efficiency by streamlining the Agency's business processes. Staff were trained on the use of the ERP in preparation for implementation of the priority modules (Human Resource, Finance and Procurement). The priority modules have been developed and tested. The payroll has been done through the ERP system since January 2022 after testing with data since July 2021.

Despite the successful year, the Agency is still facing a few challenges that are hindering fully implementation of its programmes and activities. The two major challenges include, understaffing and limited budgetary allocation. To fully implement the Agency's operations, the Agency has developed various resource mobilization strategies and will continue to engage the relevant Government Agencies for increased funding for priority programmes, through the parent Ministry.

The Agency will also set aside resources for capacity building and continuous staff learning and growth to ensure successful implementation of programmes and activities. I would like to recognize the MAD (Make a Difference) team that is the KEPROBA staff for all their hard work, commitment and dedication geared towards achieving our mandate as an organization.

As an Agency, we are committed to continue providing exemplary services to our stakeholders as we all work towards growing Kenya's export sector.

**MR. JASWINDER (JAS) BEDI, EBS, MBS  
CHAIRMAN**



## **V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

The export sector remains a key part of Kenya's economy despite the challenges that were brought about by Covid-19 related complications since 2020. Kenya has continued to experience a steady growth trend in the past ten (10) years considering the challenges in the international business environment.

Kenya's exports grew by 15.5% from KShs.. 641.2 billion in 2020 to KShs.. 738.6 billion in 2021. Markets that registered increase (of more than KShs.. 2 billion) include: Uganda (KShs.. 14 billion), Netherlands (KShs. 13 billion), D.R.C (KShs. 10 billion), U.S.A (KShs.. 7 billion), Tanzania (KShs.. 5 billion), China (KShs.. 4 billion), India (KShs.. 4 billion), Ethiopia (KShs.. 3 billion), Zambia (KShs.. 3 billion) and Egypt (KShs.. 2 billion).

Some of the top export markets for Kenyan products include Uganda, Netherlands, USA, UK, Pakistan, Tanzania, United Arab Emirates, Democratic Republic of Congo, Rwanda as well as Egypt.

Key export products include horticulture, tea, apparel and clothing, coffee, mineral ores, petroleum oil products, animal and vegetable fats, machinery and parts, iron, and steel products as well as pharmaceuticals.

In the 2020/ 2021 Financial Year, the Kenya Export Promotion and Branding Agency (KEPROBA) participated in several development and promotional events. These were in two broad categories i.e. product development and market development.

The Agency also participated in activities to manage the business environment aimed at alleviating the constraints that have been overbearing on the performance of exports. In the product development category, the Agency identified promising enterprises, supported them in understanding the product designs, standardization as well as branding. The Agency further engaged with the producers and manufacturers of various products that have access in the international market and enabled delivery of a robust product development programme whereby several businesses were sensitized on the intricacies of the demands of the external markets.

On export market development, the Agency managed to engage in export development activities as follows.

### **I. The World Expo 2020 Dubai**

The Kenya Export Promotion and Branding Agency engaged with various global actors to create linkages on market access and gave information on the various aspects of Kenya as a unique sourcing region for the world. Within the Expo 2020 Dubai, the Kenya Export Promotion and Branding Agency held one major business forum that attracted global businesses and specifically those from the Gulf Cooperation Council of States such as Oman, Qatar, and UAE. During the event, there were engagements on attracting investments to Kenya as well as exporting into the Gulf Cooperation Council.

### **II. 21st EAC MSME Trade Fair in Mwanza, Tanzania**

The Agency engaged in regional trade by participating in the *Jua Kali Nguvu Kazi Exhibition* that took place in Mwanza Tanzania. This event managed to expose over 200 potential Micro Small and Medium Enterprises (MSMEs) from diverse sectors who showcased the country's innovative and creative products and established business contacts from potential importers within the region.

The Agency also used the opportunity to identify appropriate freight logistics, negotiate Kenya's participation at the 46th Dar es Salaam International trade fair as well as provide market intelligence for the 48 successful companies in the 2021-2022 product development and branding programme and strengthen the working relationship between KEPROBA and the Kenya High Commission in Dar es Salaam.

### **III. 46th Dar es Salaam International Trade Fair (DITF)**

The Agency spearheaded Kenya's participation at the 46th Dar es Salaam International Trade Fair where Fifteen (15) Kenyan companies exhibited at the Trade Fair that attracted over 180 foreign companies and 3,200 Tanzanian firms.

The event provided a platform for Kenya's exporters to create market linkages and secure buyers for their products so as to deepen Kenya's presence in the Tanzanian market which is a key market for Kenyan products.

### **IV. County Engagement**

The Kenya Export Promotion and Branding Agency also engaged with the counties with a view to opening new areas for collaboration and producing for exports. The Agency



engaged with 8 counties on production as well as to introduce the economic operators from such counties to engage in export market.

#### **V. Sustainable Blue Economy Investment Forum**

The Agency also partnered with key stakeholders to expand the horizons of the sectors that supply exports and specific mention goes to the blue economy where we engaged with the various actors in the blue economy sector including Kenya Maritime Authority, Kenya Ports Authority, Kenya Investment Authority, and fisheries groups that are in Kenya's blue economy space as well as transporters within the blue economy. The deliberations led to the first forum on blue economy that was held between Kenya and Portugal to understand how to attract investments in Kenya's blue economy.

Some of the pain areas that the agency has identified that need maximum attention include High-Cost Business Environment; Local Restrictions and Regulatory Requirements; Value Chain Weaknesses and raw materials inadequacy; Infrastructure Challenges; Market Competition and Terms of Trade; Inadequate market Information and Promotion; Stringent standards in the International Markets; and Slow adoption of Technology.

The Agency continues to engage with the actors and regulators to alleviate the export constraints through the Pain Areas Alleviation Programme that has supported the various endeavors through removal of tariff and non-tariff barriers that are affecting the export sector.

The year was by and large successful and as we go into the Financial Year 2022/2023, we look forward to another prosperous year, a continuation of the effort that has so far led to the successful growth in exports by 14%.

**FLOICE B. O. MUKABANA**  
**Ag. CHIEF EXECUTIVE OFFICER**



## **VI. STATEMENT OF KEPROBA'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Entity's performance against predetermined objectives.

The Kenya Export Promotion and Branding Agency has four (4) strategic objectives within the current Strategic Plan period 2019-2023. These strategic objectives are as follows:

Strategic Objective 1: To develop, diversify and brand Kenya's export products

Strategic Objective 2: To develop and grow Kenya's export markets

Strategic Objective 3: To manage image and reputation of the Kenya Brand.

Strategic Objective 4: To strengthen institutional capacity for KEPROBA to deliver on its mandate

The Agency develops its annual work plans based on the above four (4) strategic objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2021/2022 period for its four strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar /Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Strategic Objective 1: To develop, diversify and brand Kenya's export products	Establish supply capacities and capabilities of Kenyan products	Supply surveys undertaken for tea, coffee, and medical services	Undertake supply surveys for Tea, Coffee, and medical services products categories to develop sector-led catalogues and Exporters Database.	Data collection tools (Questionnaires) were developed awaiting validation and use in undertaking the surveys in the FY 2022/2023.
	Engage regulators and stakeholders to address supply and demand side constraints.	Challenges in the export system identified and resolved.	Organize and Hold Sectoral forums for the 8 sectors in the INEDPS in Nairobi	The Agency organized two (2) sectoral forums in Kisumu and Mombasa.
		2 forums organized and implemented at the border points.	Implement and facilitate cross border export facilitators,	The Agency held two cross border forums in Busia and Taveta. Challenges were identified and raised with the



Strategic Pillar /Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		6 Cross border Challenges identified and resolved	regulators, and exporters engagements	relevant authorities for solution.
	Branding of Kenya's export products.	6 product brand profiles developed.	Develop a branding profile for Kenya's flagship products	Brand profiles for the Kenyan Tea, Coffee and Medical Services were developed.
		No. of enterprises adopting the Mark of Identity (adoptees)	Profiling and promotion of products made in Kenya	97 companies adopted the made in Kenya mark
		670 products adapting the mark of identity.	Profiling and promotion of products made in Kenya in line with the Buy Kenya	535 products were branded with the mark of identity.
	Advocate for adoption of standards and requirements for Kenya's export products.	Products meeting international standards and accessing markets	Collaborate with KEBs to develop Exports Standards for prioritized products	In collaboration with KEBS, the Agency developed standards for honey and apiary products for export to the European Union.
	Facilitate Product Development and Adaptation to meet export market	Products meeting international standards and accessing markets	Implement product development program to support 48 enterprises develop new product lines.	42 new product lines were developed. 25 out of the 48 enterprises met all the requirements and were supported in Product packaging and Branding.
		20 tea companies facilitated to export packaged and branded tea	Train 20 tea companies on access to export market	115 tea companies in Embu, Kericho and Mombasa were trained on product adaptation, packaging and branding in collaboration with the Tea Board of Kenya trained
	Provision of trade and brand information	No. of enterprises/clients furnished with information	Disseminate relevant trade and branding information through business counselling	415 enterprises were furnished with trade and brand information



Strategic Pillar /Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements	
		No of trade alerts	Develop and disseminate trade and brand information	48 trade alerts were developed and disseminated.	
		No of enterprises visited for outreach/ aftercare services	Offer aftercare services to enterprises that have been supported through the Agency's programmes/	397 enterprises from 17 Counties were offered after-care services on export trade and branding.	
Strategic Objective 2: To develop and diversify Kenya's Export Markets	Leverage on technology and innovation for market access, distribution, and promotion.	E-portal developed and operational	Develop an e-portal and Recruit exporters to showcase Kenyan goods/services to the international market	E-portal was developed awaiting launch and implementation.	
		No. of Enterprises trained	Capacity building of Exporters on E-commerce, marketing, and research	110 enterprises were trained on E-commerce in partnership with ITC Ecomconnect.	
		No. of product listed on the E-Platforms	Listing more products on the E-Market platforms.	262 products were listed on E-platforms (206 on Alibaba.com and 56 on Tradeling.com).	
	Empower enterprises to participate in Export Trade through establishment of an Exporters Readiness Program	Enhanced competitiveness of Kenyan Enterprises to access international markets	Develop concept for establishment of the Exporters Readiness Program	Develop concept for establishment of the Exporters Readiness Program	Concept for Exporters Readiness Program was developed awaiting implementation.
			Undertake Enterprise Export Capacity Development (EECD) and Export trade training for women-led enterprises	Undertake Enterprise Export Capacity Development (EECD) and Export trade training for women-led enterprises	97 women-led enterprises were trained in Nairobi, Mombasa and Kisumu regions through support from TFO Canada.
	Develop and implement market	No of trade promotion activities participated	Participate in identified and other emerging market promotion events in	The Agency participated in five (5) trade promotion activities during the financial year under reporting.	



Strategic Pillar /Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
	specific strategies		implementing the strategies	
		Increase in Exports by KShs.1 billion, tourism by KShs. 1 billion and investment by KShs. 1 billion to the UAE market	Implement the Dubai Expo	Kenya participated in the 6-month long World Expo 2020 Dubai in UAE. Spot sales worth KShs. 30 million and business deals worth KShs. 582 million were made.
Manage image and reputation of the Kenya brand	To promote the Kenyan brand using "Made in" attributes	No. of Campaigns (Local and International)	Implement local citizen engagement campaigns	Six (6) campaigns were undertaken.
		No of campaigns	Developing content and campaigns on positive developments in Kenya through supporting GoK initiatives	The Agency developed content and ran 25 campaigns in support of GoK initiatives.
		No of positive stories published	Advocate for positive media reporting about the Kenya Brand and Exports	Over 50 articles published/aired on key local and international media on Kenya brand and products
Strengthen institutional capacity for KEPROBA to deliver on its mandate	Enhance the corporate image and reputation for the Agency	1,000 trees planted	Implement CSR activities e.g planting trees	1,000 trees were planted at Daystar Mulandi Transformational School in Athi River.

The Agency is committed to fulfil and perhaps exceed expectations in the implementation of commitments made in the Agency's performance contracting framework as directed by the government. The core mandate section of the performance contract derives its activities from the Annual work plan and so by implementing the workplan, the agency implements and fulfil the targets set in the Performance Contract.



## **VII. CORPORATE GOVERNANCE STATEMENT**

The Kenya Export Promotion and Branding Agency (the Agency) was established on 9<sup>th</sup> August 2019 through Legal Notice No.110 of 2019 for purposes of promoting exports and nation branding. Paragraph 5 of the Legal Notice (Kenya Export Promotion and Branding Agency Order, 2019) established the Board of the Agency and on the same day the Board Chairperson and three independent Directors were gazetted vide Gazette Notice No. 7394 and Gazette Notice No. 7397 respectively.

The Agency is in compliance with the Mwongozo Code of Governance for State Corporations established to ensure effective and efficient use of public resources in order to achieve our vision and mission.

The Board of Directors of the Kenya Export Promotion and Branding Agency is responsible for the governance of the Agency and is accountable to the government and stakeholders in ensuring compliance with the relevant laws governing its operation, best practice and the highest standards of business ethics. Accordingly, the Directors attach great importance to the need to conduct the business and operations of the Agency with integrity, professionalism and has embraced the internationally developed principles and code of best practice of good corporate governance.

The Board in the performance of its functions is guided by the provisions of the Constitution, the Kenya Export Promotion and Branding Agency Order 2019, the State Corporations Act Cap 446, Mwongozo code of governance for state corporations among other laws. The Board and management have continued to uphold the core values of the Agency and in line with these laws, the board championed the development of the Strategic Plan 2019 – 2022 which focuses on enabling market access for Kenyan produced goods and services. Following the merger of the Brand Kenya Board and the Export Promotion Council to establish the Kenya Export Promotion and Branding Agency, there was need to develop a new strategic plan aligned to the mandate and functions of the Agency. The strategic plan will be a working document which will provide direction for implementation by the Board of Directors and the staff of the Agency.



## Board Charter

There is in place a Board Charter which is critical to the Agency's governance framework as it defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function.

The Charter has been adopted by the Agency, acting in accordance with Mwongozo, Code of Governance for State Corporations ('the Code'), and is complementary to the requirements regarding of Board and Board members contained in applicable Kenyan laws and regulations. In particular, the principles and policies contained in the Charter are in addition to and are not intended to change or interpret any statute, law or regulation.

## Board of Directors Composition

The Agency is run through the strategic direction of the Board of Directors. The Board comprises of nine (9) members, namely:

	<b>BOARD POSITION</b>	<b>NAMES</b>	<b>GENDER</b>	<b>DATE OF APPOINTMENT</b>	<b>DATE OF EXPIRY</b>
1.	Chairman	Mr. Jaswinder Bedi, EBS, MBS	Male	9 <sup>th</sup> August 2019	8 <sup>th</sup> August 2022
2.	Member (resigned on 8 <sup>th</sup> February 2022)	Ms. Kathleen Kihanya	Female	9 <sup>th</sup> August 2019	8 <sup>th</sup> August 2022
3.	Member	Mr. Mark Bichachi	Male	9 <sup>th</sup> August 2019	8 <sup>th</sup> August 2022
4.	Member	Ms. Jacqueline Muga	Female	9 <sup>th</sup> August 2019	8 <sup>th</sup> August 2022
5.	Alternate to the Attorney General	Ms. Leah Aywah Baraza	Female	25 <sup>th</sup> September 2019	31 <sup>st</sup> October 2022
6.	Alternate to Permanent Secretary Trade	Mr. Oliver Konje	Male	1 <sup>st</sup> November 2019	31 <sup>st</sup> October 2022
7.	Alternate to Principal	Ms. Veronica Okoth	Female	17 <sup>th</sup> July 2020	16 <sup>th</sup> July 2023



	<b>BOARD POSITION</b>	<b>NAMES</b>	<b>GENDER</b>	<b>DATE OF APPOINTMENT</b>	<b>DATE OF EXPIRY</b>
	Secretary National Treasury				
8.	Ex Officio Member	Dr. Wilfred Marube	Male	-	-
9.	Ex Officio Member	Frida Mbugua	Female		<sup>1</sup>

### **Appointment of Directors**

The President and the Commander-in-Chief of the Kenya Defence Forces, in exercise of the powers conferred by section 5 (1) (a) of the Kenya Export Promotion and Branding Agency Order, appoints the Chairperson of the Board. The appointment is by name and by a notice in the Kenya Gazette.

The Cabinet Secretary Ministry of Industrialisation, Trade and Enterprise Development in exercise of the powers conferred by section 5 (1) (e) of the Kenya Export Promotion and Branding Agency Order, appoints three (3) persons from the private sector. The appointments are by name and by notice in the Kenya Gazette.

### **Removal of Directors**

Any person shall cease to be a Board member if he/she; -

- I. Serves the appointing authority with a written notice of resignation.
- II. Is absent, without the permission of the Chairperson, from three consecutive meetings.
- III. Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings.

<sup>1</sup> Ms Kathleen Kihanya Ceased to be a Board Member following her resignation on 8<sup>th</sup> February 2022.

2. Ms Frida Mbugua Ceased to be an Ex-officio member following her resignation on 5<sup>th</sup> November 2021



- IV. Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board
- V. Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

Any removal of a Board member under any of the above, is through formal revocation. The Corporation Secretary ensures that a record of the appointment letter, gazette notice and written acceptance by the Board member are kept in the personal file of the Board member.

### **Separation of Powers & Duties of the Chairman and CEO**

The separation of functions between the Chairman and the CEO has ensured requisite balance of power, increased accountability, clear definition of responsibilities and improved decision making. The Chairperson's responsibilities include the operation, leadership, and governance of the board. The Chief executive officer's role includes the day-to-day management of the Agency's business and overseeing the implementation of the strategies and policies approved by the board.

### **Duties of Directors**

The Legal Notice No.110 of 2019 establishing the Agency provides for functions of the board members under paragraph 6 to include:

- a) provide strategic advice and direction to the Agency;
- b) approve policies that shall facilitate the development of the Agency;
- c) recruit and appoint the Chief Executive Officer on such terms and conditions as the Board shall determine with the advice of the Salaries and Remuneration Commission;
- d) receive, on behalf of the Agency, grants-in-aid, gifts, donations, fees, subscriptions or monies;
- e) administer the property and funds of the Agency in such a manner and for such purpose as shall promote the functions of the Agency; and
- f) perform such other functions as may be incidental to the foregoing.



## Board and Committee Meetings

The Board has formed three (3) principal committees which meet under well-defined terms of reference set by the Board members. The committees were formed to assist the board to effectively and efficiently carry out its functions. These committees are as follows:

- I. Finance, Human Resource and Administration Committee (FHRAC)
- II. Strategy, Marketing, Communications and Quality Assurance Committee (SMCQA)
- III. Audit, Risk and Governance Committee

The Board and Committee meetings are held while special board meetings are called when it is deemed necessary to do so. During the 2020/2021 financial year, the Board and its Committee held the following meetings:

<b>Member</b>	<b>Full Board</b>	<b>Special Full Board</b>	<b>FHRA Committee (including special)</b>	<b>SMCQA Committee (including special)</b>	<b>Audit, Risk &amp; Governance Committee (including special)</b>	<b>Ad Hoc Committee Meeting on Expo 2020 Dubai</b>
Mr. Jaswinder Singh Bedi	4	2	0	0	0	0
Ms. Kathleen Kihanya	3	2	2	3	3	1
Ms. Jacqueline Muga	4	2	5	4	0	2
Mr. Mark Bichachi	4	2	2	4	6	3
Ms. Leah Baraza	4	2	5	4	6	3
Mr. Oliver Konje	4	2	4	4	5	3



<b>Member</b>	<b>Full Board</b>	<b>Special Full Board</b>	<b>FHRA Committee (including special)</b>	<b>SMCQA Committee (including special)</b>	<b>Audit, Risk &amp; Governance Committee (including special)</b>	<b>Ad Hoc Committee Meeting on Expo 2020 Dubai</b>
Ms. Veronica Okoth	3	2	5	4	6	3
Dr. Wilfred Marube	4	2	4	3	0	2

### **Conflict of Interest**

The Board charter contains provisions on conflict of interest. The board of Directors are obligated to disclose to the board, any real or potential conflict of interest during the beginning of each meeting. This is a statutory duty to avoid situations where a director may have interest which conflict with those of the Agency. In the event conflict of interest is declared, the Board member shall abstain from decisions where the conflict exists.

The Corporation Secretary keeps a record of conflicts of interest declared, for accountability purposes.

### **Board Remuneration**

The board members are paid a sitting allowance for every meeting attended in line with the guidelines as set by the Salaries and Remuneration Commission on payment of allowances to board members. The Chairperson is also issued a chairman's honoraria as well as a sitting allowance.



## **Ethics and code of conduct**

The Agency's Board is required to act with integrity, honesty and fairness in all their dealings and decisions with respect to the Agency. On appointment, the Directors sign an acceptance that they shall abide by the provisions of Article 10 of the Constitution, the Executive Order Number 6 on Ethics and Integrity in Public Service and the Executive Order number 7 on the implementation of Mwongozo, the code of Governance for State Corporations.

## **Board and Member performance**

The Board carries out an annual evaluation to appraise its performance. The Board evaluation exercise provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board evaluation exercise is also in fulfilment of a statutory requirement under Mwongozo which is the Code of Governance for State Corporations where it states that Board of Directors in State Corporations must carry out annual performance evaluation and file a report with the parent ministry and State Corporations Advisory Committee.

The evaluation exercise is facilitated by the State Corporations Advisory Committee who are present during the evaluation exercise to offer guidance. During the Board Evaluation exercise for the Financial Year 2021/2022, the board had an overall rating of **87.40%**.

The overall rating of the board evaluation for the three years that the board has been in operation has been as follows: -

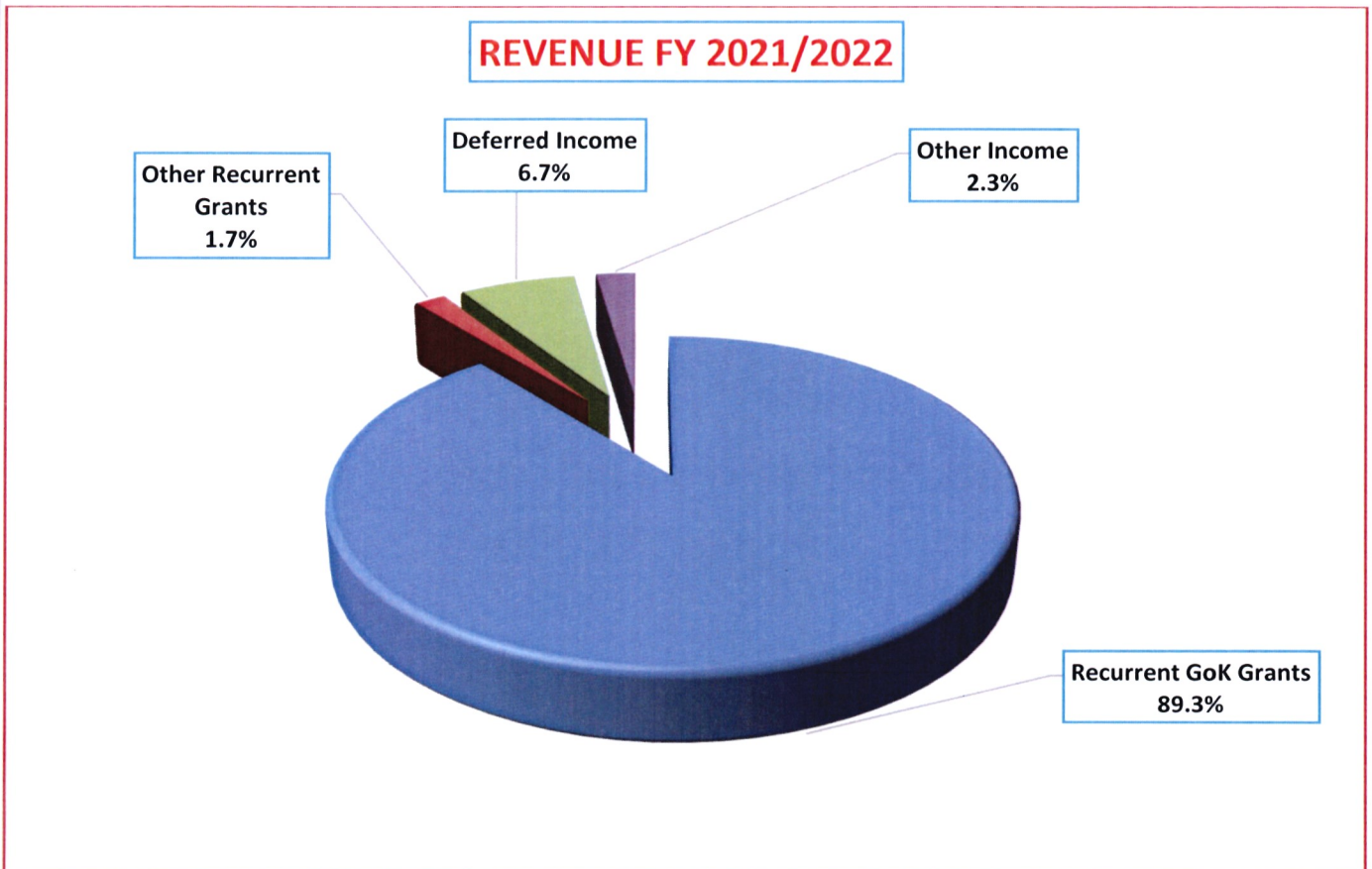
- Year 1: Financial Year 2019/2020 - 89.04%
- Year 2: Financial Year 2020/2021- 87.40%
- Year 3: Financial Year 2021/2022 - 87.40%

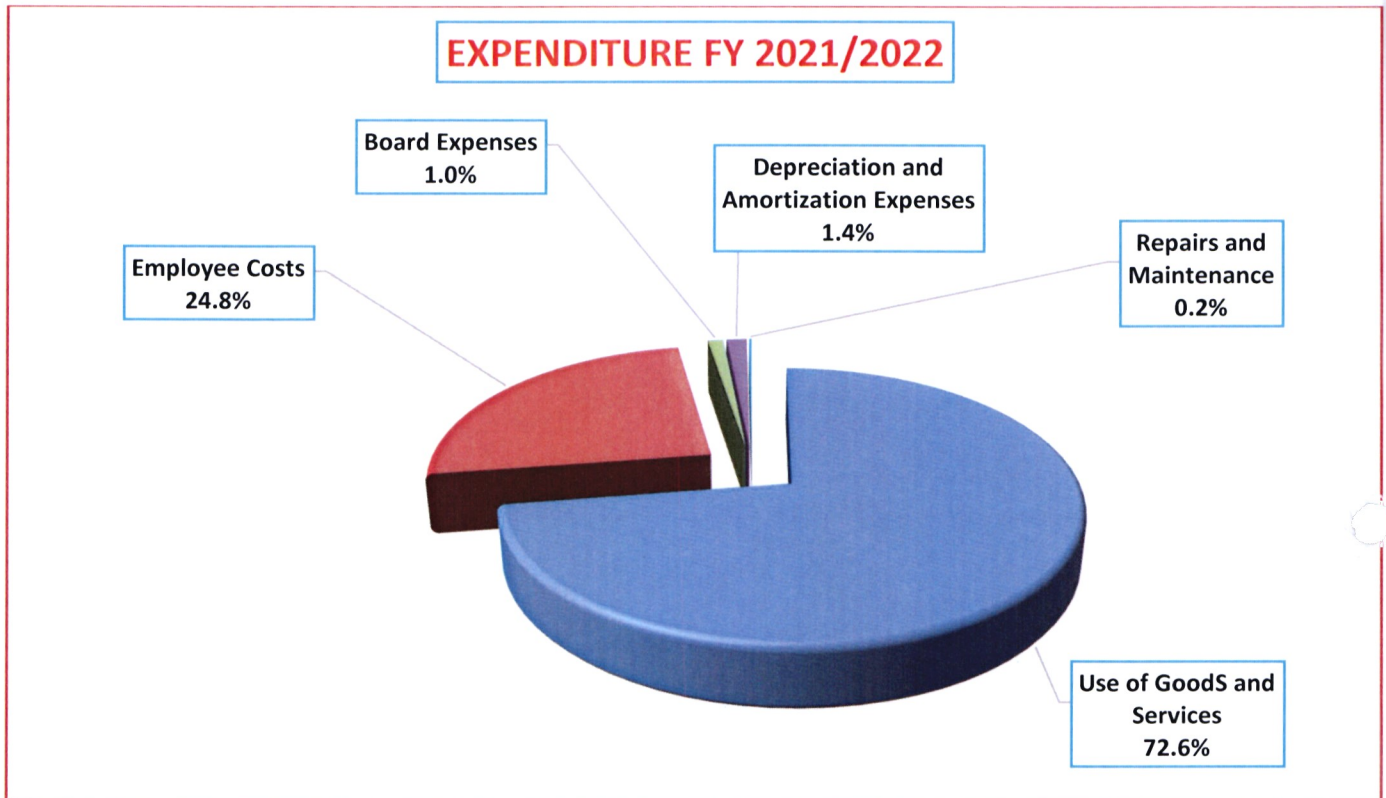


## VIII. MANAGEMENT DISCUSSION AND ANALYSIS

### 8.1 The Agency's Financial Performance

The Agency's total annual revenue was KShs.755,099,711 against a total annual expenditure of KShs. 951,453,030 resulting to an annual operating deficit of KShs.196,353,319. The excess expenditure over revenue was funded by deferred income and from reserves.





## 8.2 The Agency's Compliance with Statutory Requirements

The Agency is in compliance with various laws and regulations. Management is not aware of any non-compliance that may expose the entity to potential contingent liabilities. The Agency does not have any material arrears in statutory and other financial obligations.

## 8.3 The Agency's Operational Performance

Kenya has enjoyed a decade of strong economic growth, allowing the country to access the status of a middle-income country in 2016. The country was one of the fastest-growing economies in Sub-Saharan Africa until the outbreak of the Covid-19 pandemic. After contracting by -0.3% in 2020, GDP growth rebounded to an estimated 5.9% in 2021, and is forecast to remain strong in 2022 (5.8%) and 2023 (5.5%) (IMF, latest estimates). Private consumption will be the main driver of growth (Coface). According to Focus Economics downside risks include the country's reliance on foreign loans for infrastructure and the rise in its external debt levels.

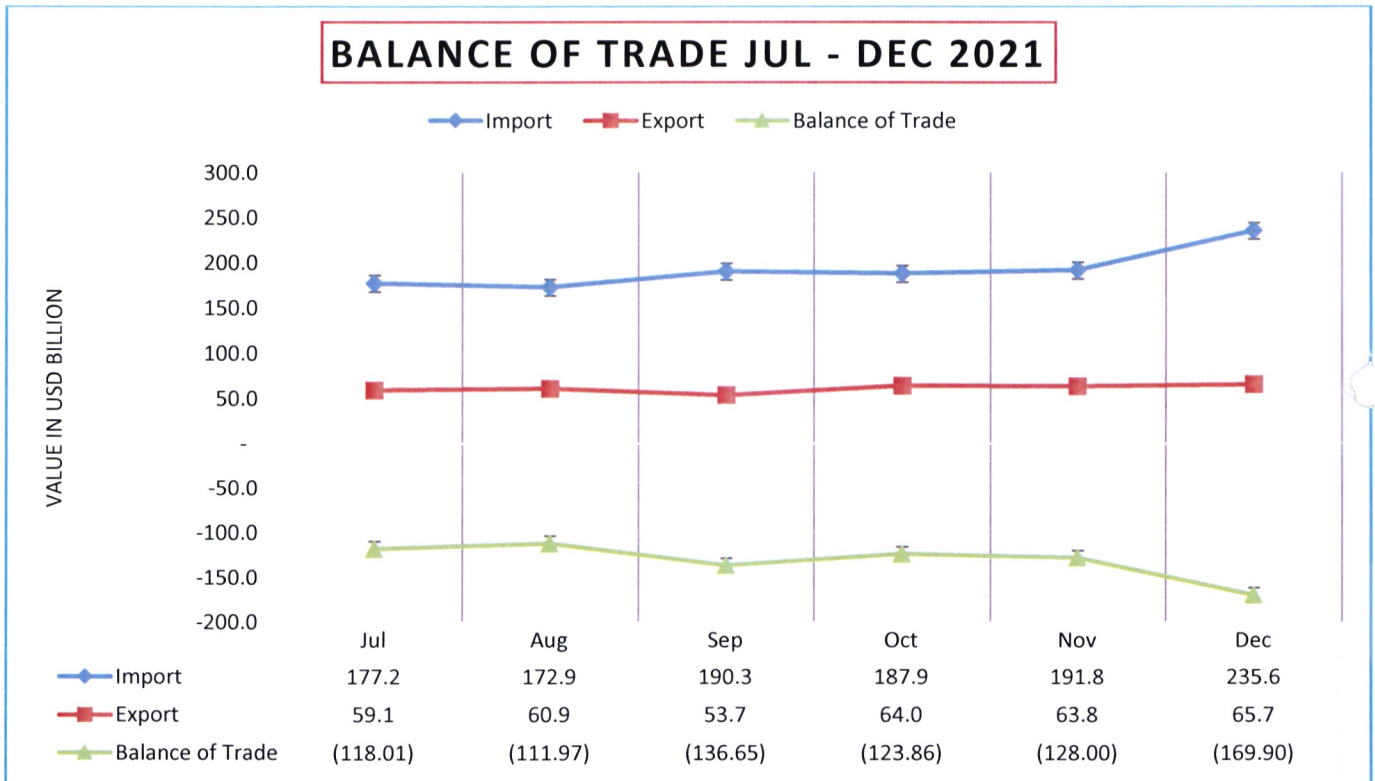


Kenya's economy suffered from the consequences of the COVID-19 pandemic, mainly the fall in tourism, but showed remarkable resilience and recovered in 2021. According to IMF report the authorities pursued a reform program aiming at responding to the pandemic, supporting economic recovery, and addressing debt vulnerabilities. As revenues dropped and social and health expenditure increased, the budget deficit declined, but fiscal consolidation efforts managed to stabilise it. Public deficit reached -8.2% of the GDP in 2021 and is expected to remain at that level in 2022. Public debt continued to grow from 63% of the GDP in 2020 to 67.9% of the GDP in 2021 and is expected to stabilise at 71.2% of the GDP in 2022 and 2023. As a large part of the debt is owed to international creditors in foreign currency, public finances are vulnerable to exchange rate movements. Fuelled by higher energy prices, inflation increased from 5.2% in 2020 to 6.4% in 2021 and is expected to decrease to 5.8% in 2022 and 4.8% in 2023.

Kenyan authorities remain committed to the 38-month program under the Extended Fund Facility (EFF) and Extended Credit Facility (ECF) arrangements (worth USD 2.34 billion) approved by the IMF in April 2021. This program aims to reduce debt vulnerabilities by raising tax revenues and tightly controlling spending, while safeguarding resources to protect vulnerable groups (IMF). Expanding the Covid-19 vaccination program, supporting the state-owned enterprises reform, responding to the drought in the northern regions and tackling security issues are the priorities. The government will also pursue the previously launched Big 4 development agenda. This program, which is part of the long-term development plan of the country, Vision 2030, will prioritize four major areas: manufacturing, universal healthcare, affordable housing, and food security.

**Kenya Export Performance in the First Half of the Financial Year 2021/2022**

*Figure 1: Balance of Trade for Q1 and Q2 FY 2021/2022*

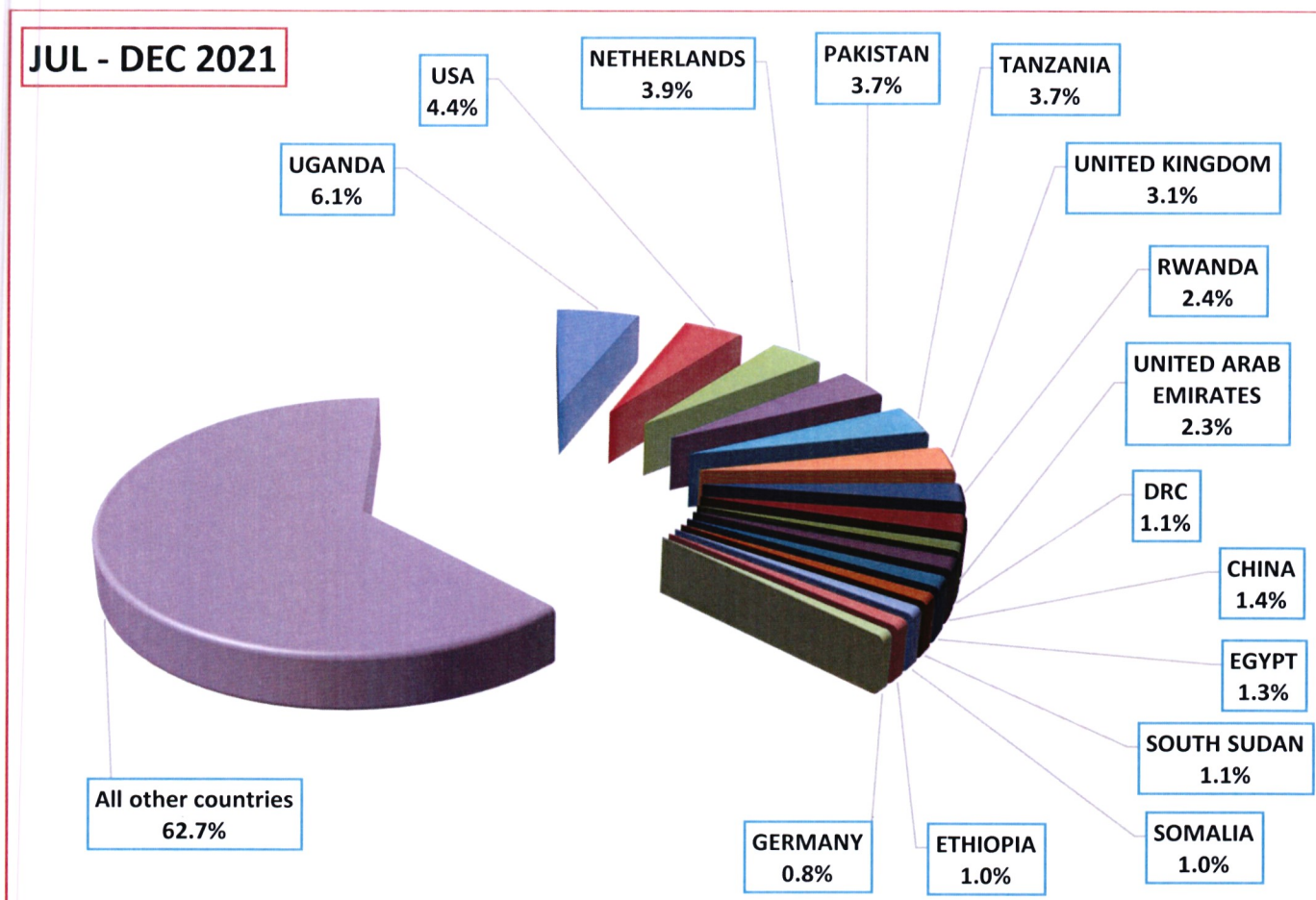


**Source; KNBS Database; compiled by KEPROBA**

- Kenya has been a net importer over the reviewed period. With an average trade deficit of KShs. 131.4 billion and an average growth gap rate of 8.7 % in the reviewed period.
- Kenya’s exports also grew at a positive rate of 2.6% and by an average value of KShs. 61.2 billion. On the other hand her imports grew at a much higher rate of 6.3% and a value of KShs. 192.6 billion in the same reviewed period.

## Export Performance by Export Market Destination

*Figure 2: Kenya Export Performance by Destination*



**Source; KNBS Database; compiled by KEPROBA**

- The share of exports for the top 15 countries accounted for 37.3% of the total exports valued in the reviewed period. The leading country trade destination partners for Kenya include Uganda (6.1%), USA (4.4%), Netherlands (3.9%) Pakistan (3.7%) and Tanzania (3.7%) in the top five category.
- The leading region of business partners to Kenya were Africa, Europe, GCC and Asiatic regions according to the country representative in the leading trade partners for the reviewed period July to December 2021.



## **EXPO 2020 DUBAI**

The World Expo 2020 Dubai, dubbed as “the World’s Greatest Show” was held in the United Arab Emirates, Dubai from 1<sup>st</sup> October 2021 to 31<sup>st</sup> March 2022 under the theme ‘**Connecting Minds, Creating the Future.**’ The Expo aimed to inspire visitors to make a conscious effort to think and live differently, and give them renewed optimism that, through collaboration, it is possible to make a lasting change to the world. The Expo 2020 Dubai was one of the largest events that took place post the onset of the Corona Virus Disease pandemic.

Kenya was among the one hundred and ninety-two (192) countries that participated in the 6-month long Expo. Kenya’s theme was ‘**Feel the Energy**’ which sought to showcase her opportunities in trade, investment, tourism, and the Big Four Development Agenda within the Kenya pavilion.

### **Objectives of Kenya’s participation in the Expo 2020 Dubai**

The objectives of Kenya’s participation in the World Expo 2020 Dubai included the following:

- i. Project a positive image of the country as an exporter of high-quality products, and provider of unique tourism experiences; and great opportunities for investment.
- ii. Demonstrate Kenya’s capacity and capability as a reliable source and supplier of high-quality exportable products and services; and
- iii. Generate one hundred leads that will lead to signing of 10 deals per sector (trade, tourism, and investment) worth KShs. 3.0 billion (1.0 billion per sector) within 1 year after completion of the Expo.

### **Kenya National Day at the Expo 2020 Dubai**

The National Day of Honour refers to a special day given to each Country participating in the Expo during which Country celebrates and showcase opportunities in their Countries to the World.

Kenya celebrated her National Day of Honour at the Expo on 16th February 2022. During this day, the country’s rich culture was in full display courtesy of the Bomas of Kenya dancers. The leader of the Kenya delegation was H.E President Uhuru Kenyatta, EGH and his host, H.E Sheikh Nahyan bin Mubarak Al Nahyan, the Minister of Tolerance and coexistence delivered keynote speeches at the dome-shaped Al-Wasl Plaza; the heart of the Expo. H.E the President Uhuru Kenyatta reiterated Kenya’s intention to strengthen trade ties with countries in the Gulf region.



***H.E. President Uhuru Kenyatta, C.S. Betty Maina and other guests during the Kenya Day celebrations***

The Kenya pavilion attracted more than half a million visitors from various Countries in the regions of Africa, Asia, America and Europe, Far East and Australia and Oceania. These visitors were taken through Kenya's product offerings leading to increased awareness on Kenya and her opportunities and capabilities in the areas of trade, tourism, investment, innovations, culture and people. Expo 2020 Dubai received a total of 24 million Visitors in the 6-month period out of which 2.2% visited the Kenya Pavilion and led to enhanced positive image of the Country across the globe.

Kenya participated in the Dubai Run and Expo Run to demonstrate and enhance awareness on Kenya's position as an undisputed champion in the world of athletics. The Expo run attracted more than 4,000 participants while the Dubai run which was flagged off by the Crown Prince of Dubai was attended by more than 150,000 expo participants thus creating the visibility for Kenya in the world of athletics. The runs were relayed on live channels in Middle East television channels and



were published in the following media outlets: KBC, Daily Nation, Al Arabiya English, Dubai New Style, Brand.ke, Africa foot united.com, the people daily and Taifa leo. Public Relations Value **worth KShs. 14.2 million** was generated from the print media, while many times more was derived from the live coverage of the events.

Kenya demonstrated her capacity and capability as a reliable source and supplier of high-quality exportable goods and services at the Kenya pavilion through showcasing the vast potential Kenya holds on exportable products from the tea, coffee, horticultural products and services including financial, education, telecommunication, tourism and energy. The pavilion also manifested the infrastructure, transport & logistics, and technological innovations in the country that stood benefit investors in the manufacturing, production, and services sectors among others. The pavilion also demonstrated the opportunities in the Big Four Agenda and the rich cultural diversity in the country.

Kenya held a successful business forum with public and private sector in the UAE and other GCC member states and other Countries participating in the Expo on 15<sup>th</sup> February 2022 at the Hotel Raffles in Dubai, UAE.

The President of the Republic of Kenya, H.E Uhuru Kenyatta, EGH, was the Chief Guest to the forum which had representatives from 19 countries which included United Arab Emirates, Oman, Egypt, Malta, Tanzania, Italy, Poland, Qatar, Lebanon, Russia, Kazakhstan, Bermuda, United Kingdom, Denmark, South Korea, Brazil, Latvia and Finland.

During this forum, Kenya showcased its opportunities in agriculture, energy and mining, blue economy, tourism, health, ICT and innovations, manufacturing, services (financial, labour, insurance and banking) and infrastructure (transport, logistics and housing). Business to business (B2B) forums were also held between Kenya's private and public sectors and their counterparts from the participating countries on the sectors.

The discussions paved the way for bilateral engagements between Kenya and the United Arab Emirates leading to announcement by the UAE Government to establish an innovation and



entrepreneurship centre in Kenya through the UAE's Khalifa Fund. This initiative would support empowerment of Kenya's existing and potential entrepreneurs to introduce innovation in their entrepreneurial ventures to significantly contribute to the growth of the Country's economy. This initiative would further strengthen the economic partnerships between the two Countries.



***H.E. President Uhuru Kenyatta addressing guests at the Dubai high-level business forum***

#### **46th Dar-es-salaam International Trade Fair**

The Agency participated in the Dar-es-salaam Trade Fair whose theme was “Industrialization for job creation and sustainable development” between 28th June and 13th July 2022. The objective of Kenya's participation was to enhance intra-regional trade within the East African Community and the African Continental Free Trade Area. The Agency identified five (5) buyers who expressed their interest. Two (2) business deals were signed with value of orders under negotiations for Glerian Limited (KShs. 1.89M) and Bata Company (KShs. 37M). Additionally, two (2) leads were generated for Glerian Limited and Revital Healthcare.



***The KEPROBA Team at the Dar-es-salaam International Trade Fair***

### **9th Africities Summit and Exhibition**

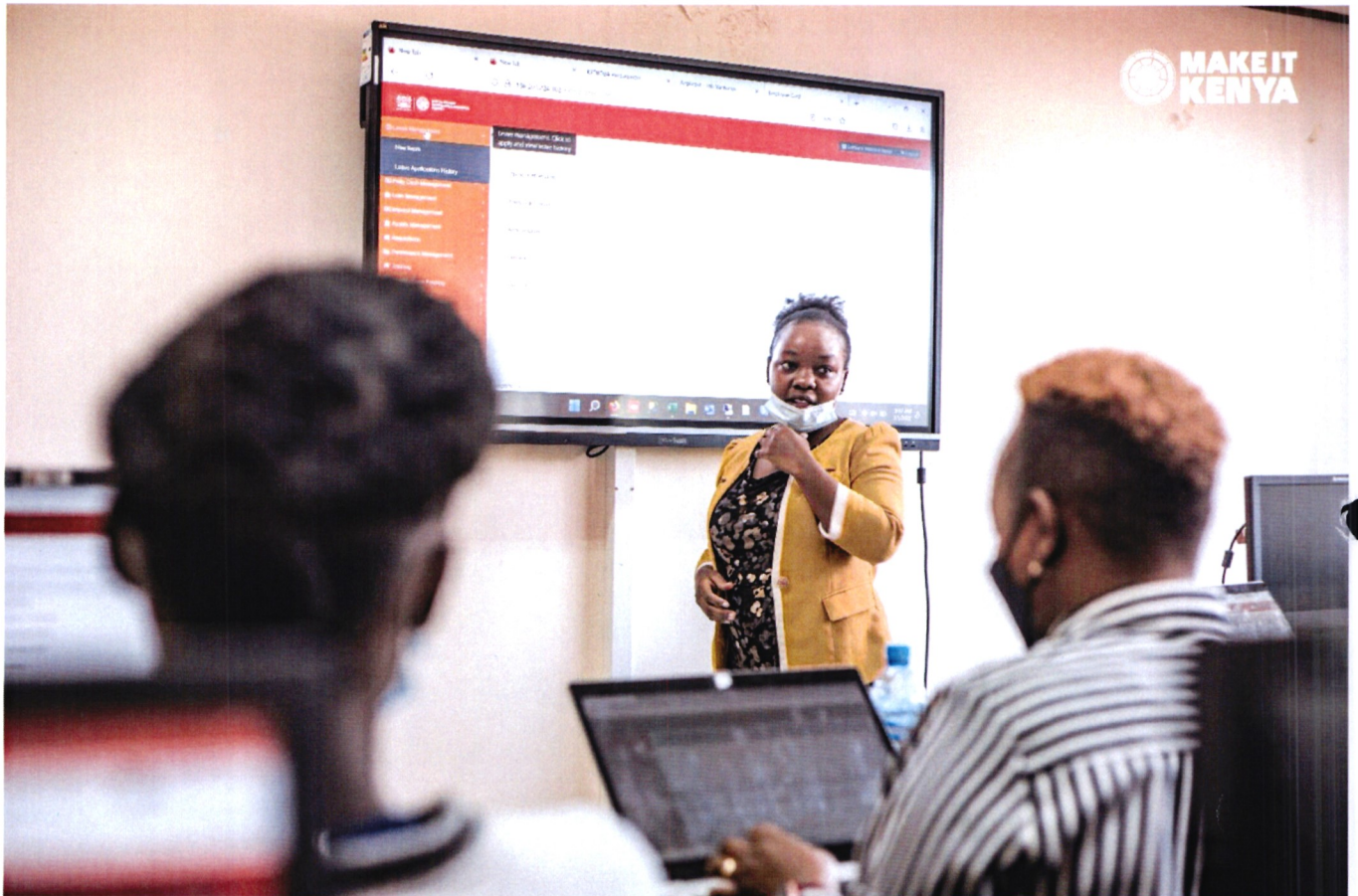
The Agency, in conjunction with the State Department for Trade, participated in the 9th edition of the Africities Summit that was held in Kisumu. The theme of the summit was *“The role of intermediary cities in Africa in the implementation of the UN agenda 2030 and the AU agenda 2063”*. During the 5-day summit, KEPROBA increased its visibility by sharing information on its mission, vision and programs, export procedures, product development and international market access. Enterprises which have benefitted from the Made-In-Kenya initiative displayed their products at the exhibition and made important business contacts.



***KEPROBA staff with Dorothy Nyong'o at the Africities Exhibition in Kisumu***

### **Implementation of the Enterprise Resource Planning (ERP) System**

The Agency developed and launched an ERP system. Implementation of the four prioritized modules, Finance, HR, Administration and Supply Chain Management, has been on-going during the year running parallel with the old system in readiness for full deployment in the new financial year. Other modules touching on all the functional areas of the Agency will be deployed in the new year. The system will improve efficiency across the agency by automating core business processes and encouraging inter-departmental synergy.



*Presentation during an ERP Training Session*



#### 8.4 Major Risks Facing the Agency

NO	RISK FACTOR	OBJECTIVES AFFECTED	PRIORITY	MITIGATION MEASURES
1.	<b>Inadequate budgets</b> caused by low Government allocations, and inflation. Allocated budget this year was KShs. 600 million which left a number of activities under-funded.	All objectives	High	<ul style="list-style-type: none"> <li>• Implementing Resource Mobilisation strategy. This was successful for such donors as COMESA RIP and TIFO Canada</li> <li>• Evaluate projects to identify Income generating activities. This was implemented in the Public Service Branding programme</li> <li>• Adherence to the Public Finance Management Act.</li> <li>• Adherence to Public Procurement and Disposal Act.</li> <li>• Efficient use of available financial Resources.</li> </ul>
2.	<b>Inadequate quality</b> products and overpricing	Develop, diversify, and brand Kenya's export products Manage the Image and Reputation of the Kenya Brand	High	<ul style="list-style-type: none"> <li>• The agency plans to identification of products for exhibitions, trade fairs and EXPOS five years in advance and working with the exporters to improve quality and reduce cost of production</li> <li>• The agency plans to research and advise exporters of competitive prices in preparation for exhibitions, EXPOs, and trade fairs</li> </ul>
3.	Covid 19 affecting in person EXPOS, Trade Fairs and Exhibition	Develop, diversify, Kenya's export Markets	High	<ul style="list-style-type: none"> <li>• Adherence to World Health Organization guidelines and Protocols issued by Specific countries</li> </ul>
4.	<b>Worldwide inflation and a fall in disposable</b>	contribute to 6.5% increase in exports	High	<ul style="list-style-type: none"> <li>• Export Promotion should spread the risk by looking at other markets for Kenyan tea</li> </ul>



NO	RISK FACTOR	OBJECTIVES AFFECTED	PRIORITY	MITIGATION MEASURES
	incomes leading to governments e.g., Pakistan considering lower imports of Kenyan tea			<ul style="list-style-type: none"> <li>Engage with the affected countries on a government-to-Government Level to protect the export market</li> </ul>
5.	<p><b>Narrow Basket of exportable products compounded by inadequate production especially of manufactured products</b> (Industry contribution to GDP fell by 1.7% in 2021 compared to 2020) <b>and iconic products like coffee.</b> According to KNBS Kenya exported 35,163MT of coffee in 11 months of 2021 compared to 40,980 MT in 2020. The fall was due to uprooting of coffee and a change of land use</p>	contribute to 6.5% increase in exports	High	<ul style="list-style-type: none"> <li>The Agency plans to conduct advocacy activities to contribute to the next governments economic agenda in-order to boost production manufacturing.</li> <li>Engaging with the affected counties given the prices of coffee went up from USD 4.2 to 5.1 per Kilo in 2021 compared to 2020</li> </ul>
6.	<p><b>Historic</b> negative effect of elections on the economy. According to the institute of economic Affairs, GDP growth falls in</p>	Develop, diversify, and brand Kenya's export products and manage the nation brand	High	As at 30 June 2022, the agency was planning to conduct the Kenya Si Hami campaign



NO	RISK FACTOR	OBJECTIVES AFFECTED	PRIORITY	MITIGATION MEASURES
	election years averaging 2.58% since 1992			
7.	Export of <b>primary products</b> , which are low in value e.g., Fruits, vegetables, bulk tea	contribute to 6.5% increase in exports	High	Identify hinderances to structured value addition and follow through with relevant government agencies
8.	<b>Reputation risk</b> for Kenyan products arising from emerging issues e.g., Limits in use of pesticides in Europe, Phytosanitary issues in Australia	contribute to 6.5% increase in exports	High	<ul style="list-style-type: none"> <li>• Create Exporter awareness on the new requirements</li> <li>• Look for new markets to spread the risk</li> </ul>
9.	Low level of automation	Strengthen the capacity of the agency to deliver on its mandate	Medium	Leveraging on technology for example development of the E-Portal and enterprise Resource Planning
10.	Inadequate succession planning and knowledge management	Strengthen the capacity of the agency to deliver on its mandate	Medium	<ul style="list-style-type: none"> <li>• Development of Procedure manuals across for all agency functions to define agency workflows</li> <li>• Training of staff to manage higher responsibilities</li> </ul>
11.	Shortage of staff	Strengthen the capacity of the agency to deliver on its mandate	Medium	<ul style="list-style-type: none"> <li>• Secondment of staff from other government agencies,</li> <li>• Employment of staff on contract</li> </ul>



## **IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Kenya Export Promotion and Branding Agency's mandate is to implement export promotion and nation branding initiatives and policies to promote Kenya's export of goods and services. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

### **i) Sustainability Strategy and Profile**

The Agency is committed towards participating in community-based projects that have a positive impact on the society. Through our stakeholder engagement activities, we have been able to identify areas of collaboration that give back to society. We recognize that we must integrate our corporate values and services to improve Kenya's Image and meet the expectations of stakeholders.

The Agency's social, economic, and environmental responsibilities to her stakeholders are integral to the Agency's focus areas. Through the various activities organized by the Agency, we are committed to demonstrate our responsibilities through actions and within the corporate policies. We are open and honest in communicating our strategies, targets, performance, and governance to our stakeholders in our continual commitment towards creating a sustainable corporate social responsibility.

The results of our commitment to sustainability are demonstrated through our support for, and quantifiable impact on businesses with innovative sustainable solutions. As an Agency, we prioritize delivery of solutions with a long – term focus while leveraging on short term success. We are driven by an individual purpose to offer solutions that accommodate the welfare of the society by taking responsibility for the impact they make to our clients, our nation and the world.



We not only engage to deliver on our mandate and functions, but we also have a high appreciation of collaboration as a sustainable practice. Our team has taken deliberate initiatives to promote a culture of innovation and transparency through open communications with all key stakeholders. This is built on high levels of information disclosure, clarity, and accuracy – as well as an openness to recognizing faults and improving practices. With sustainability at the heart of our activities, we understand the value of keeping our promises. On this premise, we have installed mechanisms to continuously monitor and evaluate our progress, to ensure we remain aligned to our mandate, signal when to celebrate our successes and rectify our deviations.

### **ii) Environmental Performance**

The Agency has developed recyclable marketing collateral including giveaways bags – which could be re-used by our clients. The agency avoided the use of plastic bags in developing our marketing collateral and limited printing by utilising our digital platforms to disseminate our publications including newsletters and magazines.

Reduction of Carbon footprint through the Roll out of ERP System – The Agency has been promoting a paperless culture through the introduction of an ERP System. All departmental operations will be conducted through the system thereby reducing waste within and outside the office environment. The Agency is going paperless!

### **iii) Employee Welfare**

The process of developing a policy on recruitment is on course, however, the Agency HR Manual sets the guidelines on recruitment and selection of members of staff, management, and development of human resource in the Agency. The hiring process is undertaken based on fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities. In the Financial year 2021/2022 the Agency recruited three (3) officers on permanent, two (2) officers on long term contract and fifteen (15) officers on short term contract. The hiring process were aligned to the provisions of the Constitution of Kenya 2010 as well as the by the Public Service Diversity Policy, May 2016.



Stakeholders being are our strongest resource provide a fountain of valuable experience, insight, and knowledge into the recruitment as well as into the vision and culture of the organization. As an Agency, we get the stakeholders involved early in the recruitment process to provide valuable insight into what they need and to take ownership, thereby making them to be more receptive in the process.

KEPROBA recognizes the need for training and development of employees. To ensure continuous up-grade of staff core competencies, knowledge, skills, and attitudes to enable them to create, and seize opportunities for social advancement, economic growth and individual fulfilment. The Agency has an elaborate program that ensures that an Officer is afforded at least 5 days training in a calendar year. In FY 2021/2022, we sponsored 28 CPD Trainings and 78 other Professional courses / trainings. Further, the Agency in partnership with its stakeholder endeavour to equip staff identified from its various departments with critical skills to prepare them to handle any emerging issues. In addition, all newly recruited and transferred officers are taken through a robust induction process within a reasonable period. While all staff were trained on Customer and Media engagement training, Retirement and wellness.

The surest way to adapt to the changing demands of a dynamic economy is through Career Management. Consequently, the HR unit continue to match the employees and the organization's needs. The process has embraced various concepts: Posting internal job advertisements, lateral moves to create cross functional experience, secondments, deployments, formal education as part of career development, retirement preparation programs, mentoring and performance appraisal as a basis of career planning.

On appraisal and reward systems, the current system in place lacks a distinct criteria/parameter for measuring performance and productivity and therefore it becomes difficult to hold individuals accountable. The management has embarked on reviewing its performance management instruments and implementing a metric that will be effective in measuring performance as part of its workplan for FY 2022/2023. The implementation of the performance system will inform the reward policy.



The Agency has completed its registration process with OSHA offices and has been issued with a certificate.

#### **iv) Responsible Supply Chain and Supplier Relations**

Supply chain facilitates and supports Procurement of goods, works and services in compliance with Public Procurement and Asset Disposal Act 2015 and Regulations of 2006, respectively. This calls for best practices coupled with integrity and honesty in the processes for staff and external customers. It is imperative that procurement and disposal decisions at all levels are made in a corporate and structured manner to ensure transparency and fairness to all suppliers.

The Agency commits to pay suppliers promptly for goods and services delivered after inspection has been done for quality confirmation.

#### **v) Responsible Marketing and Advertisement**

The Agency put in place several measures to promote responsible marketing and advertising including;

1. Putting the customer first – in all our communication and marketing efforts, we put our customers first by clearly stating how our clients could reach out to us for further clarifications and enquiries. As a result, we received a 27% increase in messages received through our social media platforms where we were able to engage with our audiences.
2. To enhance effectiveness in our marketing efforts, we applied digital advertising in reaching out to our audiences abroad. This was in line with the data privacy regulations provided across various platforms. We were able to reach over nine million people across our digital platforms both locally and internationally.
3. To promote corporate social responsibility, the agency facilitated the planting of 1000 trees at Daystar Mulandi School in Athi River. This is in line with our commitment to promote national values and a sustainable environment as part of our day-to-day activities. Over 20 members of staff were involved in the activity together with the Daystar Mulandi students.
4. The agency also developed recyclable marketing collateral including give aways bags – which could be re-used by our clients. The agency avoided the use of plastic bags in developing our marketing collateral and limited printing by utilising our digital platforms to disseminate our publications including newsletters and magazines.



5. Reduction of Carbon footprint through the Roll out of ERP System – The Agency has been promoting a paperless culture through the introduction of an ERP System. All departmental operations will be conducted through the system thereby reducing waste within and outside the office environment. The Agency is going paperless!

vi) **Corporate Social Responsibility / Community Engagements**

The Kenya Export Promotion and Branding Agency (KEPROBA) has embraced the true spirit of Corporate Social Responsibility in its strategic plan of activities. The Agency is committed towards participating in community-based projects that give back to the society. Through our stakeholder engagement activities, we have been able to identify areas of collaboration that give back to society. We recognize that we must integrate our corporate values and services to improve Kenya's Image and meet the expectations of stakeholders.

Our social, economic, and environmental responsibilities to our stakeholders are integral to the Agency's focus areas. Through the various activities organized by KEPROBA, we are committed to demonstrate our responsibilities through actions and within the corporate policies. We are open and honest in communicating our strategies, targets, performance, and governance to our stakeholders in our continual commitment towards creating a sustainable corporate social responsibility.

In the 2021/2022 Financial Year, the Agency undertook the following CSR activities based on Our key targeted sectors and societal need(s).

**a) Sports**

In a bid to enhance nation branding and as part of the Agency's Corporate Social Responsibility, the Agency participated in the inaugural Nairobi Expressway Marathon (Uhuru Classic) which was held on May 8, 2022, on the new express highway in Nairobi, Kenya. The Marathon was billed as the highest paying marathon in Africa and was flagged off by his excellency President Uhuru Kenyatta and First Lady Margaret at Nyayo National Stadium.

Twenty (20) KEPROBA staff members participated in the 5km race and wore branded caps, t-shirts, and reflector jackets to enhance corporate brand visibility during the event which received vast media coverage both locally and internationally. The international marathon will be held

annually as a legacy project of his excellency President Uhuru Kenyatta for his great contribution to infrastructural development and to sports.



***KEPROBA staff participants at Nyayo Stadium for the Uhuru Classic Marathon***

#### **b) Environmental sustainability**

The Kenya Vision 2030 blueprint set a goal for the country to increase the area under forest to 10 percent by 2030 and sustainably manage natural forests for environmental protection and enhanced economic growth. As a State Corporation under the Ministry of Industrialization, Trade and Enterprise Development, Kenya Export Promotion and Branding Agency is taking a leading role in planting trees across the country.

In this year's tree planting project, the Agency partnered with Daystar Mulandi Transformational Primary School, a community development school started by community development and social work students from Daystar University.

The Agency donated over 1000 trees to Daystar Mulandi Transformational Primary School which were planted by the local community, teachers, and pupils to increase the school's tree cover and to provide shade to the pupils as they play or take their lunch.

Besides donating and planting over 1,000 trees at the school, the Agency donated over 600 books and pens to the pupils in a bid to encourage them to work hard in school and in environmental conservation. The Agency also donated 20,000 litres of water and 10 litres of paint to be used painting the newly constructed dining hall.

The school caters for the educational needs of less privileged pupils from Mavoko area and children from nearby Children's homes.



***KEPROBA staff, teachers and pupils from Daystar Mulandi Primary School plant trees during the tree planting exercise.***



***KEPROBA staff, teachers and pupils from Daystar Mulandi Primary School discuss the tree planting engagement***



## **X. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Agency's affairs.

### **Principal Activity**

The Agency's principal activities are implementing export development and promotion activities through providing export assistance to promote Kenyan goods and services globally, distributing trade related and international export standards information and carrying out export market research. The Agency is also mandated to manage the Kenya Nation Brand and country's image through coordinating Nation Branding initiatives and Trade fairs, providing branding guidelines for Kenya Missions Abroad, marketing and providing positive information about Kenya and its products.

### **Results**

The results of the Agency for the year ended June 30, 2022 are set out on page 1.

### **Directors**

The members of the Board of Directors who served during the year are shown on page xxxii to xxxvi. During the year Ms. Kathleen Kihanya resigned as an independent director on 8<sup>th</sup> February 2022.

### **Auditors**

The Auditor-General is responsible for the statutory audit of the Agency in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2022.

By Order of the Board

*Tan Letcipan*  
.....

*TL* Corporation Secretary

*D. Harah*  
.....

Signature

*17/3/2023*  
.....

Date



## **XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the Agency, which give a true and fair view of the state of affairs of the Agency at the end of the financial year and the operating results of the Agency for that year. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Agency; (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 Agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of the Agency's transactions during the financial year ended June 30, 2022, and of the Agency's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency'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 the Agency 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 Agency's financial statements were approved by the Board of Directors on 30<sup>th</sup> September 2022 and signed on its behalf by:

\_\_\_\_\_  
**MR. JASWINDER BEDI, EBS, MBS  
CHAIRMAN**

\_\_\_\_\_  
**FLOICE B. O. MUKABANA  
Ag. CHIEF EXECUTIVE OFFICER**

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA EXPORT PROMOTION AND BRANDING AGENCY FOR THE YEAR ENDED 30 JUNE, 2022**

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### **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**

#### **Opinion**

I have audited the accompanying financial statements of Kenya Export Promotion and Branding Agency set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Export Promotion and Branding Agency as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Export Promotion and Branding Agency Order, 2019 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **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 Lawfulness and Effectiveness in use of Public Resources and on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or provided satisfactory explanation for the delay in solving them.

## **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

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, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Understaffing**

As previously reported, the Agency had in-post eighty-two (82) members of staff representing 18% of the approved establishment of four hundred and fifty-three (453) members of staff spread across the various functional areas. Available records reflected that the low number was attributed to inadequate funding to facilitate recruitment.

In the circumstances, inadequate staffing may result to inadequate segregation of duties and impair service delivery to 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 Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Agency'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 Agency or to cease operations.

The 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.

The Board of Directors is responsible for overseeing the Agency'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 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 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 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 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 Agency to cease 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 Agency 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**31 March, 2023**



**XIII. STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2022**

		<b>2021/2022</b>	<b>2020/2021</b>
		<b>KShs.</b>	<b>KShs.</b>
<b>Revenue from Non-Exchange Transactions</b>	<b>Notes</b>		
Transfer from Government Institutions – Recurrent Grants	6	624,911,213	401,600,000
Other Recurrent Grants	7	13,000,000	10,000,000
Deferred Income	6/8	100,000,00	81,000,000
<b>Revenue from Exchange Transactions</b>			
Other Income	9	<u>19,116,058</u>	<u>12,533,043</u>
<b>Total Revenue</b>		<b>757,027,271</b>	<b>505,133,043</b>
<b>Expenses</b>			
Use of Goods and Services	10	690,674,558	287,766,758
Employee Costs	11	236,145,751	217,095,614
Board Expenses	12	9,806,599	14,936,772
Depreciation & Amortization Expenses	13	13,038,285	13,467,918
Repairs and Maintenance	14	1,817,700	2,334,745
<b>Total Expenses</b>		<b>952,644,702</b>	<b>535,601,807</b>
<b>Deficit for the Year</b>		<b><u>(195,617,431)</u></b>	<b><u>(30,468,764)</u></b>

The notes set out on pages 7 to 40 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 40 were signed on behalf of the Board of Directors by:

CPA Albanus Mumo  
Manager, Fin & Accounts  
ICPAK Member No. 7968  
Date... 17/03/23

Floice B. O. Mukabana  
Ag. Chief Executive Officer  
Date... 17/03/23


Mr. Jaswinder Bedi, EBS, MBS  
Chairman  
Date... 17<sup>th</sup> MARCH 2023

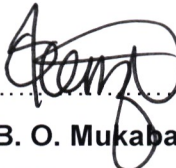



XIV. STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022

	Notes	2021/2022 KShs.	2020/2021 KShs.
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	15	436,865,690	574,537,379
Receivables from Exchange Transactions	16	54,102,749	30,858,831
Receivables from Non-Exchange Transactions	17	45,702,770	150,888,236
		<b>536,671,209</b>	<b>756,284,446</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	25,530,298	25,859,035
Intangible Assets	19	1,376,041	3,680,138
		<b>26,906,339</b>	<b>29,539,173</b>
<b>Total Assets</b>		<b>563,577,548</b>	<b>785,823,619</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade Payables from Exchange Transactions	20	72,219,993	66,690,177
Payables from Non-Exchange Transactions	21	151,720,476	202,160,014
Current Provisions	22	27,181,430	8,900,346
<b>Total Liabilities</b>		<b>251,121,900</b>	<b>277,750,537</b>
<b>Net Assets</b>		<b>312,455,648</b>	<b>508,073,082</b>
<b>Reserves</b>	25	<b>312,455,648</b>	<b>508,073,082</b>

The Financial Statements set out on pages 1 to 40 were signed on behalf of the Board of Directors by:

  
CPA Albanus Mumo  
Manager, Fin & Accounts  
ICPAK Member No. 7968  
Date.....17/03/23

  
Floice B. O. Mukabana  
Ag. Chief Executive Officer  
Date.....17/03/23

  
Mr. Jaswinder Bedi, EBS, MBS  
Chairman  
Date.....17/03/23



**XV. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2022**

<b>Reserves</b>			
	<b>General Reserve</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	<b>KShs.</b>	<b>KShs.</b>	<b>KShs.</b>
<b>Balance as at July 1, 2020</b>	<b>529,144,347</b>	<b>9,397,500.00</b>	<b>538,541,847</b>
Deficit for the Year	(30,468,764)		(30,468,764)
<b>Balance as at June 30, 2021</b>	<b>498,675,582</b>	<b>9,397,500.00</b>	<b>508,073,082</b>
Deficit for the Year	(195,617,431)		(195,617,431)
<b>Balance as at June 30, 2022</b>	<b>303,058,151</b>	<b>9,397,500.00</b>	<b>312,455,648</b>



**XVI. STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	JUNE 2022 KShs.	JUNE 2021 KShs.
<b>Deficit for the year</b>		<b>(195,617,431)</b>	<b>(30,468,764)</b>
<b>Adjustments for: -</b>			
Depreciation of Property, Plant and Equipment	13/18	10,606,589	11,339,766
Amortisation	13/19	2,431,697	2,128,152
<b>Operating Deficit before working capital changes</b>		<b>(182,579,146)</b>	<b>(17,000,486)</b>
Decrease/(increase) in Accounts Receivable	16/17	81,941,547	(122,347,101)
Increase/(decrease) in Accounts Payable	20/21/22	(26,628,637)	57,976,010
<b>Net Cash flows utilized in operating activities</b>		<b>(127,266,235)</b>	<b>(81,371,937)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property & Equipment and Intangible Assets	18/19	(10,405,453)	(13,173,158)
<b>Net cash flows utilized in investing activities</b>		<b>(10,405,453)</b>	<b>(13,173,158)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(137,671,689)</b>	<b>(94,545,095)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	15	<b>574,537,379</b>	<b>669,082,474</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	15	<b>436,865,690</b>	<b>574,537,379</b>

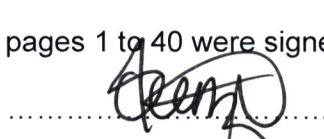
The Financial Statements set out on pages 1 to 40 were signed on behalf of the Board of Directors by:



**CPA Albanus Mumo**  
Manager Finance

ICPAK Member No. 7968

Date.....17/03/23



**Floice B. O. Mukabana**  
Ag. Chief Executive Officer

Date.....17/03/23



**Mr. Jaswinder Bedi, EBS, MBS**  
Chairman

Date.....17/03/23



**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2022**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022							
No.	Details	Original Budget	Adjustments	Consolidated Budget	Consolidated Actuals	Performance Variance	% Of Utilization
<b>1.0</b>	<b>Revenue</b>						
1.1	Transfer from Government Institutions - GOK Recurrent Grants	551,600,000	122,500,000	674,100,000	674,100,000	-	100%
1.2	Development Partners - Recurrent Grants	15,000,000	-	15,000,000	13,000,000	(2,000,000)	87%
1.3	Deferred Funds/Rolled Over Funds B/F	255,610,931	-	255,610,931	255,610,931	-	100%
1.4	Sinking Fund B/F	27,474,000	-	27,474,000	27,474,000	-	100%
1.5	A-in-A	15,000,000	-	15,000,000	19,116,058	4,116,058	127%
	<b>Total Income</b>	<b>864,684,931</b>	<b>122,500,000</b>	<b>987,184,931</b>	<b>989,300,989</b>	<b>2,116,058</b>	<b>100%</b>
<b>2.0</b>	<b>Expenses</b>						
2.1	Use of Goods & Services - Admin Expenses	169,230,974	-	169,230,974	167,435,552	1,795,422	99%
2.2	Use of Goods & Services - Other Operating Expenses (Core Mandate Programmes)	431,513,443	122,500,000	554,013,443	524,400,814	29,612,629	95%
2.3	Staff Costs	247,478,514	-	247,478,514	236,145,751	11,332,763	95%
2.4	Board Expenses	14,962,000	-	14,962,000	9,680,599	5,155,401	66%
2.5	Depreciation & Amortization	-	-	-	13,038,286	(13,038,286)	-
2.6	Repairs & Maintenance	1,500,000	-	1,500,000	1,817,700	(317,700)	121%
<b>3.0</b>	<b>Total Expenditure</b>	<b>864,684,931</b>	<b>122,500,000</b>	<b>987,184,931</b>	<b>952,644,702</b>	<b>34,540,229</b>	<b>97%</b>
	<b>Surplus for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,656,287</b>		

## **NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

The Annual Budgets are prepared on Cash basis accounting. Actual GoK grants received in the year ended 30<sup>th</sup> June, 2021 is **KShs. 674.1M**, Other Donors **COMESA RIIP Program KShs. 13M**, Deferred funds /(Rollover funds) **KShs. 255.6M** and Cost Recoveries of **KShs. 19.1M**, therefore Annual Income for the year is **KShs. 989.3M**.

### **1.0 Revenues**

#### **1.2 Development Partners - Recurrent Grants**

The variance of **KShs. (2M)** is attributed to revision of Planned donors support budget which changed during the financial year 2020/2021.

#### **1.5 A-in-A**

The variance of **KShs. 4.1M** is attributed to over collection of A-in-A from Kenya Participation in Expo 2020 Dubai and gains from disposal of assets.

### **2.0 Expenses**

#### **2.2 Use of Goods & Services - Other Operating Expenses (Core Mandate Programmes)**

The variance of **KShs. 29.6M** relates to Planned Projects which are on-going i.e. Enterprise Resource Planning (ERP), E-Portal.

#### **2.3 Employee Costs**

Staff Costs variance of **KShs. 11.3M** is attributed to staff natural attrition in the financial year.

#### **2.4 Directors Expenses**

The variance of **KShs. 5.2M** is attributed to allocation of more resources to the Board budget line as previously planned in the FY 2020/2021.

#### **2.5 Depreciation and Amortization**

The variance of **KShs. (13M)** relates depreciation amounts for the year which is a non-cash expense thus not allocated any budget.

#### **2.7 Repairs & Maintenance**

Repairs & Maintenance variance of **KShs. (0.3M)** is attributed to repairs on computers and Photocopiers.

## **XVIII. NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

Kenya Export Promotion and Branding Agency (KEPROBA) is a state corporation under the State Department for Trade and Enterprise Development in the Ministry of Industrialization, Trade and Enterprise Development which was established under the State Corporations Act Cap 446 by the Kenya Export Promotion and Branding Agency Order, 2019 Legal Notice No. 110 of 9<sup>th</sup> August 2019 after the merger of the former Export Promotion Council and Brand Kenya Board.

The Agency's principal activities are implementing export development and promotion activities through providing export assistance to promote Kenyan goods and services globally, distributing trade related and international export standards information and carrying out export market research. The Agency is also mandated to manage the Kenya Nation Brand and country's image through coordinating Nation Branding initiatives and Trade fairs, providing branding guidelines for Kenya Missions Abroad, marketing and providing positive information about Kenya and its products.

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The Agency's financial statements have been prepared on a historical cost basis except for the measurement at revalued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. 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 Agency's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 4.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Kenya Export Promotion and Branding Agency Order No. 110 of 9<sup>th</sup> August 2019 and 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. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.***

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

<b>Standard</b>	<b>Effective Date and Impact</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023</b>  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 amounts, timing and uncertainty of an entity's future cash flows.  IPSAS 41 provides users of financial statements with more useful information than IPSAS 29 by: <ul style="list-style-type: none"><li>• 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;</li><li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li><li>• 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 the instruments held as part of the risk management strategy.</li></ul>
<b>IPSAS 42:</b> Social Benefits.	<b>Applicable: 1<sup>st</sup> January 2023</b>  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



	<p>benefits. The information provided should help users of financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>a) The nature of such social benefits provided by the entity;</li> <li>b) The key features of the operation of those social benefit schemes; and</li> <li>c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>
<p>Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ol>
<p>Other improvements to IPSAS</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the general government sector. Amendments to refer to the latest System of National Account (SNA 2008).</li> <li>• IPSAS 39: Employee Benefits Now delete the term composite social security benefit as it is no longer defined in IPSAS.</li> </ul>



	<ul style="list-style-type: none"><li>• IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li></ul>
IPSAS 43	<p><b><i>Applicable: 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that the lessees and lessors provide relevant information in a manner that faithfully represent those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable: 1<sup>st</sup> January 2025</i></b></p> <p>The standard requires;</p> <p>Assets that meet the criteria to be classified as Held for Sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and;</p> <p>Assets that meet the criteria to be classified as Held for Sale to be presented separately in the statement of financial position and the result of discontinued operations to be presented separately in the statement of financial performance.</p>

***iii. Early Adoption of Standards***

The Agency did not early-adopt any new or amended standards in year 2021/2022.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Revenue Recognition**

##### **i) Revenue from Non-Exchange Transactions**

##### **Transfers from Other Government Entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital 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.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Agency and the fair value of the asset can be measured reliably.

##### **ii) Revenue from Exchange Transactions**

##### **Rendering of Services**

The Agency recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **Sale of Goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency.

### **Interest Income**

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

#### **b) Budget Information**

The original budget for FY 2021/2022 was approved by the National Assembly in June 2021 and assented by the H.E. The President on 30th June 2021, Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Agency recorded additional appropriations of KShs.122,500,000 on the 2021/2022 budget following the board's approval.

The Agency'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.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

### **c) Taxes**

#### **Current Income Tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Agency operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **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 replacement is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Revaluation will be done every five years and assets stated at valuation less accumulated depreciation and impairment losses. Any accumulated depreciation will be eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Decreases that offset previous increases of same assets will be charged against the revaluation reserve. Increase in carrying amount on revaluation will be credited to a revaluation reserve in the accumulated fund. The carrying amount of replaced asset will be derecognized.

Depreciation is calculated on the straight-line basis at annual rates to write off the cost of assets over their estimated useful lives by equal annual instalments at the following rates;

(a) Motor Vehicles	25%
(b) Office Equipment	12.5%
(c) Furniture & Fittings	12.5%
(d) Computers	33.33%

### **e) Leases**

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Agency. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

### **f) Intangible Assets**

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

The useful life of the intangible assets is assessed as either finite or indefinite. Amortization is calculated on a straight-line basis at 33.33% per annum.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **g) Research and Development Costs**

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

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

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

### **h) Financial Instruments**

#### **i) Financial Assets**

#### **Initial Recognition and Measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Agency determines the classification of its financial assets at initial recognition.

#### **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

### **Held-to-Maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Agency has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

### **Impairment of Financial Assets**

The Agency assesses at each reporting date whether there is objective evidence that a financial asset or a part of financial assets is impaired. A financial asset or a part of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event' and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a part of debtors are experiencing significant financial difficulty;
- Default or delinquency in interest or principal payments;
- The probability that debtors will enter bankruptcy or other financial reorganization; and
- Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **ii) Financial Liabilities**

#### **Initial Recognition and Measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Agency determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### **Loans and Borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### **i) Provisions**

Provisions are recognized when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Agency expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **j) Contingent Liabilities**

The Agency 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.

### **k) Contingent Assets**

The Agency 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 Agency 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.

### **l) Nature and Purpose of Reserves**

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

#### **i) Retained Earnings**

This is the portion of net income of the Agency that is retained by the corporation. If the Agency incurs a loss, then that loss reduces the corporation's retained earnings balance.

#### **ii) Revaluation Reserve**

This represents surplus on revaluation of property, plant and equipment. Three motor vehicles that had been fully depreciated were revalued in a previous financial year to reflect their current market value.

#### **iii) Capital Reserve (Sinking Fund)**

The Agency makes provision for the renewal of depreciating assets by maintaining a sinking fund with balances sufficient to replace the assets on a need basis.



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **m) Changes in Accounting Policies and Estimates**

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

### **n) Employee Benefits**

#### **i) Retirement Benefit Plans**

The Agency provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Agency currently contributes to a defined contribution pension scheme at the rate of 20% of basic pay and to the National Social Security Fund (NSSF) as provided in the relevant statute.

#### **ii) Employee Entitlements**

The estimated monetary liability for accrued employee annual leave entitlement at the statement of financial position reporting date is recognized as an expense in the statement of financial performance and accrued in the statement of financial position. Employee's entitlement to gratuity are recognized when they accrue and a provision for the liability is made in the statement of financial position.

#### **o) Foreign Currency Transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

### **p) Related Parties**

The Agency 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 Agency, or vice versa. Members of key management are regarded as related parties and comprise the directors, CEO and senior managers.

### **q) Cash and Cash Equivalents**

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

### **r) Comparative Figures**

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

### **s) 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, 2021.

## **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Agency'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



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **i) 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 Agency based its assumptions and estimates on parameters available when the 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 Agency. Such changes are reflected in the assumptions when they occur (*IPSAS 1.140*).

### **ii) Useful Lives and Residual Values**

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

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

### **iii) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 22.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Revenue**

**Transfer from Ministries, Departments and Agencies**

Name of Entity Sending the Grant	Amount recognized to the Statement of Comprehensive Income	Amount deferred under deferred Income	Amount recognized in capital fund	Total grant income during the FY 2021/2022	FY 2020/2021
	<i>KShs.</i>	<i>KShs.</i>	<i>KShs.</i>	<i>KShs.</i>	<i>KShs.</i>
State Department for Trade & Enterprise Development	674,100,000	-	-	674,100,000	501,600,000
<b>Sub-Total</b>	<b>674,100,000</b>	<b>-</b>	<b>-</b>	<b>674,100,000</b>	<b>501,600,000</b>
<b>Less Deferred Funds C/F</b>	(49,188,787)			(49,188,787)	-
<b>Sub-Total</b>	<b>624,911,213</b>			<b>624,911,213</b>	<b>501,600,000</b>
Add: Deferred Funds (Expo 2020 Dubai) B/F	100,000,000	-	-	100,000,000	(100,000,000)
<b>Total</b>	<b>724,911,213</b>	<b>-</b>	<b>-</b>	<b>724,911,213</b>	<b>401,600,000</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. Other Donor Recurrent Grants**

Description	2021/2022	2020/2021
	KShs.	KShs.
COMESA RIIP	13,000,000	10,000,000
<b>Total</b>	<b>13,000,000</b>	<b>10,000,000</b>

**8. Deferred Income**

Description	2021/2022	2020/2021
	KShs.	KShs.
Funds carried forward from the previous FY	49,188,787	100,000,000
<b>Total</b>	<b>49,188,787</b>	<b>100,000,000</b>

**9. Other Income**

Description	2021/2022	2020/2021
	KShs.	KShs.
Bank Interest Income	10,971,429	12,533,043
Participation Fees	5,409,568	-
Sundry Income	807,500	-
Gain on Disposal of Motor Vehicles	1,927,560	-
<b>Total</b>	<b>19,116,058</b>	<b>12,533,043</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

10.	USE OF GOODS AND SERVICES	KShs.	KShs.
		2021/2022	2020/2021
	<b>(a) ADMINISTRATIVE EXPENSES</b>		
	Office Rent and Service Charge	39,481,166	42,706,075
	Travelling Expenses	2,282,860	3,515,019
	Medical Insurance Expenses	31,722,850	35,349,823
	Recruitment and Training	16,759,990	21,637,091
	Telephone	956,368	963,684
	Printing and Stationery	3,385,150	1,847,992
	Motor Vehicle Expenses	4,586,754	4,762,099
	General Insurance	3,426,552	1,235,420
	Postal and Internet Expenses	4,092,599	2,073,732
	Legal and Professional Fees	1,774,954	1,790,908
	Professional Membership Subscriptions	707,454	-
	Newspapers and Magazines	289,911	142,350
	External Auditors' Fees	757,500	348,000
	Club Subscriptions	1,129,670	3,591,275
	Entertainment Expenses	1,381,515	271,545
	Catering Expenses	5,277,916	2,503,576
	Cleaning Services	2,141,101	1,678,892
	Internal Audit	3,004,400	90,915
	Advertising	1,065,570	2,496,013
	Staff Induction and Merger Expenses	1,464,503	13,443,663
	Database Development	6,274,549	5,150,748
	Computer Software Upgrade	7,340,533	681,929
	Computer Software Licenses	4,033,103	4,499,424
	Registry/Library Expenses	5,911,031	335,400
	Corporate Social Responsibility	5,000	314,962
	Covid -19 Expenses	282,822	1,390,353
	Procurement Costs	338,645	844,038
	Finance and Budgeting	1,800,449	49,200
	Office Relocation costs	2,420,754	777,600
	Bank charges	789,690	438,865
	Corporation Tax Expense	12,550,194	-
	<b>Sub-Total</b>	<b>167,435,552</b>	<b>154,930,589</b>



	<b>(b) OTHER OPERATING EXPENSES</b>		
	Expo expenses	356,449,024	25,378,813
	Fairs and exhibitions	23,128,163	25,294,326
	Trade Promotion, Export Research, and Publicity	73,755,512	17,386,672
	Nation Brand Development, Marketing and Communication	45,076,709	40,575,089
	ISO Certification	3,080,474	1,158,480
	Performance Contracting Expenses	368,965	432,000
	CBIK Expenses	2,050,113	1,925,820
	Stakeholders Management	9,784,102	10,669,846
	Strategic Plan Development, Evaluation & Review	10,707,752	10,015,124
	<b>Sub-Total</b>	<b>524,400,814</b>	<b>132,836,169</b>
	<b>Total</b>	<b>691,836,366</b>	<b>287,766,758</b>
<b>11.</b>	<b>EMPLOYEE COSTS</b>		
	Basic Pay	132,309,197	120,847,851
	Other Remunerative Allowances	52,384,432	50,631,096
	Other Personnel Costs	9,251,690	1,169,297
	Leave Allowance	2,826,835	2,934,169
	Staff Welfare Costs	3,978,898	2,046,898
	Casual, Internship & Industrial Attachment Costs	-	100,000
	Pension Costs	12,739,570	13,186,990
	Gratuity Costs	16,418,647	18,490,685
	Staff Telephone Allowance	5,993,482	5,864,679
	Group Life Insurance	-	1,606,950
	Social Security Costs	243,000	217,000
	<b>Total</b>	<b>236,145,751</b>	<b>217,095,615</b>
<b>12.</b>	<b>BOARD EXPENSES</b>		
	Chairman's Honoraria and Telephone Allowance	1,107,350	1,054,853
	Board Sitting Allowances	5,875,325	11,573,599



	Travel, Accommodation and Other Expenses	2,823,924	2,308,320
	<b>Total</b>	<b>9,806,599</b>	<b>14,936,772</b>
<b>13.</b>	<b>Depreciation and Amortization</b>		
	Depreciation of Property, Plant and Equipment	10,606,589	11,339,766
	Amortisation of Intangible Assets	2,431,697	2,128,152
	<b>Total</b>	<b>13,038,286</b>	<b>13,467,918</b>
<b>14.</b>	<b>Repairs and Maintenance</b>		
	Repairs and Maintenance – Furniture & Fittings	1,270,533	2,334,745
	Repairs and Maintenance - Computers	547,167	-
	<b>Sub total</b>	<b>1,817,700</b>	<b>2,334,745</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. Cash and Cash Equivalents**

Description	2021/2022	2020/2021
	KShs.	KShs.
Investment in Call Deposit	797,891	797,891
Bank and Cash Balances	436,067,799	573,739,488
<b>Total</b>	<b>436,865,690</b>	<b>574,537,379</b>

**15 (a) Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account Number	2021/2022	2020/2021
		KShs.	KShs.
(a) Kenya Commercial Bank (Brand Kenya Board)	1110627041	289,266,371	498,303,038
(b) Kenya Commercial Bank (Main)	1104822008	129,912,956	63,152,647
(c) Kenya Commercial Bank (CBIK)	1104823411	1,991,051	5,568,192
(d) Kenya Commercial Bank (Participation)	1104715384	741,593	747,173
(e) Kenya Commercial Bank (DANIDA)	1104823934	14,007,769	5,818,373



(f) Kenya Commercial Bank (Dollar)	1129327957	14,903	15,905
(g) Kenya Commercial Bank (Euro)	1129328007	17,454	18,456
(h) Housing Finance- Call Deposit Account	SD 200-0001013	797,891	797,891
(i) Cash in Hand (Petty Cash)	-	115,702	115,702
<b>Total</b>		<b>436,865,690</b>	<b>574,537,379</b>

The cash is held in Kenya Commercial Bank, University Way & Capital Hill Branches and Housing Finance Company.

#### **16. Receivables from Exchange Transactions**

Description	2021/2022	2020/2021
	KShs.	KShs.
State Department of Trade	4,548,870	4,548,870
Prepayments	47,810,029	26,309,961
Rent Deposit - NHIF	1,743,850	-
<b>Total</b>	<b>54,102,749</b>	<b>30,858,831</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Receivables from Non-Exchange Transactions**

Description	2021/2022	2020/2021
	KShs.	KShs.
Travel Imprest & Other Advances	20,127,866	17,192,130
Staff Car Loans	25,574,904	33,696,106
Supplementary GoK Grant Receivable	-	100,000,000
<b>Total</b>	<b>45,702,770</b>	<b>150,888,236</b>

**18. Property, Plant & Equipment**

	Office Equipment	Computers	Furniture & Fittings	Motor Vehicles	Total
Cost/Valuation	KShs.	KShs.	KShs.	KShs.	KShs.
<b>As at 1 July 2020</b>	<b>34,531,899</b>	<b>64,795,764</b>	<b>48,713,313</b>	<b>79,677,842</b>	<b>227,718,817</b>
Additions	5,312,078	5,602,920	517,880	-	11,432,878
<b>At 30 June 2021</b>	<b>39,843,977</b>	<b>70,398,684</b>	<b>49,231,193</b>	<b>79,677,842</b>	<b>239,151,695</b>
Additions	3,159,626	5,876,600	1,241,626	-	10,277,852
Disposals	-	-	-	(16,258,927)	(16,258,927)
<b>At 30 June 2022</b>	<b>43,003,603</b>	<b>76,275,284</b>	<b>50,472,819</b>	<b>63,418,915</b>	<b>233,170,620</b>
<b>Depreciation</b>					
<b>At 1 July 2020</b>	<b>29,216,977</b>	<b>56,008,923</b>	<b>42,844,714</b>	<b>73,882,281</b>	<b>201,952,894</b>
Depreciation	1,895,514	5,301,626	1,366,751	2,775,875	11,339,766
<b>At 30 June 2021</b>	<b>31,112,491</b>	<b>61,310,549</b>	<b>44,211,465</b>	<b>76,658,156</b>	<b>213,292,660</b>
Depreciation	2,739,662	4,865,037	1,231,390	1,770,500	10,606,589
Disposals	-	-	-	(16,258,927)	(16,258,927)
<b>At 30 June 2022</b>	<b>33,852,153</b>	<b>66,175,587</b>	<b>45,442,854</b>	<b>62,169,729</b>	<b>207,640,322</b>
<b>Net Book Values</b>					
<b>At 30 June 2022</b>	<b>9,151,450</b>	<b>10,099,697</b>	<b>5,029,965</b>	<b>1,249,186</b>	<b>25,530,298</b>
<b>At 30 June 2021</b>	<b>8,731,486</b>	<b>9,088,135</b>	<b>5,019,728</b>	<b>3,019,686</b>	<b>25,859,035</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19. Intangible Assets - Software**

Description	2021/2022	2020/2021
	KShs.	KShs.
<b>Cost</b>		
<b>At Beginning of the Year</b>	24,735,295	22,995,014
Additions	127,600	1,740,280
<b>At the End of the Year</b>	<b>24,862,895</b>	<b>24,735,294</b>
<b>Amortization</b>		
<b>At Beginning of the Year</b>	21,055,156	18,927,004
Additions	2,431,697	2,128,152
<b>At the End of the Year</b>	<b>23,486,853</b>	<b>21,055,156</b>
<b>NBV</b>	<b>1,376,041</b>	<b>3,680,138</b>

The Agency has software that cost KShs. 24,862,895 which is has net book value of KShs. 1,376,041.

**20. Trade and Other Payables from Exchange Transactions**

Description	2021/2022	2020/2021
	KShs.	KShs.
Trade Payables	72,219,993	66,690,177
<b>Total</b>	<b>72,219,993</b>	<b>66,690,177</b>

**21. Payables from Non-Exchange Transactions**

Description	2021/2022	2020/2021
	KShs.	KShs.
Payroll Liabilities	66,381	515,739
Deferred Income	49,188,787	100,000,000
Staff Car Loan & Mortgage Scheme	102,465,308	101,644,275
<b>Total</b>	<b>151,720,476</b>	<b>202,160,014</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**



## 22. Current Provisions

Description	2021/2022	2020/2021
	KShs.	KShs.
Current Provisions (Leave)	4,562,620	4,562,621
Provision for Staff Gratuity	22,618,810	4,337,725
<b>Total</b>	<b>27,181,430</b>	<b>8,900,346</b>

## 23. Deferred Income

Description	2021/2022	2020/2021
	KShs.	KShs.
National Government	49,188,787	100,000,000
International Funders	-	-
Public Contributions and Donations	-	-
<b>Total Deferred Income</b>	<b>49,188,787</b>	<b>100,000,000</b>

The Deferred income movement is as follow:

	National Government	International Funders	Public Contributions & Donations	Total
	KShs.	KShs.	KShs.	KShs.
<b>Balance Brought Forward (Expo 2020 Dubai)</b>	100,000,000	-	-	100,000,000
Additions: (Contracted Services & Works in progress)	49,188,787	-	-	49,188,787
Transfer to Financial Performance Statement	(100,000,000)	-	-	(100,000,000)
<b>Balance Carried Forward</b>	<b>49,188,787</b>	<b>-</b>	<b>-</b>	<b>49,188,787</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**



## 24. Cash Generated from Operations

	2021/2022	2020/2021
	KShs.	KShs.
Deficit for the Year Before Tax	(195,617,431)	(30,468,764)
<b>Adjusted for:</b>		
Depreciation	10,606,589	11,339,766
Amortization	2,431,697	2,128,152
<b>Working Capital Adjustments</b>		
Decrease in Receivables	81,941,547	(122,347,101)
Decrease in Payables	(26,628,637)	57,976,010
<b>Net Cash Flow from Operating Activities</b>	<b>(127,266,235)</b>	<b>(81,371,937)</b>

## 25. Reserves

Description	General Fund	Revaluation Reserve	Total Reserves
	KShs.	KShs.	KShs.
<b>Balance Brought Forward 1<sup>st</sup> July 2020</b>	<b>529,144,347</b>	<b>9,397,500</b>	<b>538,541,847</b>
Deficit for the Financial Year 2020/2021	(30,468,764)	-	(30,468,764)
<b>Balance as at 30<sup>th</sup> June 2021</b>	<b>498,675,583</b>	<b>9,397,500</b>	<b>508,073,082</b>
Deficit for the Financial Year 2021/2022	(195,617,431)	-	(195,617,431)
<b>Total</b>	<b>303,058,152</b>	<b>9,397,500</b>	<b>312,455,648</b>



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **Financial Risk Management**

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

The Agency's financial risk management objectives and policies are detailed below;

#### **i) Credit Risk**

The Agency has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net allowances for doubtful receivables, estimated by the Agency's management based on prior experience and their assessment of the current economic environment.

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



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	<b>Total Amount</b>	<b>Fully Performing</b>	<b>Past Due</b>	<b>Impaired</b>
<b>At 30 June 2022</b>	<b>KShs.</b>	<b>KShs.</b>	<b>KShs.</b>	<b>KShs.</b>
Receivables from Exchange Transactions	54,102,749	54,102,749	-	-
Receivables from Non-Exchange Transactions	45,702,770	45,702,770	-	-
Bank Balances	436,865,690	436,865,690	-	-
<b>Total</b>	<b>536,671,209</b>	<b>536,671,209</b>	-	-
<b>At 30 June 2021</b>				
Receivables from Exchange Transactions	30,858,831	30,858,831	-	-
Receivables from Non-Exchange Transactions	150,888,236	150,888,236	-	-
Bank Balances	574,537,379	574,537,379	-	-
<b>Total</b>	<b>756,284,446</b>	<b>756,284,446</b>	-	-

The customers under the fully performing category are paying their debts as they continue operating. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Agency has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Board of Directors sets the Agency's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Agency's directors who have built an appropriate liquidity risk management framework for the management of the Agency's



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

short, medium and long-term funding and liquidity management requirements. The Agency manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Agency under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>Less than 1 Month</b>	<b>Between 1 – 3 Months</b>	<b>Over 3 Months</b>	<b>Total</b>
<b>At 30 June 2022</b>	<b>KShs.</b>	<b>KShs.</b>	<b>KShs.</b>	<b>KShs.</b>
Trade Payables	72,219,993	-	-	72,219,993
Employee Benefit Obligations	27,181,430	-	-	27,181,430
<b>Total</b>	<b>99,401,423</b>	<b>-</b>	<b>-</b>	<b>99,401,423</b>
<b>At 30 June 2021</b>				
Trade Payables	66,690,177	-	-	66,690,177
Employee Benefit Obligations	8,900,346	-	-	8,900,346
<b>Total</b>	<b>75,590,523</b>	<b>-</b>	<b>-</b>	<b>75,590,523</b>

**iii) Market Risk**

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

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



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

### **a) Foreign Currency Risk**

The Agency has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

### **b) Interest Rate Risk**

Interest rate risk is the risk that the Agency's financial condition may be adversely affected as a result of changes in interest rate levels. The Agency's interest rate risk arises from the bank deposits. This exposes the Agency to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Agency's deposits. To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

## **Fair Value of Financial Assets and Liabilities**

### ***Financial Instruments Measured at Fair Value***

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Agency's market assumptions.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

The Agency does not hold any financial instruments hence no disclosure of fair values of financial instruments not measured at fair value has been made.

**iv) Capital Risk Management**

The objective of the Agency's capital risk management is to safeguard the Agency's ability to continue as a going concern. The Agency's capital structure comprises of general fund and revaluation reserve as follows;

Description	2021/2022	2020/2021
	KShs.	KShs.
General Fund	303,058,148	498,675,582
Revaluation Reserve	9,397,500	9,397,500
<b>Total Funds</b>	<b>312,455,648</b>	<b>508,073,082</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	436,865,690	574,537,379
Net Debt (Excess Cash and Cash Equivalents)	436,865,690	574,537,379
<b>Gearing</b>	-	-

**26. Related Party Balances**

**Nature of Related Party Relationships**

Entities and other parties related to the Agency 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 Agency is a state corporation fully owned by the Government of Kenya under the Ministry of Industrialization, Trade and Enterprise Development. The Agency received recurrent grants of KShs..674,100,000 from the National Treasury through the State Department for Trade and Enterprise Development.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Other related parties include;

- i) Ministry of industrialization, Trade and Enterprise Development
- ii) County Governments
- iii) Other State Corporations and SAGAs
- iv) Board of Directors
- v) Key Management

	<b>2021/2022</b>	<b>2020/2021</b>
<b>Transactions with related parties</b>	<b>KShs.</b>	<b>KShs.</b>
<b>(a) Grants from the Government</b>		
Grants from National Government	674,100,000	501,600,000
<b>(b) Key Management Compensation</b>		
Directors Emoluments & Other Expenses	9,806,599	14,936,772
Compensation to Key Management	81,655,190	100,678,821
<b>Total</b>	<b>91,461,789</b>	<b>115,615,593</b>



## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **27. Events after the Reporting Period**

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

### **28. Currency**

The financial statements are presented in Kenya Shillings (KShs.).

### **29. Contingent Liabilities**

The Agency did not have any known contingent liabilities as at the end of the financial year.

### **30. Capital Commitments**

The Agency has capital commitments for development and implementation of an e-portal and ERP system.

<b>Capital Commitments</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs.</b>	<b>KShs.</b>
Authorised and contracted for e-portal development	34,974,000	34,974,000
Authorised and contracted for ERP system development	24,049,443	24,049,443
<b>Total</b>	<b>59,023,443</b>	<b>59,023,443</b>

### **31. Ultimate and Holding Entity**

The Agency is a State Corporations under the Ministry of Industrialization, Trade and Enterprise Development.



**XIX. APPENDICES**

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

Ref. No. on External Audit Report	Issue/ Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue.	Status	Timeframe
1.	Unauthorised Board Expenses	Measures have been put in place to ensure compliance and adherence to the stipulated guidelines and regulations on board external meetings and retreats. The Agency has complied with the directive	CEO	Resolved	Immediate
2.	Under staffing	The understaffing is attributed to various mergers which have been faced by the Agency after merger of former EPC and BKB and underfunding of the Agency. Remedial measures have been put in place and four Ministry staff have been deployed to KEPROBA to cushion the understaffing in the Research and Export Market Directorate. We have also gotten one staff deployed from the Office of the Attorney General. More deployments are underway to cushion to Agency as recruitments are being undertaken by the Agency.	CEO	On going	Sept 2023

**FLOICE B. O. MUKABANA**  
Ag. CHIEF EXECUTIVE OFFICER

DATE: 17/03/23

**MR. JASWINDER BEDI, EBS, MBS**  
CHAIRMAN, BOARD OF DIRECTORS

DATE: 17/03/23



## APPENDIX 2: PROJECTS IMPLEMENTED BY THE AGENCY

There were no projects implemented by the Agency which were funded by development Partners.

<b>Project Title</b>	<b>Project Number</b>	<b>Donor</b>	<b>Period/Duration</b>	<b>Donor Commitment</b>	<b>Separate Donor Reporting Required as per the Donor Agreement</b>	<b>Consolidated in these Financial Statements</b>
N/A	N/A	N/A	N/A	N/A	N/A	N/A



### APPENDIX 3: INTER-ENTITY TRANSFERS

<b>Kenya Export Promotion and Branding Agency</b>			
<b>Break Down of Transfers from the State Department for Trade and Enterprise Development FY 2020/2021</b>			
<b>(a) Recurrent Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs.)</b>	<b>FY to which Amounts Relate</b>
	28/10/2021	137,900,000	2021/2022
	03/09/2021	137,900,000	2021/2022
	07/02/2022	137,900,000	2021/2022
	23/05/2022	137,900,000	2021/2022
	30/06/2022	120,000,000	2021/2022
	04/07/2022	2,500,000	2021/2022
	<b>Total</b>	<b>674,100,000</b>	

The above amounts have been communicated to and reconciled with the Parent Ministry.



**APPENDIX 4: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of MDA / Donor Transferring the Funds	Date Received as per Bank Statement	Nature: Recurrent / Development / Others	Total Amount (KShs.)	Where Recorded	Total Transfers During the Year
				<i>Statement of Financial Performance</i>	
N/A	N/A	N/A	NIL	N/A	NIL

There were no transfers from other government entities in the FY 2021/2022.



**APPENDIX 5: REPORTING OF CLIMATE RELEVANT EXPENDITURES**

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		