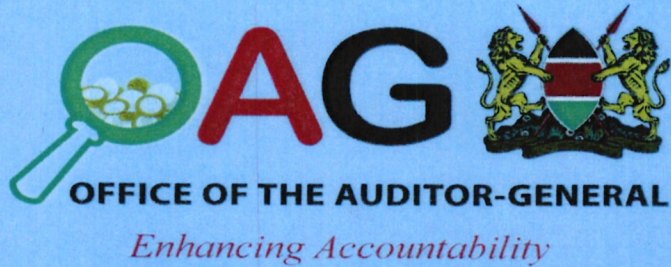
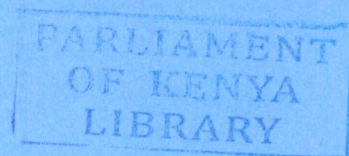


REPUBLIC OF KENYA



REPORT

OF

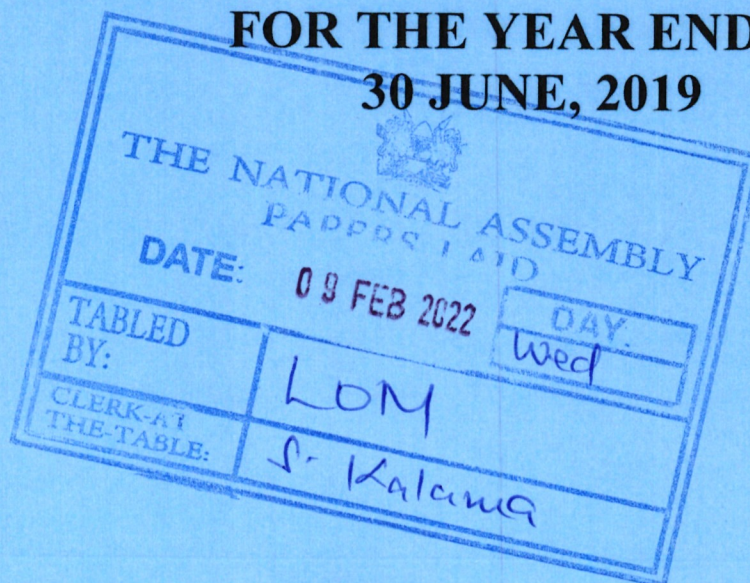


THE AUDITOR-GENERAL

ON

EXPORT PROMOTION COUNCIL

**FOR THE YEAR ENDED
30 JUNE, 2019**





Export Promotion Council

EXPORT PROMOTION COUNCIL

REVISED ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

**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

The Export Promotion Council (EPC) was incorporated on 6th June 1994 as a Company limited by guarantee and not having a share capital. Prior to this, and since its establishment, the Council has operated as an independent body deriving its right of existence from the Statement on Export Strategy for Growth by H. E The President of Kenya dated 19th August 1992, which established the Council under Gazette Notice No. 4342 of 9th October 1992.

At cabinet level, the Export Promotion Council is represented by the Cabinet Secretary for Industry, Trade and Cooperatives who is responsible for the general policy and strategic direction of the Export Promotion Council.

(b) Principal Activities

The mandate of the Council includes provision of strategic assistance to exporters of goods and services in overcoming bottlenecks, to enable them to achieve a higher level of export performance. The national mandate therefore requires the Council to facilitate export development in a holistic manner and to appropriately respond to the current need of exporters.

Vision

Anchoring Kenya's exports in the global market place for economic prosperity

Tagline

Inspiring Global Trade

Mission

Promoting Kenya's Exports Globally through intelligent, timely and accurate Product and Market Information

Council Objectives are:

- 1) To reduce the high cost of business environment to create competitiveness
- 2) To harmonize local restrictions and regulatory requirements...
- 3) To address value chain weaknesses to enhance local production of raw materials
- 4) To improve Market Competition and Terms of Trade

- 5) To Enhance Access to Market Information and Promotion
- 6) To improve Access to Technology by Exporters
- 7) To increase uptake of infrastructure facilities to enhance exports competitiveness
- 8) To enhance exports compliance to international standards
- 9) To strengthen EPC to deliver on its mandate and enhance coordination

The EPC focus is on supporting the delivery of the manufacturing and food security pillars of the Big Four Agenda. The key focus of EPC Strategy is on four broad areas which are analyzed as follows:

- 1) Balance of Payments management
- 2) Export sector competitiveness
- 3) Market Information and Promotion
- 4) Institutional strengthening and Coordination

(c) Key Management

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

- Chief Executive Officer
- General Managers
- Unit heads;

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Mr. Peter Biwott
2.	General Manager Corporate Services	Ms. Christine Mwaka
3.	Ag. General Manager, Product, Market Development and Promotion	Mr. David Yamina
4.	General Manager, Trade Information and Business Services	Mr. Samuel Matonda
5.	Ag. General Manager, Research and Planning	Ms. Celestine Rono
6.	Manager Human Resource and Administration	Ms. Naomi Kariuki
7.	Manager, Internal Audit	Mr. Victor Odindo

(d) Separation of Powers & Duties of the Chairman and Chief Executive Officer

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.

Duties of Directors

The Council's Memorandum and Articles of Association provides for powers and duties of the board members under Article 28-31 to include:

- I. Managing the business of the council to the extent that they may incur all expenses towards promoting the organization.
- II. With the power of Attorney appoint any company, firm or persons to be the attorney/ attorneys of the council for a period they see fit.
- III. Determine the manner in which any monies or negotiable instruments shall be executed.
- IV. Cause minutes to be made in the provided books for purposes of attendance, appointments and resolutions in the meetings.

(e) Fiduciary Oversight Arrangements

Strategy, Export Development and Promotion Committee

The Committee is responsible for advising the Board on Development, Promotion and diversification of export goods, services and markets and facilitating development of export-oriented enterprises.

No.	Strategy, Export Development and Promotion Committee	Members term period
1)	Ms. Mona W. Karingi	Chairperson (2/10/15 to 2/10/18)
2)	Prof. George O. Achoki	Member (2/10/15 to 2/10/18)
3)	Ms. Flora Mutahi	Member (2/10/15 to 2/10/18)
4)	Mr. Mohamed S. Bwika	Member (2/10/15 to 2/10/18)
5)	Bintihamad C. Mwamaingu	Member (2/10/15 to 2/10/18)
6)	Mr. Wilfred Mwanzia	Member
7)	Mr. Peter K. Biwott	Member

Finance and Resource Mobilization

The Committee is responsible for advising the Board on financial reporting processes, the system of internal control, compliance to policies and procedures, budgeting of the Council's activities and programmes and ensuring sustainability of the Council.

No.	Finance and Resource Mobilization Committee	Members term period
1)	Prof. George O. Achoki	Chairman (2/10/15 to 2/10/18)
2)	Mr. Solomon Boit – EBS, CBS	Member (2/10/15 to 2/10/18)
3)	Ms. Flora Mutahi	Member (2/10/15 to 2/10/18)
4)	Mr. Kobia Wakamau	Member
5)	Mr. Joseph Mutuma	Member
6)	Mr. Oliver Konje	Member
7)	Mr. Peter K. Biwott	Member

Audit, Risk and Governance Committee

The Committee is responsible for assisting the Board and Management in fulfilling its oversight role in financial reporting processes, systems of internal control, internal audit process, risk management and monitoring compliance with laws, regulations and the code of conduct.

No.	Audit, Risk and Governance Committee	Members term period
1)	Mr. Mohamed S. Bwika	Chairman (2/10/15 to 2/10/18)
2)	Mr. Solomon S. Boit – EBS, CBS	Member (2/10/15 to 2/10/18)
3)	Ms. Bintihamad C. Mwamaingu	Member (2/10/15 to 2/10/18)
4)	Dr. Isaya Maana	Member
5)	Mr. Wilfred Mwanzia	Member
6)	Mr. Joseph Mutuma	Member
7)	Mr. Oliver Konje	Member

Human Resource and Administration Committee

The committee is responsible for assisting the Board in discharging its duty in overseeing the establishment of appropriate administrative and human resources policies and procedures.

No.	Human Resource and Administration Committee	Members term period
1)	Mr. Solomon S. Boit – EBS, CBS	Chairman (2/10/15 to 2/10/18)
2)	Ms. Mona W. Karingi	Member (2/10/15 to 2/10/18)
3)	Mr. Mohamed S. Bwika	Member (2/10/15 to 2/10/18)
4)	Dr. Isaya Maana	Member
5)	Mr. Kobia Wakamau	Member
6)	Mr. Wilfred Mwanzia	Member
7)	Peter K. Biwott	Member



Export Promotion Council

Entity Headquarters

Export Promotion Council (Headquarters)
Anniversary Towers 1st and 16th Floor
University Way
P. O. Box 40247 – 00100 Nairobi
Tel: +254-20-2228534-8
Office Mobile: +254-722-205875, +254-734-228534
Fax: +254 -20-2228539/
Email: chiefexe@epc.or.ke
Website: www.epckkenya.org

Branches

EPC Regional Office Mombasa
Uni Plaza, 3rd Floor
Aga Khan Road, off Moi Avenue
P.O. Box 90143- 80100 Mombasa
Tel: +254-041-2319247/020-3579237
Email: coast@epc.or.ke

EPC Regional Office Eldoret
National Bank Building, 2nd Floor
Oloo Street
P.O. Box 853 Eldoret
Tel: +254 -20-3573020/3573758
Email: western@epc.or.ke

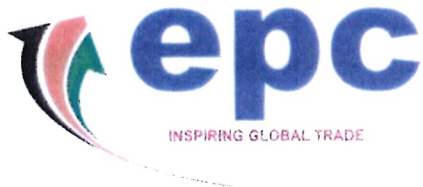
(f) Entity Contacts

Export Promotion Council (Headquarters)
P. O. Box 40247 – 00100 Nairobi
Tel: +254-20-2228534-8
Office Mobile: +254-722-205875, +254-734-228534
Email: chiefexe@epc.or.ke
Website: www.epckkenya.org

Branches

EPC Regional Office Mombasa
P.O. Box 90143- 80100 Mombasa
Tel: +254-041-2319247/020-3579237
Email: coast@epc.or.ke

EPC Regional Office Eldoret
P.O. Box 853 Eldoret
Tel: +254 -20-3573020/3573758
Email: western@epc.or.ke



Export Promotion Council

EPC/JKIA Liaison Office
1st Floor, International Arrivals
P.O. Box 40247-00100, Nairobi
Tel: +254 -20-827911
Email: jkia@epc.or.ke

(g) Entity Bankers

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

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

Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(h) Principal Legal Adviser

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

II. THE BOARD OF DIRECTORS

Director	Director profile
Mr. Jaswinder Bedi - EBS 	BOARD CHAIRMAN • Managing Director, Bedi Investments Limited • Executive Director, Fine Spinners Uganda Limited • Director, Kenya Private Sector Alliance • Member, Young Presidents Organization (YPO) • A Textile graduate (1984) and has attended numerous executive business courses at the Harvard Business School, IMD and IIM. • A seasoned leader whose business acumen has been recognized by various Governments worldwide and Presidents of the Republic of Kenya. He has been tirelessly involved in developing export market opportunities, particularly in trading blocs such as EAC, COMESA, SADC, TFTA, AfCFTA, USA and the European Union. Jas has previously served as: • Chairman African Cotton & Textile Industries Federation (ACTIF) 2006 - 2019 • Chairman Export Promotion Council (EPC) 2016 - 2019 • President of International Textile Manufacturers Federation (ITMF) 2016 - 2018 • Chairman Kenya Association of Manufacturers (KAM) 2010 - 2012 • Director Kenya Association of manufacturers (KAM) 1996 - 2010 • Chairman Kenya Apparel Manufacturers Exporters Association 2003 -2010 • Governor Kenya Private Sector Alliance (KEPSA) 2010 - 2015 • Vice Chairman East African Business Council (EABC) 2012 – 2014 • Managing Director Orbit Chemicals Industries Limited 2003 – 2005 • Director Export Processing Zones Authority (EPZA) 2006 – 2012 • Director Export Promotion Council (EPC) 2003 - 2006 Board member of Federation of Kenya Employers (FKE)

Director	Director profile
	• Date of Appointment: 18th March 2016 to 17th March 2019 • DOB: 15.01.1963
Dr. Chris Kiptoo -CBS  • PhD in International Macroeconomics Finance Specialization	• Principal Secretary State Department of Trade, Ministry of Industry, Trade and Cooperatives • Associate of Kenya Chartered Institute of Bankers (A.K.I.B). • Fellow of the Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI) • Chair of the Kenya's National Trade Negotiations Committee (NTNC) • Specialist in International Trade and Finance including monetary policy and financial sector issues • Formerly worked for Trademark East Africa's (TMEA) as the Kenya Country Director, Office of the Prime Minister (OPM), Kenya, Capital Markets Authority (CMA), Central Bank of Kenya (CBK), The International Monetary Fund (IMF) and National Cereals and Produce Board (NCPB)
Mr. Solomon Boit - EBS, CBS  • MA (International Studies) • MA (Economic and Social Studies) • BA (Social Sciences)	• Director, Emerge (K) Ltd • Consultant, Trapos Africa • Former Chairman, Pyrethrum Board of Kenya • Former Permanent Secretary, Ministry of Local Government • Former Permanent Secretary, Ministry of Cooperative Development and Marketing • Former Secretary, Public Service Commission • Former Principal Administrative Secretary, Cabinet Office • Former District Commissioner, West Pokot, Laikipia, Nairobi • Served as District Officer in various Divisions in Kenya. • Date of appointment: 2nd October 2015 to 2nd October 2018 • DOB: 13.06.1959

Director	Director profile
Prof. George O. Achoki  • PhD in Human Resource Accounting • Master of Commerce in Accounting and Statistics • Bachelor of Commerce • Post Graduate Diploma in Computer Science	• Associate Professor of Accounting, USIU • Former Dean, Chandaria School of Business, USIU • Former Senior Lecturer, Kenyatta University • External examiner – Kenyatta University and JOOUST University • Resource Person – Commission for University Education (CUE) • Management Consultant, Manpower Services (K) • Date of appointment: 2nd October 2015 to 2nd October 2018 • DOB: 24.04.1966
Ms. Flora Mutahi  • Master's in business administration	• Chairperson, Kenya Association of Manufacturers (KAM) • Founder/CEO, Melvin Marsh International Ltd • Vice Chair, COMESA Business Council • Board Member, Kenya Private Sector Alliance • Board Member, Jubilee Insurance Company • Board Member, SBM Bank Kenya • Founder and CEO of Azizi Realtors Ltd, a real estate company specializing in sale and lease of residential and commercial property • Date of appointment: 2nd October 2015 to 2nd October 2018 • DOB: 05.08.1967

Director	Director profile
• BSc, Finance and Accounting • CPA (K) • Diploma in Executive Marketing	
Ms. Mona Karingi  • BA in Social Sciences • Certificate in Marketing (MSK)	• Career marketer having joined Coca-Cola in 2005 rising to Country Marketing Manager East, West and Central Africa • Consumer Research, Brand Strategy Development, Advertising, Promotions, Public Relations and Media Management with particular skills in translation of insights into strategies • Expert in consumer marketing strategy in the FMCG sector • Overseen development, implementation and tracking of marketing strategy • Date of appointment: 2nd October 2015 to 2nd October 2018 • DOB: 28.07.1974
Ms. Binti Hamadi C. Mwamaingu 	• Vice Chairperson, Maendeleo ya Wanawake, Kwale County • Chairlady, Maendeleo ya Wanawake, Ramisi Ward • Peer educator for social development on Women • Date of appointment: 2nd October 2015 to 2nd October 2018 • DOB: 22.12.1970

Director	Director profile
Mr. Mohamed S. Bwika  • MA in Industrial and Vocational Education • BA in Industrial and Vocational Education	• Board member in the Kenya Civil Aviation Board • Has served as a Returning Officer, Electoral Commission of Kenya • Manager, Educational Services, Islamic Foundation of Kenya • Senior Principal, Coast Institute of Technology • Consultancy work with the ILO • Date of appointment: 2nd October 2015 to 2nd October 2018 • DOB: 16.02.1945
Mr. Albert K. Wakamau 	Alternate to the Principal Secretary, Ministry of Tourism W.e.f 1st July 2017,

Director	Director profile
Mr. Wilfred Mwanzia  • Bachelor of Science (Agriculture)	• Alternate to the Principal Secretary, Ministry of Agriculture, Livestock and Fisheries. • Work experience: over 30 years in the Agriculture Sector • Over 10 years dealing with trade both regional and international, trade negotiations
Dr. Isaya Maana 	Alternate to the Governor, Central Bank of Kenya. • Assistant Director in the Research Department at the Central Bank of Kenya (CBK). • Head of the Monetary Policy Committee (MPC) Secretariat at the CBK. • He has wide experience in the Central Bank's operations spanning over twenty years, has undertaken technical research and published on monetary and financial sector issues, public debt, and on Central Bank communications

Director	Director profile
Mr. Joseph Mutuma  • MBA – Finance • Bachelor of Commerce – Accounting Option • CPA (K)	• Alternate to Principal Secretary, the National Treasury • Senior Deputy Director of Budget, the National Treasury • He is a seasoned professional in Public Finance Management especially in Budget Policy, Planning, Implementation/Execution, Monitoring, Evaluation and Reporting. • D.O.B. 9th April 1972
Mr. Oliver Konje  • Bachelor of Commerce- Marketing • MSC Entrepreneurship	• Alternate to the Principal Secretary, State Department of Trade. • Assistant Director (SDT) Bilateral Division. • Former Senior Lecturer (KIBT), • Former Commercial Attached (Germany)

Director	Director profile
Mr. Peter K. Biwott - CEO  • Master's in International Development Studies (Economics of Development and Quantitative Economic Policy Analysis) • Bachelor of Commerce (Economics) • Post Graduate qualifications in Macroeconomic Policy Analysis and Research Continental Free Trade (African Context); Trade Dimension in the United Nations Development Assistance Frameworks; Standards and Agricultural Trade; and Trade in Services and Liberalization.	• Chief Executive Officer; Export Promotion Agency 4th April 2017 – 3rd April 2020 • Provides overall strategic direction for achievements of the Council's mandate • Full Member, Kenya Institute of Management (KIM). • Previously worked with Kenya Association of Manufacturers (KAM), Kenya National Chamber of Commerce and Industry (KNCCI), Commission on Revenue Allocation (CRA), Kerio Valley Development Authority (KVDA), Kenya Institute of Public Policy, Research and Analysis (KIPPPRA) and Ministry of State for Planning, National Development and Vision 2030 • DOB 21-07-1976

III. MANAGEMENT TEAM

Profile of Key Management	Main area of responsibility without details
Mr. Peter Biwott - CEO  • Master's in International Development Studies (Economics of Development and Quantitative Economic Policy Analysis) • Bachelor of Commerce (Economics) • Post Graduate qualifications in Macroeconomic Policy Analysis and Research Continental Free Trade (African Context); Trade Dimension in the United Nations Development Assistance Frameworks; Standards and Agricultural Trade; and Trade in Services and Liberalization.	• Chief Executive Officer; Export Promotion Agency 4th April 2017 – 3rd April 2020 • Provides overall strategic direction for achievements of the Council's mandate • Full Member, Kenya Institute of Management (KIM). • Previously worked with Dubai Chamber of Commerce, Kenya Association of Manufacturers (KAM), Kenya National Chamber of Commerce and Industry (KNCCI), Commission on Revenue Allocation (CRA), Kerio Valley Development Authority (KVDA), Kenya Institute of Public Policy, Research and Analysis (KIPPRRA) and Ministry of State for Planning, National Development and Vision 2030 • DOB 21-07-1976
Ms. Christine Mwaka 	• Chief Manager, Corporate Services • Ensuring optimal utilization of the Councils resources • Financial Management and Accountability • Joined the Council as the General Manager Finance in 2010 • Previously worked with Kenya Red Cross Society, KEPSA and Legal Advice Centre (Kituo Cha Sheria) in senior management positions • Full Member, Institute of Certified Public Accountants of Kenya

Profile of Key Management	Main area of responsibility without details
• CPA (K), • Pursuing PhD, Leadership and Governance (Course work complete) • MBA - Finance Option	• Full Member, Kenya Institute of Management, Kenya • Full Member, Institute of Directors
Ms. Frida Mbugua  • Master of Arts in International Studies • Bachelor of Law (UON) • Post Graduate Diploma in Law • Higher Diploma in Human Resource • Full member of ICPSK and Kenya Law Society	• Corporation Secretary • Trained Arbitrator and experienced Public Policy Advocacy Expert • Previously worked for Brand Kenya and KEPHIS as Corporation Secretary and Head of Legal Services • Has worked for Kenya Association of Manufacturers as Manager Legal and Regulatory Affairs.
Ms. Celestine Rono 	• Ag. Chief Manager Corporate Strategy, Research and Advocacy • Joined Export Promotion Council on 1st July 2018 • Provides overall leadership in Corporate Strategy, Research and Advocacy Department • Full Member, Institute of Certified Public Accountants • Full Member, Institute of Certified Secretaries • Previously worked with The Anti-Counterfeit Agency, Kenya Women Finance Trust and Eastern Produce Kenya Limited.

Profile of Key Management	Main area of responsibility without details
• CPA (K), CS (K) • Master of Business Administration- Strategic Management • Bachelor of Business Administration	
Mr. David Yamina  • Master of Business Economics (Marketing Management) • Bachelor of Arts (Economics)	• Ag. Chief Manager – Product, Market Development and Promotion • Manager – County Export Support Services • Manage and Coordinate EPC regional offices operations • Collaborate and Partner with County governments on Export Development and Adaptation.
Mr. Victor Odindo	• Internal Audit, Risk Management & Quality Management Representative

Profile of Key Management	Main area of responsibility without details
 • CPA (K), CISA • Master of Commerce (Forensic Accounting) • Bachelor of Commerce (Finance)	
Mr. Samuel Matonda  Master of Science in Enviromental Chemistry- ongoing (Course work complete) Master in Business Administration Marketing option	• Chief Manager Trade Information and Business Services • In charge of provision of accurate and timely Trade Information and E trade services. • Previously worked for Kenya Association of Manufacturers, Kisii County Government and Agropharm Africa- Rwanda • WEF 1st May 2018 to 22nd August 2019

Profile of Key Management	Main area of responsibility without details
Bachelor of Science in Chemistry (Major)	
Ms. Naomi Kariuki  CHRP Certification Diploma in Leadership and Management (KIM) Master of Science in Human Resource Management Bachelor of Business Administration (Human Resource Option) Full member, Institute of Human Resource Management	• Manager Human Resource and Administration • Development and Implementation of Human Resource and Administration Policies • WEF 1st June 2018 to 15th August 2019
Ms. Elizabeth Mulae  Bachelor of Arts (BA) Communication MA in Communication development. Full member Public Relations Society of Kenya	• Manager- Corporate Communication • Has over 15 years' experience in media Communication and public relations • Has been a reporter and an editor of two magazines in the last 5 years • In charge of corporate communication

IV. CHAIRMAN'S STATEMENT

I am pleased to present Export Promotion Council's Financial Statements for the financial year 2018/19. In line with *Kenya Vision 2030*, the Export Promotion Council recognises the fact that Kenya's economy is in the transitional stages from a lower-middle income category to a higher middle-income category and has therefore, continues with efforts to spur economic growth through exports.

We are in challenging times and in the financial year 2018/2019, in furtherance to the national mandate to develop, and promote Kenya's exports, the EPC undertook to further Kenya's integration into the global system to harness the much needed foreign exchange for the country. Efforts are being made to upscale production capacities and value addition in diverse economic sectors that feed onto exports and supported for market access. We look forward to build strong capacities that would entrench Kenya's products and thereby enhancing the contribution of export oriented sector such as agriculture, manufacturing and services to the Gross Domestic Product (GDP).

The 2018/19 financial year has been active and started off in a very promising footing with major indicators positive and indicative of an expanding export sector. Nevertheless, there have been challenges in the global markets that have impacted on the demand for lead products such as tea and coffee that have had consequential impacts on supply and prices.

The EPC prioritized the implementation of the Export Development Programme with specific attention on initiatives that have been identified as inhibitive to the growth performance growth of the export sector ;the "*Pain Areas*" that continue to undermine the export performance. Within the same period the Export Promotion Council focussed on in market challenges, especially product promotion and customer development.

Between July 2018 to June 2019, Kenya's exports totalled to KShs. 596.20 billion with domestic exports worth KShs. 526.20 billion (88.3%) while re-exports made up the remaining KShs. 70.04 billion (11.7%). While the returns were relatively modest in relations to the national demands; this was mainly conditioned by the prevailing supply side issues and global economic environment.

For a wider integration of the economic operators throughout the economy, the Export Promotion Council has continued engaging with the sub-national entities and counties, to enable the devolved entities understand their linkages ,engage and improve competitiveness of Kenyan products and thereby support the development of export in Kenya.

In consideration of the continually changing global business environment; that included external policies that continue impacting on export performance, the Export Promotion Council engaged export development

programmes for the region and also disseminated relevant information on developments that had bearings on their performances. The promotion programmes and policy conformity for regional, bilateral, and multilateral, ensured that the private sector is always exposed to the prevailing and ongoing policy environments both in the market of interest, bilaterally and regionally.

To enable higher level of performance in the year, the Board completed the first round of staff placement, this being part of initiatives to improve performance which also included recruitment of new staff to replace those that had exited. In as much as the budgetary allocations and voted financial resources had been rationalized; the Board of Directors endeavoured to performed within the enabled means, to perform their functions in the best interest of Export trade development.

Moving forward, it is our firm commitment to continue meeting the national goals as mandated, to leverage foreign exchange through export by supporting the private sector to produce and export without major hitches. In the Export Promotion Council, we remain committed and will always endeavour to facilitate positive exports performance as well as delivery on the Big Four Agenda and other development goals.



Mr. Jaswinder Bedi – EBS
Chairman

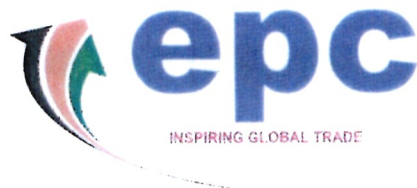
V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Export Promotion Council is a Trade Support Institution established by Government in 1992 to spearhead export performance and related activities. The Council was established to primarily assist exporters and producers of export goods to overcome bottlenecks in order to achieve higher levels of export performance and foreign exchange earnings, thereby enhancing economic growth.

The 2018/19 financial year has seen several positive dynamics that have contributed to the overall success and meeting sectoral goals. In the financial year, export performance was stable as compared to the same period in 2017/2018. Exports earning were estimated at KShs. 596.2 billion in the twelve months (July 2018-June 2019) of financial year 2018/19 comparatively and slightly lower than KShs. 614.6 billion recorded in the same period (July 2017-June 2018) in the financial year 2017/18. The highest performing markets in the twelve months included: Uganda (KShs. 61.6 billion), USA (KShs. 51.7 billion), Pakistan (KShs. 49.5 billion), Netherlands (KShs. 47.3 billion) and the United Kingdom (KShs. 39.3 billion). Out of the top five markets, two recorded slackened performance compared to the similar period in 2017/18 financial year, namely Pakistan and United Kingdom.

During the financial year we have implemented several initiatives that shape the future performance of the export sector in line with the *Integrated National Export Development and Promotion Strategy 2018-2023*:

- i. the African Continental Free Trade Area (AfCFTA) initiative has had renewed dynamism with an increasing number of African states ratifying the protocol. This portends well for the development and promotion of Kenya exports that would readily find markets in African markets.
- ii. The dynamics within the EAC has continued to evolve with the tendencies of heightening competition among the member states. Kenya's exports have had mixed performance with continued reporting of the Non-Tariff Barriers by Kenyan exporters. The Export Promotion Council has in response continued to participate in the regional and international policy forums with a view to influencing favourable policies in EAC, COMESA, Tripartite Free Trade Area and the Continental Free Trade Area.
- iii. The global market environment has continued being competitive. To remain competitive, EPC led Kenya's participation in key regional and global manifestations among which included the Dar es Salaam International Trade Fair, Kampala International Trade Fair, the Inaugural China International Import Exposition and; the Intra Africa Trade Fair exhibition in Egypt, Launch of the Kenya Export Market Development Programme (KEMDP) for Calendar 2019 and Avocado Risk Pest Analysis by Chinese experts. the Council part in local trade shows including Kisumu ASK show, the Nairobi International Trade Fair, Origin of Africa 2018 and the East Africa Jua Kali Nguvu Kazi trade shows.



Export Promotion Council

- iv. To inform responses to challenges in the regional markets, the Council commissioned a Diagnostic Market Survey in the Republic of Tanzania and Mozambique which is expected to show the way forward on matters of future trade within the East and Southern Africa. This was complimented by the trade flow analyses generated by EPC in the following Countries: Japan, India, China and Uganda.

I take this opportunity to thank the Ministry of Industry, Trade and Co-operatives, the mother Ministry that has continued to offer unparalleled support to the Council in the execution of programme activities. I also extend appreciation to our stakeholders for their active participation in the export market development programmes that have registered great success in the East African Region, the rest of Africa and other emerging international markets. Finally, I commend the staff of the Council, whose commitment has ensured accomplishment of scheduled activities in the wake of existing and emerging challenges.

Christine Mwaka
FOR:
CHIEF EXECUTIVE OFFICER

VI. CORPORATE GOVERNANCE STATEMENT

The Export Promotion Council is a body corporate established through legal notice 4342 of 1992 for purposes of promoting exports by assisting exporters and producers to overcome bottlenecks consequently achieving high levels of export performance.

Corporate governance is the process and structure used by the Council to direct and manage its business affairs. This enables the Council to enhance corporate performance, prosperity, and accounting and to achieve long term value to government taking cognizance of the interest of other stake holders. This statement sets out the main corporate governance practices and structures in the Council.

The corporation adheres to the Mwongozo Code of Governance established to ensure effective and efficient use of public resources in order to achieve our shared goals. The Code of Governance conforms to the Constitution of Kenya (2010) as it is anchored in various articles. Article 10 which embeds the national values and principles of governance, Article 73 entrenching the guiding principles of leadership and integrity and Article 232 which stipulates the national values and principles of public service.

The Board of Directors of the Export Promotion Council (EPC) is responsible for the governance of the Council 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 Council with integrity, professionalism and has embraced the internationally developed principles and code of best practice of good corporate governance.

Board of Directors

There is established an Export Promotion Council Board of Directors. It is provided for under the council's Memorandum and Articles of Association, Article 24 charged with the responsibility of managing the business of the council.

The Board's responsibilities are broadly set in the Board Charter. The Charter further outlines the core commitment required of members of the Board to discharge their mandates. It ensures the effectiveness of each Director's contribution in the governance of the Council by facilitating full and free exercise of independent judgment and professional competencies. The Board defines the Council's strategies, objectives, and values. They also ensure that procedures and policies are set in place to ensure effective control over strategic, financial, operational and

compliance issues. Except for policy guidance and direction, the Board delegates authority of its day to day business to the Management through the Chief Executive. It is none the less responsible for the stewardship of the Council and assumes responsibilities for the effective control over the Council.

The board in the performance of its functions is guided by the provisions of the Constitution (2010) and the Mwongozo code of Governance among other laws. The boards as well as management have continued to uphold the core values of the organization. In line with the core values the board championed the development of the Strategic Plan, 2018 – 2022. The focus of this strategic plan is to create and deliver higher value to customers, to enable market access for Kenyan produced goods and services.

The plan embraces a heightened passion for exports within the Country to meet the President's pronouncement to the Nation to work towards the Big 4 Agenda namely Food Security, Better housing, Universal healthcare and above all manufacturing sector.

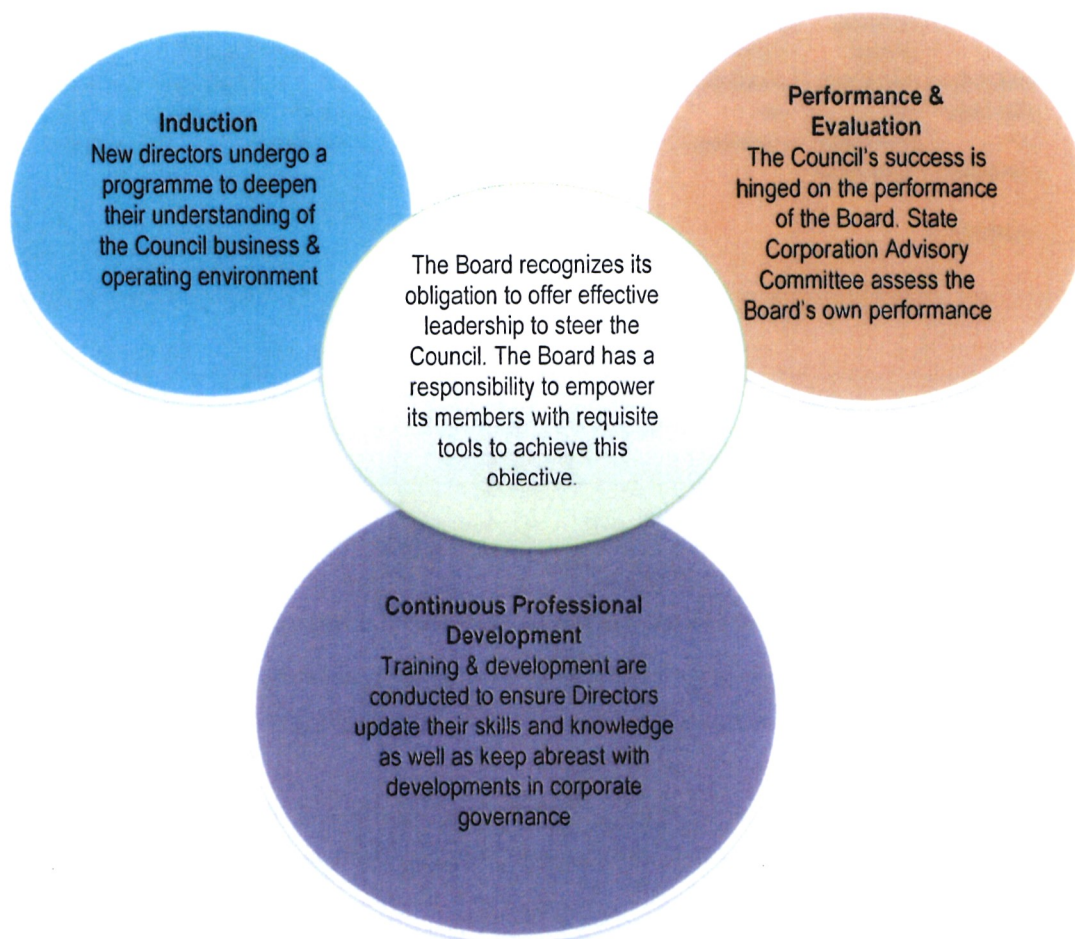
Board Meetings

During the 2018/2019 financial year, the Board and its Committees met on various occasions to consider several issues. The Board and its Committees held a total of eighteen (18) meetings during the year (full board – three; finance committee – two; human resource & Administration Committee - two; Strategy, Market Development and Promotion Committee - one; audit committee -one; ad-hoc committees on Kenya Trade Week six meetings, Cycle Performance one meeting, Disciplinary one meeting and meeting with cabinet secretary one meeting).

BOARD MEMBERS PARTICIPATION IN MEETINGS FOR THE FY 2018/2019

Member	Finance & Resource Mobilization Committee meetings	Strategy, Market Development & Promotion Committee	Human Resource & Administration Committee	Audit, Risk & Governance Committee	2 nd Kenya Trade Week	Cycle performance contract committee	Meeting with Cabinet Secretary	Ad Hoc Committee meeting on Mary Ogutu	Full Board Meetings
Mr. Jaswinder Singh Bedi					5				3
Ms. Mona Wanjiru		1	2		6	1	1		1
Ms. Flora Mutahi		1							1
Mr. Oliver Konje	2			1	2			1	3
Mr. Albert Kobia Wakamau									
Dr. Isaya Maana			1	1				1	2
Mr. Joseph Mutuma	1				2				1
Mr. Wilfred Mwanzia		1	2		4			1	2
Mr. Solomon Boit	2		2	1	2		1		2
Prof. George Otieno Achoki	2	1	1		6	1			1
Mr. Mohamed Bwika		1	2	1	2				2
Ms. Binti Hamad Choyo		1		1	2				2
Mr. Peter Kibet Biwott	1	1	1			1		1	3

Board Effectiveness



Committees of the Board

The Board has set up the following principal Committees which meet under well-defined terms of reference set by the Board. This is intended to facilitate efficient decision making of the Board in carrying out its duties and responsibilities.



a) Strategy and Market Development & Promotion Committee

The Committee is responsible for advising the Board on Development, Promotion and diversification of export goods, services and markets and facilitating development of export-oriented enterprises.

The membership of the Committee is comprised as follows:

Ms. Mona W. Karingi	-	Chairperson
Ms. Flora Mutahi	-	Member
Ms. Bintihamad C. Mwamaingu	-	Member
Mr. Wilfred Mwanzia	-	Member
Prof. George Achoki	-	Member
Mr. Mohamed S. Bwika	-	Member

The Committee held one (1) regular meeting.

b) Human Resources & Administration Committee

The committee is responsible for assisting the Board in discharging its duty in overseeing the establishment of appropriate administrative and human resources policies and procedures.

The membership of the Committee is comprised as follows:

Mr. Solomon S. Boit – EBS, CBS	-	Chairman
Ms. Mona W. Karingi	-	Member
Mr. Mohamed S. Bwika	-	Member
Dr. Isaya Maana	-	Member
Mr. Albert K. Wakamau	-	Member
Mr. Wilfred Mwanzia	-	Member

The Committee held two (2) regular meetings.

c) Finance and Resource Mobilization Committee

The Committee is responsible for advising the Board on financial reporting processes, the system of internal control, compliance to policies and procedures, budgeting of the Council's activities and programmes and ensuring sustainability of the Council.

The membership of the Committee is comprised as follows:

Prof. George O. Achoki	-	Chairman
Mr. Oliver Konje	-	Member
Ms. Flora Mutahi	-	Member
Mr. Solomon Boit – EBS, CBS	-	Member
Mr. Joseph Mutuma	-	Member
Mr. Kobia Wakamau	-	Member

The Committee held two (2) regular meetings.

d) Audit, Risk and Governance Committee

The Committee is responsible for assisting the Board and Management in fulfilling its oversight role in financial reporting processes, systems of internal control, internal audit process, risk management and monitoring compliance with laws, regulations and the code of conduct.

The membership of the Committee is comprised as follows:

Mr. Mohamed S. Bwika	-	Chairman
Mr. Oliver Konje	-	Member
Dr. Isaya Maana	-	Member
Mr. Joseph Mutuma	-	Member
Mr. Solomon Boit – EBS, CBS	-	Member
Ms. Bintihamad C. Mwamaingu	-	Member

The Committee held one (1) regular meeting.

VII. MANAGEMENT DISCUSSIONS AND ANALYSIS

The Council's Operational and Financial Performance

The Council made an operating surplus of Kshs.24,192,483 in the year under review.

The Council's Compliance with Statutory Requirements

The Council 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.

Key projects/ Programmes

Trade Fairs and Exhibitions

The Council participated in four (4) local trade shows i.e. Kisumu ASK show, the Nairobi International Trade Fair, Origin of Africa 2018 and the East Africa Jua Kali Nguvu Kazi trade show to showcase EPC services and disseminate information to the public on export opportunities. Through these forums, the Council has been able to identify potential and new exporters for mainstreaming into the export trade cycle.

Nairobi International Trade Fair 2018- 1st to 7th October 2018



EPC staff hold the stand after being recognized as the Best stand in Strategies of International Trade and exports

EPC participated in this year's Nairobi International Trade Fair 2018. The Agricultural Society of Kenya hosted the Nairobi International Trade Fair from the 1st of October to the 7th October 2018 at the ASK show grounds, Jamhuri. The Trade fair was officially opened by His Excellency the President Uhuru Kenyatta.

The theme for the Trade Fair was "Promoting Technology and Innovation in Agriculture and Trade for the achievement of Kenya's Big Four agenda. The annual Nairobi Agricultural Show aims to increase income at the same time inspire creativity and share innovations to improve livelihoods and access to markets for all countries represented in the Trade Fair. The Export Promotion Council exhibition was housed under its ministry; The Ministry Industry, Trade and Cooperatives who also housed other different government parastatals including the Anti-counterfeit, Kenya National Chamber of Commerce KNCC&I and the departments of Internal and External Trade. The State Department of Industry, Trade and Cooperatives, Principal Secretary (PS) Dr. Chris Kiptoo, CBS had an opportunity to visit all the stands under the Ministry of Trade where each department and State Agency took him through their services and activities what they do and the different services they offer.

Origin Africa from 9th to 11th September 2018.



EPC staff with origin Africa participants at the Visa Oshwal Westlands.



Export Promotion Council

The Export Promotion Council facilitated 16 Enterprise Product Development beneficiaries to participate in the Origin Africa event that took place at Visa Oshwal, Westlands from 9th to 11th September 2018.

Origin Africa is African Cotton & Textile Industries Federation's (ACTIF) platform to promote African cotton, textile, apparel, fashion and associated industries. Several displays were held on Fiber, Textile & Apparel, Fashion brands and Fashion accessories, textile & Technical accessories, Textile Machinery and Technology, Home decor, Home accessories and gifts Cotton fiber producers and trading companies and agencies, Exporters/Importers, Quality control & certification organizations, Logistics companies, Printing & Packaging agencies, Financing institutions.

The event attracted regional and international visitors who comprised of buyers, chain store owners, hotel and restaurant owners, Chief Executive Officers, directors, purchasing, procurement, production and factory managers, textile and clothing manufacturers, importers, wholesalers, sourcing agents, media, associations and government organizations.

The Uganda International Trade Fair (UGITF) 2nd October to 10th October 2018

UGITF is a well-established multi-sectoral business event in Uganda and the region and is an effective platform for marketing products and services, as well as for launching new and improved technologies. It exposes Kenyan companies/enterprises to Uganda's fast-growing market, the East African Community, and the COMESA region. UGITF's business success was demonstrated by the increased participation of exhibitors from both the foreign and in the host country. Companies met potential customers and business partners and made new business linkages as they showcased their company products/services.

During this event, the organizers set aside 3 business days purposely for business to business (B2B) meetings, business symposium with potential business people with clear objectives of concluding business deals as well as forging partnerships and joint ventures. The Business days were 3rd, 4th and 5th October 2018. The Council's objective in the participation was to consolidate Kenya's market share and to utilize its presence in the Ugandan market. Participating companies were able to increase their visibility in the Ugandan and global market, not only through event cataloguing but also through featuring in Ugandan print and electronic media.

Products showcased included; processed foods and beverages, personal hygiene products, beauty and health care products, consumer and household chemicals, engineering and construction services, paper and paper products, packaging, textiles and garments, crop protection and animal health products, motor vehicle accessories, farm inputs, construction materials (iron sheets, paints, etc.), dairy and meat products, furniture, footwear, Services-

ICT, medical, education, transportation, banking, insurance, security, hospitality, engineering, construction and other professional consultancy services.



EPC Staff, SME's participating in the UGITF and The High Commissioner H.E Amb. Kiema Kilonzo

China International Import Expo (November 5 -10, 2018) Shanghai, China (CIIE)

Following the announcement by His Excellency Xi Jinping, President of the People's Republic of China in May 2017 during the Belt and Road Forum for International Cooperation, China held the First China International Import Expo (CIIE) from 5th to 10th November, 2018 at the National Exhibition and Convention Center in Shanghai, China. Kenya was among the 172 countries and 3,600 enterprises that participated in the expo. The Expo produced tangible and positive outcomes for participating countries and the world economy. According to information released by the CIIE Bureau, the expo ended with the value of intended deals of more than \$57.8 billion. This includes the intended transactions of trade in high-end intelligent equipment, consumer electronics and appliances, automobiles, apparel, accessories and consumer goods, food and agricultural products, medical equipment, and healthcare products and services. The expo also attracted a lot of attention from domestic and international media, as more than 4,000 journalists from home and abroad reported about the event. Kenya's participation was led at the highest level by H.E. President Uhuru Kenyatta.

In his opening remarks during the opening ceremony H.E. President Uhuru Kenyatta congratulated President Xi Jinping for his commitment to economic cooperation and readiness to open her market to the rest of the world and leadership in advocating for strengthening of rule based global trade. The President noted the strong partnership between Africa, Kenya and China, and welcomed partnerships in all areas. The President suggested the following to boost Sino-Africa trade and embrace a win-win framework, where benefits of International Trade are shared between China and Africa:

- a) A reduction or elimination of tariffs to enable access of products from Africa.
- b) An initiative designed to give preferential access to African goods to stimulate the growth of African exports. This can be done on a pilot basis with few African countries.
- c) Provision of technical support to Sanitary and Phytosanitary Institutions in Africa to enable them to comply with Chinese SPS standards and other international requirements. This will help facilitate increased exports of African Agricultural products to China.
- d) China to support trade promotion initiatives aimed at exposing African exports to the Chinese market.
- e) Encourage increased tourism by Chinese Nationals to Africa's numerous holiday destinations; and,
- f) Chinese firms to manufacture in Africa and export to the rest of the world.

To bridge the trade imbalance between Kenya and China, a number of initiatives were concluded during the CIIE:

- a) A Memorandum of Understanding (MoU) was signed between the Ministry of Agriculture, Livestock, Fisheries and Irrigation of the Republic of Kenya and the General Administration of Customs of the People's Republic of China on Sanitary and Phytosanitary (SPS) Measures. The products coverage includes fruits, nuts, avocados, legumes, flowers, vegetables, meat and meat products, leather and leather products, among others.

The implementation of this MoU will also promote good relationship among the competent authorities in SPS and thus enable faster resolution of challenges that Kenyan products face in accessing the Chinese market.

- b) Memorandum of Understanding (MoU) between the Government of the People's Republic of China and the Government of the Republic of Kenya on the Establishment of a Working Group on Promoting Trade. The Working Group is set to come up with a trade agreement that will allow a select range of products from Kenya to access Chinese market on favorable terms.

- c) A Protocol of the Phytosanitary Requirements for the export of Stevia from Kenya to China between the General Administration of Customs of the People republic of China and the Kenya Plant Health Inspectorate Service of the Republic of Kenya.

These initiatives are expected to pave way for more Kenya Products to access the huge China market and thereby start addressing the existing trade disparity between the two countries.

In a bid to make the Kenyan products visible in the Chinese market, the Kenyan delegation led by the Cabinet Secretary, Ministry of Industry, Trade and Cooperatives agreed to enter into partnership with Green chain whose leader was Mrs. Rossella LV, Chairperson. The aim of the partnership was to promote Kenya exports in China including Avocado, Macademia, teas, coffees, flowers among others using online eCommerce platform famous in China and to launch Kenyan products in China as well as for EPC to indicate intent to work with Green chain in the promotion of Kenyan products in China. This was done during the *“Kenya Now launch of exportable products”* at the W Hotel Bund Hotel in Shanghai.

The launch was aimed at formerly introducing the Kenyan products to China and encouraging the promotion of the same through like-minded partners like Green chain in order to deliver win-win outcomes. The MOU establishing a joint working group between China and Kenya that was signed on 8th November 2018 established a framework of co-operation between China and Kenya hence the commencement of partnership discussions between Green chain and EPC further affirms this co-operation. It is intended that Green chain shall provide an online as well as physical platforms through its networks that will market Kenyan products.



The CS Ministry of Industry, Trade and Cooperatives, **Hon. Peter Munya** with Kenyan and Chinese delegation after signing a deal with Green Chain in China during the CIIE.



The summary of Kenya Big wins after CIIE China Expo



EPC CEO with Greenchain team after signing the partnership agreement during the CIIE Expo in Shanghai China



Bilateral Talks between the Kenya and China



H.E Uhuru Kenyatta markets Kenyan products to H.E Xi Jinping at the Kenya pavilion

Intra-African Trade Fair Cairo, Egypt 11th - 17th December 2018 (IATF)

The Inaugural Intra-African Trade Fair (IATF) was the first of its kind in Africa, consisting of a 7-day trade show that provided a platform for sharing trade, investment and market information and enabling buyers and sellers, investors and countries to meet, discuss and conclude business deals. It provided an opportunity for exhibitors to showcase their goods and services, engage in Business to Business (B2B) exchanges and conclude business deals. IATF provided a platform for entry into a single market of over one billion people joined together under the African Continental Free Trade Area.



Exhibitors display their stoves at the Kenyan Pavilion during the IATF event in Cairo, Egypt.

The Trade Fair was organized by the Africa Union, AFREXIMBANK, and the Government of the Arab Republic of Egypt. Kenya was the first to sign and ratify the instruments of the AfCFTA and is keen on implementation of AfCFTA since it will create a huge market for Kenyan exports and consequently improve on the Balance of Trade. Kenya closed mega deals mainly in tea, coffee and flower sectors. Most companies were able to network broadly and close business deals during the Business to Business meetings during the week-long fair.



Business to Business discussions at the Kenyan Executive Lounge during the IATF Fair in Cairo, Egypt.

Bilateral discussions alongside the Kenya Business Forum were organized by the Export Promotion Council engendered political goodwill for trade to thrive, strengthen and open business and economic ties between Kenya and Egypt. The forum helped Kenyan companies dealing in manufactured products, services, engineering and automotive accessories, dairy, textile & leather products etc, targeting the EAC market, better understand the market; produce market-led products; enhance brand and corporate image; give marketing support to their local distributors; launch and test-market new products; seek out new contacts and business leads and gauge the competition in the Egyptian market.



EPC CEO and staff sharing information with visitor interested in Kenyan exports at the Kenyan pavilion during the services day

Market survey and Product Research in EAC/COMESA for Manufactured Exports

The Council conducted 2 market survey studies in Tanzania and Mozambique with an aim of increasing exports into those markets through intelligence and research. The choice for manufactured exports as key products was informed by the National's Big four Development Priorities. The choice for the two countries was informed by opportunities in trade or imbalances in trade as demonstrated in the trade flows generated between Kenya and the two countries.

Developing foreign market entry/sustainability strategy for Kenyan exports

Five market entry strategies were developed for the following markets Japan, India, China, Mozambique and EAC (Tanzania and Uganda). These strategies highlight the opportunities in trade and outline feasible approaches for entry into the respective markets. The strategies include a competitor analysis that highlight the Kenya's competitors for exporting respective products to the market and provide an analysis of Kenya's comparative advantage over its competitors in exporting to that market

Know your customer Visits

In a bid to enhance partnership with stakeholders in the manufacturing sector, Export Promotion Council organized several courtesy call visits to various stakeholders exporting locally, regionally, and internationally. The council was able to pay courtesy calls to BIDCO Refineries in Thika, Bedi Investments in Nakuru and Egerton University College where they met different stakeholders and discussed more on expanding exports sector.



*EPC CEO, Nyeri Deputy Governor Caroline Karugu during a visit to Bidco Refineries in Thika Plant
CS Trade Launches the Kenya Export Market Development Programme (KEMDP) for 2019*



CS Hon Peter Munya (center) PS Dr. Chris Kiptoo and PS Betty Maina, EPC Chairman Jas Bedi, EPC CEO Peter Biwott with other guests during the launch

The Cabinet Secretary, Ministry of Industry, Trade and Cooperatives Hon. Peter Munya, M.G.H, officially launched the Kenya Export Market Development Programme (KEMDP) on 7th February 2019 at the Intercontinental Hotel. The KEMDP is a calendar of promotional events which guides on export market development activities. The KEMDP is a consultative process involving both public and private sector stakeholders who submit their activities to the Council for collation and analysis in line with Export Promotion Council goals of consolidating and enlarging the traditional export markets of East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA) and European Union (EU) and diversifying into new and emerging export markets of Eastern Europe, North America, Asia and Rest of Africa. The Kenya Exports Market Development Programme 2019 provides for 282 local, regional and global events that support Kenya's aggressive trade promotion agenda towards the realization of the Big Four Agenda.

Guided by the structured approach to export market prioritization framework, the Export Promotion Council identifies export market opportunities for Kenyan goods and services through market studies, investigations,

scoping missions, market intelligence as well as profiling of target markets and formulates appropriate market entry and penetration strategies.

The Kenya Exporter of The Year Awards (KEYA) Field assessment exercise



EPC staff during the various field assessment visits done for different companies

The Kenya Exporter of the Year Awards (KEYA) is a scheme that seeks to recognize and encourage outstanding export performance by individual exporting enterprises. The excellence-based award is built on seven key determinants in the assessment tool that participating companies are evaluated on. This include leadership and corporate governance, marketing and customer focus, finance-revenue growth, GDP contribution and foreign exchange earnings, information communication technology an e-commerce adoption, product quality, processes and certification, human resource management, and sustainability.

The Kenya Exporter of the Year Awards is open to all Kenya based enterprises and was launched among other objectives to recognize the exporters in Kenya that have made significant contributions to the development of the economy and to inspire other ambitious companies to export their goods and services.

The KEYA field assessment exercise was undertaken over a period of three weeks, from 25th February 2019 to 15th March 2019. The assessment team comprised five (5) assessors from various institutions supported by seven (7) alternating observers from EPC who formed the secretariat.

Each participating organization underwent an in-depth assessment with a view of recognizing organizations that have embraced excellent practices as well as identify organizations with weaknesses and propose intervention measures needed to be taken for such organizations in order to bridge the gap and drive performance improvement.

The Winners will receive Coveted trophy at the awards ceremony, use of KEYA logo on corporate documents, exposure through publicity and opportunity to attend and speak at workshops aimed at helping companies grow and move forward in exports and trade.

Chinese Experts Carry Out Pest Risk Analysis of Kenya Avocadoes 25th March To 1st April 2019



EPC and KEPHIS team receive the Chinese team at JKIA

In November 2018 during the China International Import Expo (CIIE), H.E the President of the Republic of Kenya and H.E the President of the People's Republic of China negotiated a Memorandum of Understanding (MoU) was signed between the Ministry of Agriculture, Livestock, Fisheries and Irrigation of the Republic of Kenya and the General Administration of Customs of the People's Republic of China on Sanitary and Phytosanitary (SPS) Measures. The products coverage in the MOU includes; fruits, nuts, avocadoes, legumes, flowers, vegetables, meat and meat products, leather and leather products, among others



PS State Department for Trade Dr. Chris Kiptoo addressing Chinese Experts from the Plant Quarantine China who are conducting Avocado Pest Risk Assessment. Present in the meeting are, EPC CEO Peter Biwott, MD KEPHIS Dr. Esther Kimani, Chinese Embassy Officials and Mr. Tiku Shah of Sunripe

The implementation of the MoU is aimed at promoting good relationships among the competent authorities in Kenya and China dealing with Sanitary and Phytosanitary Standards (SPS) and thus enable faster resolution of challenges that Kenyan products face in accessing the Chinese market. This allowed a Working Group to be set to come up with a trade agreement that will allow a select range of products from Kenya to access Chinese market on favorable terms.



KEPHIS MD Dr. Esther Kimani hosts Chinese Team and EPC Team

The MOU was also set to deepen and strengthen the strategic partnership between the Parties for the purpose of engaging in joint business projects mainly for the export of avocados from Kenya to China.

The Export Promotion Council (EPC) in partnership with Kenya Plant Health Inspectorate Service (KEPHIS) hosted experts from Peoples Republic of China (Plant Quarantine Division) between 25th March 2019 and 1st April 2019. The purpose of the visit by the Chinese Experts was to evaluate the production system of Kenya Avocado Exports, which entailed visits to production sites, packing facilities, food safety, plant health laboratory and an inspection facility at the exit point. This exercise was focused in Inspiring Global Trade and ensured that the relevant stakeholders take a lead in championing Kenya's Big Four Agenda.

The deliverables for this would create a huge opportunity for Kenyan avocado farmers willing to export their produce to a substitute market. The initiative is expected to pave way for more Kenyan products to access the huge Chinese market and thereby start addressing the existing trade disparity between the two countries.

The Team consisted of Chinese Experts, EPC and KEPHIS officers in collaboration with various horticulture sector stakeholders.

County Outreach and Sensitization Programme in Kajiado, Kitui & Makueni Counties

The Trade Information and Business Services Department, in line with institution's mandate of addressing bottlenecks faced by exporters and producers of goods and services conducted a County Outreach and Sensitization Programme in three counties: Kajiado, Kitui & Makueni County in April 2019.



Handicraft showcased during EPCs programme outreach

The main objective of this programme is to proactively reach out to producers and manufacturers of exportable goods and services and provide the necessary information that will lead to increase in production and sale of Kenya's exports in the world market. This programme involves close interaction between EPC staff and producers/exporters through premises visits and advisory services. By visiting producers and exporters under the programme, EPC staff get an opportunity to go through the production, handling, packaging and the quality control processes used for different products and can appreciate the various concerns raised by the companies as constraints hindering export market accessibility.

Through discussions between the companies and the Council staff, solutions to some of these concerns are sought and identification of closer working relationships are established.

In this phase of the programme, the team visited fifteen enterprises (6 in Makueni, 5 in Kitui & 4 in Kajiado) drawn from various sectors; agriculture, agro-processing, textile/apparel and commercial crafts. The enterprises had various products such as honey, fruit juices & puree, pulses, clothing, baskets, leather products and assorted handicrafts.

It is noteworthy that Kitui and Makueni counties are keen on supporting value addition with initiatives such the Makueni Fruit Processing Plant in Makueni, that is currently producing mango puree and plans to diversify into other products such as mango crisps, mango powder, mango & passion juice and water bottling. In Kitui, the Kitui Enterprise Promotion Company has a range of products: mango juice, mango flakes, mango powder and mango fortified flour. The team established that honey and assorted commercial crafts are products with unexploited export potential in the identified counties that may be affirmed with additional value addition and product diversification initiatives.



Handicrafts showcased during the EPC programme outreach in Kajiado County

EPC Trade information department conducted an outreach programme to promote the product development market linkages by providing export trade advisory services in Kisii County in conjunction with the MP CDF Office Nyaribari Masaba Constituency.



EPC staff with stakeholders in Kisii county during the outreach

EPC linked Nyamasibi Association with HCD and an exporter of Horticulture Produce visited Kiamokama Horticulture Market Facility in Kisii which is unutilized and linked them to Director of Internal Trade with the upcoming Commodity Exchange, KNTC, FPEAK and HCD to activate the facility.



EPC CEO Peter Biwott pays Kisii Governor James Ongwae during the EPC product development outreach programme



EPC product development training in Kisii County during the outreach programme

EPC Participated in Changamka Festival 2019 *Manufacturing Summit* in March 2019

EPC CEO and team attended the Changamka Festivals in Kenya 2019 held at the Kasarani Sports stadium. The participation was aimed at sensitizing the public, emerging exporters on the roles of Export promotion council. Exports play a key role in economic development through foreign exchange earnings.



EPC CEO Mr. Peter Biwott explaining the roles of EPC to Chair Trade Committee of Trade Parliament & Council of Governors at the 2019 Manufacturing Summit at Kasarani

The 6th Annual Devolution Conference held in Kirinyaga County 4th-8th March 2019

The 6th Annual Devolution Conference 2019 themed; “*Deliver. Transform. Measure*” with a clarion call of “*Remaining Accountable*” was held at Kirinyaga University in Kirinyaga County between 4th - 8th March 2019. The Conference was convened jointly by the Council of Governors (CoG), Ministry of Devolution and ASAL (MOD) and the Senate & County Assemblies Forum (CAF).

Participants were drawn from the National Government, county governments, private sector, development partners, the civil society, media, policy makers and the citizens. The Conference was structured in three-tier approach: the general conference sessions (panel discussions), the plenary sessions and the exhibition.

The plenary discussions focused on deliberations and propositions on the “Big Four” Agenda; Health, Food Security, Trade & Manufacturing and Affordable Housing, as well as challenges being faced in the implementation of the Big 4 Agenda. The Conference also provided a platform where government and stakeholders discussed the achievements, challenges and key areas that need to be addressed to strengthen devolution.



Plenary Sessions at the 6th Devolution Conference

The Export Promotion Council participated both in the general conference sessions and the exhibition. The Council participated in the exhibition by booking space with the objective of raising awareness of the Council's profile and brand, networking to meet stakeholders in the counties and trade facilitators and disseminating export trade information to existing and potential exporters with a view to enhance export business in the counties.



EPC Staff attending to Visitors at the Information Wing

Profiling and Export Preparedness Training Workshop for EPC Product Development Beneficiaries held in Thika On 18th - 20th March, 2019

Profiling and Export Preparedness Workshop for EPC Product Development Beneficiaries Adding Value to Agricultural, Livestock, Textiles, Apparels, Leather, Accessories, Metals and Allied Products was held in Thika on 18th -20th march at the Eton hotel. 23 Enterprises from 8 Counties which included Kitui, Murang'a, Nyeri, Kiambu, Kirinyaga, Makueni, Machakos and Nyandarua attended the workshop. The key objective of the workshop was to guide the Council on the areas of interventions required for future product development programmes and enable these enterprises to enter the export market and at the same time compete effectively with their global competitors.

County Outreach and Sensitization Programme In Kajiado, Kitui & Makueni Counties April 2019



The Trade Information and Business Services Department, in line with institution's mandate of addressing bottlenecks faced by exporters and producers of goods and services conducted a County Outreach and Sensitisation Programme in three counties: Kajiado, Kitui & Makueni County in April 2019 where they visited fifteen enterprises drawn from various sectors; agriculture, agro-processing, textile/apparel and commercial.

The main objective of this programme is to proactively reach out to producers and manufacturers of exportable goods and services and provide the necessary information that will lead to increase in production and sale of Kenya's exports in the world market. This programme involves close interaction between EPC staff and

producers/exporters through premises visits and advisory services. By visiting producers and exporters under the programme, EPC staff get an opportunity to go through the production, handling, packaging and the quality control processes used for different products and can appreciate the various concerns raised by the companies as constraints hindering export market accessibility. Through discussions between the companies and the Council staff, solutions to some of these concerns are sought and identification of closer working relationships are established.

Market Linkages Outreach Programme

EPC Product, Market Development and Promotion department conducted an outreach programme to promote market linkages by providing export trade advisory services in Kisii County in conjunction with the MP CDF Office Nyaribari Masaba Constituency.





EPC & KEPHIS Host Chinese Experts for Pest Risk Analysis of Kenya Avocado

The Export Promotion Council (EPC) in partnership with Kenya Plant Health Inspectorate Service (KEPHIS) hosted experts from Peoples Republic of China (Plant Quarantine Division) between 25th March 2019 and 1st April 2019. The purpose of the Experts was to evaluate the production system of Kenya Avocado Exports, which entailed visits to production sites, packing facilities, food safety, plant health laboratory and an inspection facility at the exit point. This exercise was focused in Inspiring Global Trade and ensured that the relevant stakeholders take a lead in championing Kenya's Big Four Agenda. The Team consisted of Chinese Experts, EPC and KEPHIS officers in collaboration with various horticulture sector stakeholders.



County Exports Promotion & Development Forum at The Coast Region

The Export Promotion Council (EPC) in Collaboration with the State Department for Trade, Ministry of Industry, Trade & Cooperatives, The National Treasury and Planning and The Kilifi County Government held a Coast Region Forum in Kilifi County on 30th May 2019.

The main objective of the forum was to discuss areas of cooperation and collaboration between the council and the County Government in the Coast Region and the existing opportunities for firms in the region to take advantage of the existing networks by promoting export goods and services from the region to the regional and international markets.





China Africa Economic and Trade Expo, Changsha, Hunan 27th – 29th June 2019.

The 1st China-Africa Economic and Trade Expo took place in Changsha City in Hunan Province in China from 27th to 29th June 2019. The theme for the event was “Win-Win Cooperation for Closer China-Africa Economic Partnership”, and it focused on key areas namely trade and investment promotion, agriculture, energy and power, industrial park development, infrastructure, financing cooperation among others.

Kenya's participation at the 1st China-Africa Economic and Trade Expo was mainly to demonstrate the country's capacity and present the available opportunities through trade and investment; take advantage of the forum to maximize exposure and showcase opportunities in Kenya and demonstrate the country's capability as a reliable source and supplier of exportable goods and services as well as the ideal Investment and Tourism Destination by leveraging on the China-Africa Economic and Trade Expo.



Sabre Award for Special Event and Certificate of Excellence For Integrated Marketing for The 2nd Kenya Week And Exposition 2018

The Export promotion Council (EPC) won the prestigious SABRE Award for special event for the 2nd Kenya Trade Week and Exposition 2018 event that earned a certificate of excellence for integrated marketing at the African SABRE Awards gala dinner which was held in Kigali Rwanda on 16th May 2019. The Award positions Kenya as a centre of excellence in integrated marketing due to aggressive promotion of Kenya exports in the region and globally.

The SABRE Awards are the World's largest PR Awards programme recognizing superior achievement in Branding and Reputation in North America, Europe, the Middle East and Africa, Asia Pacific, Latin America and South Asia. The Awards are delivered by the Holmes Report, the authoritative voice of the global PR Industry.

Media Briefing Breakfast Held On 19th June 2019 At the Sarova Panafric Hotel

The Export Promotion Council in conjunction with the Ministry of Industry, Trade and Cooperatives held a media briefing breakfast on 19th June 2019 at the Sarova Panafric Hotel. The press conference was attended among others, by Several Local and International Media Stations.

The Cabinet Secretary, Ministry of Industry, Trade and Cooperatives Hon. Peter G. Munya delivered a press statement notably on the following key areas:

- Kenya's exports grew in value from *Kshs.594 billion* in 2017 to *KShs. 613 billion* in 2018, representing a 3.2% increment. Exports recorded an increased percentage growth compared to imports in 2018 which valued at *KShs. 1.76 trillion*.
- 1st China Africa Economic and Trade Forum to be held in June 2019 at Changsha City, Hunan Province where there'll be signing of MOU's for an Online Country distribution & Exhibition; for opening of a Distribution Centre for Flowers; to promote and expand Kenya's exports into China's market; and Launch of Direct Flight from Changsha to Nairobi by China Southern Airline.
- SMEs capacity building ongoing, providing credits & funding to core bodies like MSEA to incubate them, improving capacity of local SMEs to sell products locally, regionally & internationally.
- Big wins for exporters on reduction of VAT withholding tax since the Government is set to only hold 2% out of the previous higher percentage.

- Increase of tariffs for furniture products from outside to enhance local production & jobs as well as lifting of taxes on importation of wood products to reduce the cost of production for our furniture developers.
- Buy Kenya build Kenya policy; Pursuing local content in production of goods to increase use of local materials as well as to subcontract local companies during our projects.
- Government Directive to all state agencies to always buy locally assembled motor vehicles so as develop our motor vehicle industry.
- Creation of various centres by Government in JKUAT and Dedan Kimathi University of Science and Technology for assembling Computers among other electronics.



The Cabinet Secretary, Ministry of Industry, Trade and Cooperatives Hon. Peter G. Munya addressing the participants during the Media Briefing Forum



The CEO EPC Mr. Peter Biwott with participants during the Media Briefing Forum

NABA EXPORT FORUM, Held On 19th June 2019, Safaricom Michael Joseph Centre

Nairobi Artistry Business Association (NABA) in collaboration with the Export Promotion Council held a forum at the Michael Joseph centre to forge partnership and explore possibilities on matters Arts and export business environment.

NABA is an Associational organization registered by the Department of Culture in Kenya, formed to assist subscribing members; mostly Self-Employed individuals, Small and Micro Enterprises in the Artistry sector in Nairobi City and beyond, achieve individual business goals working collectively.



The Chief Executive Officer viewing the various exhibits displayed by NABA members

Kenya's Participates at The Expo 2019, Beijing, China from April 29th to 7th October 2019

Kenya was among more than 110 countries and International organizations and 120 non-official participants that were at the International Horticultural Exhibition that run from April 29th to 7th October 2019 in China's capital city. Kenya was officially invited to participate in Expo 2019 Beijing by the Government of the People's Republic of China through Diplomatic channels. The event, which was accredited by the International Association of Horticultural Producers (AIPH), was held under the theme "Live Green, Live Better."

International Horticulture Exhibition 2019 Beijing was an important global event, recognised by the Paris based Bureau of International Expositions (BIE), the organization that regulates world expositions, and of which Kenya is a member since 2008. It displayed accomplishments in mankind's pursuit of ecological civilization as well as latest achievements in world horticulture. The Exhibition aimed to facilitate global exchanges and cooperation in gardening, disseminate the vision of green development, raise people's awareness of ecological conservation, promote harmony between man and nature, and realize sustainable development.

Kenya's participation in the exhibition enabled her to showcase not only her horticultural products but overall trade, tourism and investment potential to investors in China, the surrounding countries and visitors to the Expo.



Dr. Chris Kiptoo, Former Principal Secretary State Department of Trade sharing hi remarks during the Kenya China Trade, Tourism & Investment Forum

Kenya had planned to implement four thematic months focusing on displaying the country's top Trade, Investment, Agriculture, Tourism, Culture and Sporting advancements and cutting-edge achievements. The defunct Export Promotion Council under the State Department for Trade was coordinating Kenya's participation in this event in collaboration with relevant public and private sector institutions including ministries and the academia.



Kenya – China Trade, Tourism and Investment Forum held in Beijing, China

Two committees were established to oversee Kenya's preparatory activities namely National Coordinating Committee chaired by the State Department for Trade and the Steering Committee chaired by the Export Promotion Council. The membership to these committees were derived from key public and private institutions including Ministries of Foreign Affairs, Tourism, Agriculture, Environment, Kenya Tourist Board, Brand Kenya Board, Kenya Investment Authority, Kenya Wildlife Service, National Museums of Kenya, BOMAS of Kenya, University of Nairobi, and Kenyatta University among other stakeholders. The Private sector participated in this event from the horticulture (cut flowers, fruits and vegetables and macadamia nuts, cashew nuts among others), tea and coffee, honey, fish and fish products, processed and canned foods, pyrethrum, commercial crafts and tourism (tours and travel and hospitality) and other services. The Expo Beijing 2019 was an opportunity for Kenya to try and bridge the trade imbalance between the two countries.



Participants listen to presentations during the Kenya – China Trade, Tourism and Investment Forum

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Eldoret City Marathon and Uasin Gishu County Tree Planting On 21st April 2019

EPC recognizes the need to protect the natural environment, keeping our environment clean and unpolluted since is a benefit to all.

EPC participated in Eldoret City Marathon event and tree planting activities with an aim of improving forest cover in the County, conserving water catchment areas and protection of riparian areas through planting of bamboo and indigenous trees. Theme of the marathon was climate action, aimed at creating awareness on climate change.



Export Promotion Council Chief Executive Officer and Team during Uasin Gishu Tree Planting activity in Eldoret



IX. REPORT OF DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Council's affairs.

Principal activities

The principal activities of the entity is promoting exports, through strategic assistance to producers of exportable goods and services in overcoming bottlenecks, to enable them achieve a higher level of export performance. The national mandate therefore requires the Council to facilitate export development in a holistic manner and to appropriately respond to the current need of exporters.

Results

The results of the entity for the year ended June 30, 2018 are set out on page 1 to 28.

Directors

The members of the Board of Directors who served during the year are shown on page ix to xvi.

Auditors

The Auditor General is responsible for the statutory audit of the Council in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Christine Mwaka
FOR:
CHIEF EXECUTIVE OFFICER

Date: 8/09/21

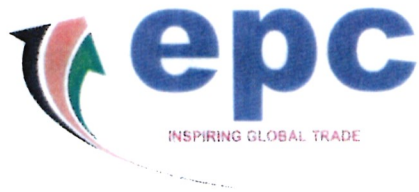
X. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 (3) of the Public Finance Management Act, 2012 and Section 14 the State Corporations Act, require the Directors to prepare financial statements in respect of that Council, which give a true and fair view of the state of affairs of the Council at the end of the financial year and the operating results of the Council for financial year ending 30th June 2018. The Directors are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Directors are also responsible for safeguarding the assets of the Council.

The Directors are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Council'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 and the State Corporations Act. The Directors are of the opinion that the Council's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2019, and of the Council's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the preparation of the Council'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 Council will not remain a going concern for at least the next twelve months from the date of this statement.



Export Promotion Council

Approval of the financial statements

The Council's financial statements were approved by the Board on 27th September 2019 and signed on its behalf by:

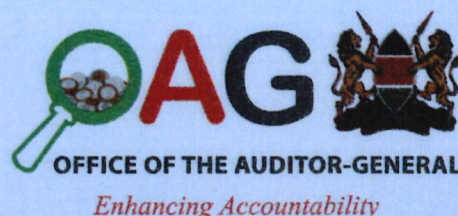
Mr. Jaswinder Bedi - EBS
CHAIRMAN

Christine Mwaka
FOR:
CHIEF EXECUTIVE OFFICER

Mr. Albanus Mumo
MANAGER FINANCE AND ACCOUNTS
ICPAK NO. 7968

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON EXPORT PROMOTION COUNCIL FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Export Promotion Council set out on pages 1 to 29, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in equity, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Export Promotion Council as at 30 June, 2019, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kenyan Companies Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Export Promotion Council 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 the Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 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 going concern 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 Council's ability to continue as a going concern. 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 Council to cease to continue as a going concern or 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 Council 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

15 September, 2021

Report of the Auditor-General on Export Promotion Council for the year ended 30 June, 2019

1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2019

	Note	2019	2018
Revenues from Non -Exchange Transaction (Income)		KShs	KShs
Transfer from Government Institutions			
Recurrent Grants Received	4	327,940,000	536,700,000
Deferred Income	3	<u>92,000,000</u>	<u>(92,000,000)</u>
		419,940,000	444,700,000
Revenues from Exchange Transaction			
-Cost Recoveries/Other Revenues	5	2,920,297	2,290,556
		<u>422,860,297</u>	<u>446,990,556</u>
EXPENSES			
Administrative expenses	6a	96,408,227	87,110,109
Depreciation and Amortization	6b	11,858,961	5,968,900
Staff Costs	7	127,223,003	99,878,639
Directors Emoluments	8	6,865,956	19,824,728
Other operating expenses	9	<u>156,311,667</u>	<u>220,876,875</u>
TOTAL EXPENSES		<u>398,667,814</u>	<u>433,659,251</u>
SURPLUS / (DEFICIT)	11	<u>24,192,483</u>	<u>13,331,305</u>
Exchange Loss from Operations			6,5000
SURPLUS / (DEFICIT) AMOUNT FOR THE YEAR		<u>24,192,483</u>	<u>13,324,805</u>

2. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

		2019	2018
ASSETS	Notes	KShs	KShs
NON-CURRENT ASSETS			
Property and Equipment	12	30,992,557	24,965,583
Intangible assets	13	6,071,550	20,825
		37,064,107	24,986,408
CURRENT ASSETS			
Accounts Receivable	14	41,947,194	36,200,315
Investment in Call Deposits	15	5,861,460	566,292
Bank and Cash balances	15	160,167,191	259,525,990
		207,975,845	296,292,597
TOTAL ASSETS		245,039,952	321,279,005
RESERVES AND LIABILITIES			
RESERVES			
General fund	16	105,712,600	81,520,117
Non-Current Liabilities			
Staff Welfare Scheme	17	100,080,408	99,628,462
CURRENT LIABILITIES			
Accounts Payables	18	39,246,944	140,130,425
TOTAL RESERVES AND LIABILITIES		245,039,952	321,279,005

The draft financial statements were approved by the Board of Directors

on 27th September 2019 and signed on its behalf by: -

Mr. Jaswinder Bedi – EBS
CHAIRMAN

8th SEPT 2019
Date

Christine Mwaka
FOR:
CHIEF EXECUTIVE OFFICER

8/9/21
Date

Mr. Albanus Mumo
MANAGER FINANCE AND ACCOUNTS
ICPAK NO. 7968

07/09/21
Date

3. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2019

Details	General Fund KShs	Foreign Currency Translation Reserve KShs	Restated Total Reserves KShs
Year ended 30th June, 2017			
Balance B/F (As at 1st July 2017)	68,090,984		68,090,984
Surplus/ (Deficit) for the Year	13,331,305		13,331,305
Capitalization of Investment Interest	104,328		104,328
Exchange Loss from operations		(6,500)	(6,500)
Balance as at 30th June 2018	81,526,617	(6,500)	81,520,117
Balance B/F (as at 1st July 2018)	81,520,117		81,520,117
Surplus/ (Deficit) for the Year	24,192,483		24,192,483
Balance as at 30th June 2019	105,712,600		105,712,600

4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2019

		2019	2018
Details		KShs	KShs
	Notes		
Cash Flows from Operating Activities			
Surplus/ (Deficit) for the year		24,192,483	13,331,305
Adjustments for: -			
Depreciation of equipment and motor vehicles	12	9,928,850	5,956,404
Amortization	13	1,930,113	12,495
Exchange Loss from operations			(6,500)
Capitalization of Investment Interest	16		104,328
Operating Surplus before Working Capital Changes		36,051,446	19,398,033
(Increase)/Decrease in Accounts Receivables	14	(5,746,879)	(1,221,939)
Decrease/ (Increase) in Accounts Payables	17&18	(100,431,535)	(20,619,077)
Net Cash flows utilized in operating activities		(70,126,967)	(2,442,982)
Cash flows from Investing Activities			
Net reclassification of property and equipment			
Purchase of property and equipment	12	(23,936,660)	(14,328,009)
Proceeds from sale of equipment			
Net cash flows utilized in Investing Activities		(23,936,660)	(14,328,009)
Cash Flows from Financing Activities			
Net Cash Flows utilized in Financing Activities		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(94,063,628)	(16,770,992)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15	260,092,281	276,863,272
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		166,028,652	260,092,281

5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2019

DESCRIPTION	ORIGINAL BUDGET	RE-ALLOCATION/ ADDITIONAL BUDGET	REVISED BUDGET	ACTUAL EXPENDITURE	PERFORMANCE DIFFERENCE	REMARKS
	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019	
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	
INCOME /REVENUES						
GRANTS RECEIVED -GOK	278,000,000	44,440,000	322,440,000	322,440,000	0	Additional funding for China International Import Expo
OTHER DONORS	-	5,500,000	5,500,000	5,500,000	0	Being DAI funding for KQ Inaugural flight to America and COMESA RIIP
COST RECOVERIES	4,860,000		4,860,000	2,920,297	1,939,703	Under collection of A in A was mainly due to reduced activities in the year which generate income
DEFERRED FUNDS			-			
INCOME B/F (2017/18)	92,000,000		92,000,000	92,000,000	0	
TOTAL INCOME	374,860,000	49,940,000	424,800,000	422,860,297	1,939,703	
EXPENSES						
Office rent and rates	28,000,000		28,000,000	30,040,858	-2,040,858	The variance is due to service and escalation of rent rates due to new lease
Depreciation & Amortization	-		-	11,858,961	-11,858,961	
Medical expenses	18,500,000	5,200,000	23,700,000	20,986,425	2,713,575	New staff who were to be recruited in the year under review
Other Administration expenses	10,504,000	35,289,460	45,793,460	45,380,944	412,516	
Staff Costs	154,934,245	(11,664,705)	143,269,540	127,223,003	16,046,537	The variance was due to Delays in recruitment process
Directors' Expenses	17,156,000	(8,750,000)	8,406,000	6,865,956	1,540,044	Expiry of Board terms on 2nd October 2018
Acquisition of working tools-Capitalization (Furniture & Fittings, ERP, ICT Equipments & Staff Van)	25,200,000	-	25,200,000	23,936,660	1,263,340	The variance was due to Competitive procurement processes
Programme Costs and other Operating Expenses	120,500,000	29,931,000	150,431,000	156,311,667	-5,880,667	To cater for the China International expo
TOTAL EXPENDITURE	374,794,245	50,005,755	424,800,000	422,604,474	2,195,526	
Surplus/(Deficit)			0	255,823		

NOTES TO THE STATEMENTS OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**INCOME**

The Actual GOK grants received in the year ended 30th June ,2019 was **KShs. 322.44 M**, **KShs. 5 M** under **COMESA RIIP Programme**, Other Donors **KShs. 0.5 M** (DAI, East Africa Trade Investment Hub USAID), Deferred Fund **KShs. 92 M** and Cost Recoveries of **KShs. 2.92M**. Income for the year **KShs.422.86M**

EXPENSES

- **Office Rent and Rates**

The negative variance of **KShs. (2.04 M)** was due to additional parking for newly recruited staff and relocation Mombasa Regional offices during the year.

- **Depreciation and Amortization**

The negative variance of **KShs. (11M)**, was due to reduced budgetary allocation from the National Treasury hence the item being a noncash item there was no budget allocation.

- **Medical Expenses**

The positive variance of **KShs.2.71 M**, was due to recognition of prepayment asset on medical in the year.

- **Other administrative expenses**

The positive variance of **KShs.0.4 M** was due to austerity and control measures introduced during the year.

- **Staff Costs**

The positive variance of **KShs. 16.05M** was due to staff exits during the year.

- **Directors expenses**

The positive variance of **KShs. 1.54 M** was attributed to expiry of board appointment terms early in the year.

- **Acquisition of working tools**

The positive variance of **KShs. 1.26M** was due to cost efficiency through competitive procurement processes.

- **Programme Costs and Other Operating Expenses**

The negative variance of **KShs (5.88 M)** is attributed to delays in disbursement of funds for planned programme activities.

6. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

1. Statement of compliance and basis of preparation – IPSAS 1

The financial statements are prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared based on historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees

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

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

Interest income

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

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes – IPSAS 12

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 Entity 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) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use

a) Property, plant and equipment – IPSAS 17

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

Property and equipment are stated at cost, less accumulated depreciation and any impairment losses. Depreciation is calculated to write off the cost of property and equipment in equal annual installments at the following rates:

Furniture and fittings	12.5%
Office equipment	20%
Motor vehicles	25%
Computer equipments	25%

b) Leases – IPSAS 13

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

c) Intangible assets – IPSAS 31

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 rate is 25%

d) Financial instruments – IPSAS 29

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 Entity 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. 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 Council 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 Council assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity 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 an entity 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
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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 Council 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.

IPSAS 29.65

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) Inventories – IPSAS 12

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions – IPSAS 19

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

Where the Council expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Employee benefits – IPSAS 25

Retirement benefit plans

The Council 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.

n) Foreign currency transactions – IPSAS 4

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 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.

o) Borrowing costs – IPSAS 5

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

p) Related parties – IPSAS 20

The Council regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the 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 Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to Parastatal public officers and/or institutions which were not surrendered or accounted for 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) Significant judgments and sources of estimation uncertainty – IPSAS 1

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

Estimates and assumptions

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

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Entity

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

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

Provisions

Provisions were raised, and management determined an estimate based on the information available. 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.

	Detail	2019	2018
		KShs	KShs
3.	DEFERRED INCOME		
	EXPO 2017, Astana		146,200,000
	Website Redesign & Branding		4,500,000
	Market Research in Ghana & Strategic Plan		10,000,000
	Crystallized Deferred Fund	92,000,000	0
	Total	92,000,000	160,700,000
4.	GRANTS RECEIVED		
	Grants received from:		
	The Government of Kenya -Ministry of Industry, Trade and Co-operatives State Department of Trade: Recurrent Grants	322,440,000	360,000,000
	Other Donors	5,500,000	16,000,000
	Total grants received in 2018/2019	327,940,000	376,000,000
	Deferred Income Brought forward	92,000,000	160,700,000
	Total grants for the year	419,940,000	536,700,000
	Deferred Income carried forward	0	(92,000,000)
	Total	419,940,000	444,700,000
5.	COST RECOVERIES/OTHER REVENUES		
	Sundry income	600,000	106,000
	Participation fees from trade fairs	2,320,297	1,504,890
	Training income	0	27,000
	Income from Centre for Business Information	0	2,940
	Interest income from Bank deposits	0	649,726
	Total	<u>2,920,297</u>	<u>2,290,556</u>
6.a	ADMINISTRATIVE EXPENSES		
	Office rent and rates	30,040,858	27,871,251
	Travelling expenses	2,158,462	1,844,412
	Medical expenses	20,986,425	13,075,095
	Recruitment and training	4,284,808	6,438,634
	Telephone	3,833,824	3,281,172
	Printing and stationery	3,403,750	4,023,246
	Motor vehicle expenses	3,389,644	2,402,978
	Repairs and maintenance	3,675,716	5,218,754

	Detail	2019	2018
		KShs	KShs
	Insurance	907,035	2,602,529
	Postal and internet expenses	2,428,209	2,304,591
	Legal and professional fees	62,900	513,300
	Subscriptions	18,000	18,000
	Newspapers and magazines	240,760	135,540
	Auditors' remuneration	467,500	406,000
	Club subscriptions	966,456	868,939
	Liaison and Networking	429,924	326,059
	Catering and cleaning	3,897,957	5,099,252
	Internal Audit	262,001	136,790
	Staff Welfare Fund	0	10,000,000
	Staff Induction and Merger	14,625,299	
	Bank charges	328,699	543,568
	Total	96,408,227	87,110,109
6.b	Depreciation and Amortization		
	Depreciation	9,928,848	5,956,405
	Amortization of intangible assets	1,930,113	12,495
	Total	11,858,961	5,968,900
7.	STAFF COSTS		
	Basic Pay	65,146,098	45,408,428
	Other Allowances	40,822,893	36,259,371
	Other Personnel Costs	2,155,212	4,990,078
	Staff Welfare Costs	1,324,939	1,445,193
	Internship	1,467,900	846,827
	Pension Cost	7,773,334	6,248,658
	Gratuity Cost	7,774,247	3,718,595
	Group Life Insurance	593,981	835,089
	Social Security Costs- NSSF	164,400	126,400
	Total	127,223,003	99,878,639
8.	DIRECTORS EMOLUMENTS		
	Honoraria and Telephone	704,316	756,000
	Board Allowances	4,620,866	13,262,359
	Travel & Accommodation and Other expenses	1,540,775	5,806,370
	Total	6,865,956	19,824,728

	Detail	2019	2018
		KShs	KShs
9	OTHER OPERATING EXPENSES		
	Expo Expenses	18,961,424	112,256,334
	Fairs and Exhibitions	77,000,653	23,923,134
	Trade Promotion Export Research and Publicity	42,548,547	52,408,582
	Kenya Trade Week & KEYA Awards and Advertising	10,436,389	25,112,625
	International Organization for Standardization (ISO) Certification and Performance Contracting	1,457,162	2,328,330
	CBIK Expenses	5,427,787	3,290,970
	Strategic Evaluation Review	479,704	1,556,900
	Total	156,311,667	220,876,875
10	EXPO EXPENSES		
	This covers the International Horticultural Exhibition 2019, April 29 th to 7 th October 2019 in Beijing, China and China Africa Economic and Trade Expo, Changsha, Hunan 27 th – 29 th June 2019		
11.	SURPLUS/(DEFICIT) FOR THE YEAR – KShs. 24,192,483		
	Surplus for the year has been realized after charging:		
	Depreciation	9,928,848	5,956,404
	Amortization of intangible assets	1,930,112	12,495
	Auditors' remuneration - fees	-	406,000
	Exchange Loss from operations	-	6,500

12.	PROPERTY, PLANT AND EQUIPMENT					
		Office Equipment KShs	Computer Equipment KShs	Furniture and Fittings KShs	Motor Vehicles KShs	Total KShs
	Cost					
	AT 30th June, 2017	22,250,763	34,653,216	30,575,247	45,415,985	132,895,211
	AT 1st July, 2017					
	Additions	3,464,828	6,485,000	4,378,182		14,328,009
	Disposal					
	AT 30th June, 2018	25,715,591	41,138,216	34,953,429	45,415,985	147,223,220
	AT 1st July, 2018					
	Additions	1,109,900	6,453,348	1,310,575	7,082,000	15,955,823
	Disposal					
	AT 30th June, 2018	26,825,491	47,591,564	36,264,004	52,497,985	163,179,043
	Depreciation					
	AT 30th June, 2017	22,087,301	34,580,654	26,608,881	33,024,398	116,301,233
	Depreciation	299,717	72,055	1,287,601	4,297,031	5,956,404
	Impairment					
	Disposal					
	AT 30th June, 2018	22,387,018	34,652,709	27,896,482	37,321,428	122,257,638
	Depreciation	839,081	2,427,919	1,843,505	4,818,345	9,928,848
	Impairment					
	Disposal					
	AT 30th June, 2019	23,226,099	37,080,628	29,739,987	42,139,773	132,186,486
	Net book Values					
	AT 30 June, 2019	3,599,392	10,510,936	6,524,017	10,358,212	30,992,557

12.	PROPERTY, PLANT AND EQUIPMENT					
		Office Equipment KShs	Computer Equipment KShs	Furniture and Fittings KShs	Motor Vehicles KShs	Total KShs
	AT 30 June, 2018	3,328,573	6,485,507	7,056,947	8,094,557	24,965,583
	At 30 June 2017	163,462	72,562	3,966,366	12,391,587	16,593,978
NB: The cost of Council's Motor Vehicles excludes undetermined values of two vehicles donated by Japanese International Co-operation Agency (JICA) for Trade Development project between the Council and JICA for the period 2006 – 2013						

13.	INTANGIBLE ASSETS	2019 KShs	2018 KShs
	COST		
	Balance B/F	9,081,357	9,081,357
	Additions	7,980,837	0
	At 30th June	17,062,194	9,081,357
	AMORTISATION		
	Balance B/F	9,060,531	9,048,037
	Charge for the year	1,930,113	12,495
	At 30th June	10,990,644	9,060,531
	NET BOOK VALUE	6,071,550	20,825
14.	Accounts Receivables from Non -Exchange Transactions		
	Staff Receivables	24,099,803	20,161,135
	Travel Advances	3,005,159	4,632,863
	Accounts Receivables from Exchange Transactions		
	Prepayments	14,842,231	11,406,317
		41,947,194	36,200,315
15.	CASH AND CASH EQUIVALENTS		
	Investment in Call Deposit -	5,861,460	566,292
	Bank and Cash Balances	160,167,191	259,525,990
		166,028,651	260,092,281
NB: Cash & Cash Equivalents are held at Kenya Commercial Bank Ltd, University Way Branch and Housing Finance, Kenyatta Avenue Branch.			

16.	RESERVES		
		2019	2018
		KShs	KShs
	General Fund (Unrestricted)		
	Balance B/F	81,520,117	68,090,983
	Capitalization of Investment Interest		104,328
	Exchange Loss from operations		(6,500)
	Surplus/Deficit for the Year	24,192,483	13,331,305
	At 30th June	105,712,601	81,520,117

17. STAFF WELFARE SCHEME

a) The Council has set up a Staff Housing and Car Loan Scheme for staff which acts as a revolving fund where staff can access low interest loans as per the SRC circular guidelines. This is aimed at motivating, attracting, and retaining high caliber staff.

b) The Council Staff Welfare Scheme for the year ended 30 June 2019 was **KShs.100,080,408** and **KShs 99,628,462** in 2018.

Details	Amounts
	KShs
Opening Balance as at 01.07.18	99,628,462
Welfare Changes in the year	451,946
Staff Welfare Scheme balance as at 30.06.19	100,080,408

18.	ACCOUNTS PAYABLE	2019	2018
		KShs	KShs
	Accounts Payable from Exchange Transactions		
	Payables	29,487,399	43,720,690
	Accounts Payable from Non-Exchange Transactions		
	Deferred Income	0	92,000,000
	Due to Staff Gratuity Scheme	5,861,460	566,292
	Current Provisions		
	Staff Leave Pay Provision	3,898,085	3,843,443
		39,246,944	140,130,425

The Accounts Payable includes KShs. 215,412 being vendor balances which had debit balances arising out VAT withheld, where in some instances there was double payment of the same while other activities were cancelled, and withheld VAT had already been paid. The Institution has commenced VAT reconciliation with KRA to facilitate the VAT refunds.

19. OPERATING LEASE COMMITMENTS

Operating lease payments represent rentals payable by the Council for its office space. Property rental expenses on leased office accommodation during the year amounted to **KShs.30,040,858** (compared to **KShs. 27,871,251** for 2018). At the statement of Financial Position date, the Council had outstanding commitments under the operating lease on office accommodations which fall due as follows:

Operating Lease			
Details		2019	2018
		KShs	KShs
Within One Year		30,045,228	30,045,229
Between 2 - 5 Years		121,846,901	121,846,902
At 30th June		151,892,131	151,892,131

20. DEFERRED INCOME / ROLL OVER FUNDS

ACTIVITY	2019	2018
	KShs	KShs
Kenya Trade Week and KEYA Awards		15,500,000
Dar es-salaam International Trade Fair 2018 and Business Forum		5,341,938
Uganda International Trade Fair 2018 and Business Forum		5,986,522
Export Markets, Survey and Product Research – Tanzania, Mozambique, Sudan, and Egypt		39,971,540
Enterprise Resource Planning Information System and Servers		18,000,000
Staff Van		7,200,000
TOTAL		92,000,000

21. RETIREMENT BENEFIT OBLIGATIONS

The Council operates a defined contribution scheme for all permanent employees. The Council contributes 20% of employees' basic pay into this fund per month, while the employee contributes 10%. This scheme is administered by the Insurance Company of East Africa Limited. The Council's contribution to the scheme for the year ended 30 June 2019 was **KShs. 7,773,334**. (2018 – **KShs. 6,868,658**).

The Council also contributes to the statutory defined contribution pension scheme, the National Social Security Fund. This is a defined contribution scheme under the National Social Security Act. The Council's obligation under the scheme are limited to specific contributions set from time to time and are currently limited to KShs 200 per month per employee. Contributions to the scheme during the year amounted to **KShs. 164,400** (2018 **KShs. 126,400**).

22. CAPITAL MANAGEMENT

The primary objective of the Council's capital management is to ensure that the Council complies with capital requirements and maintains healthy capital ratios to support its business and to maximize shareholders' value.

The Council maintains an actively managed capital base to cover risks inherent in the business. The impact of the level of capital on Council's return is also recognized and the Council recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

23. COUNTRY OF INCORPORATION

The Council is incorporated in Kenya under the Companies Act as a Council limited by guarantee and not having a share capital.

24. SINKING FUNDS

The Council will have a separate investment account for the sinking fund (capital replacement reserves) and item disclosed as a separate line item in the statement of changes in net assets in the subsequent year (2019/2020) which will be approved by the Board of Directors. The Council has however been retaining its earnings through the general fund over the years

25. Related Party Disclosures as Per IPSAS 20

The Council regards a related party as a person or an entity with the ability to exert control individually or jointly, or To exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the senior managers. There were no related party transactions in the year under review.

The Council relies 100% of its funding from the Government of Kenya and this gives rise to significant influence and therefore a related party relationship. Parties are considered to be related if one party has the ability to control the other or exercise significant influence over the other party in making financial or operational decisions. The Council's main related parties are the Government of Kenya and the Ministry of Industry, Trade and Cooperatives.

Director and key management compensation

	2019	2018
	<u>KShs</u>	<u>KShs</u>
Fees for services as a Director		
Non-Executive Directors	6,865,956	19,824,728
Other emoluments:		
Salaries and other short-term employment benefits:		
Key management	40,124,535	25,783,653
Total fees and other emoluments	46,990,491	45,608,381
=====		

26. FINANCIAL RISK MANAGEMENT

The Council's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree or a combination of risks. The business of the Council requires taking risk and the operational risks are an inevitable consequence of being in business.

The Council thus strives to achieve an appropriate balance between risk and return and minimize potential adverse effects on its performance. The key types of risks includes credit risk and liquidity risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Council's risk management framework.

Top management identifies and evaluates the risks in close cooperation with the operating units and this is submitted to the board for review.

The Council does not enter into or trade in financial instruments for speculative purposes.

i Foreign currency risk

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

At 30 June 2019	KShs
Financial assets;	
Bank Balance	4,007,125
=====	
Liabilities;	
Trade and other payables	0
Net currency liability	4,007,125
=====	
At 30 June 2018	KShs
Financial assets;	
Bank Balance	3,975,161
	3,975,161
=====	
Liabilities;	
Trade and other payables	0

Net currency liability **3,975,161**

At 30 June 2017

Financial assets

Bank Balance **4,312,184**

4,312,184

Liabilities

Trade and other payables **797,207**

Net currency liability **3,514,977**

ii) Credit risk

The Council has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risks arise from cash and cash equivalents, and deposits with banks, as well as other receivables.

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

	Neither Past Nor impaired	Due Over 60 days	Past due not impaired over 365 days	Total
	KShs	KShs	KShs	KShs
At 30 June 2019				
Bank Balance	160,167,191			160,167,191
Investment in Call Deposit	5,861,460			5,861,460
Other Receivables (excluding Prepayments)	27,104,962			27,104,962
	193,133,613			193,133,613
At 30 June 2018				
Bank Balance	259,470,702			259,470,702
Investment in Call Deposit	566,291			566,291
Other Receivables (excluding Prepayments)	24,793,998			24,793,998

284,830,991

284,830,991

At 30 June 2017

Bank Balance	276,329,755	276,329,755
Investment in Call Deposit	533,519	533,519
Other Receivables (excluding		
Prepayments)	25,437,842	25,437,842
	302,301,116	302,301,116

Receivable balances from Council's staff are recovered on payment of salaries.

iii) Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damaging the Council's reputation. Ordinarily the Council ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters. The Council monitors its risk to shortage of funds using a liquidity planning tool.

The table below analyses maturity profiles of the financial liabilities of the Council based on the remaining period using 30th June 2018 as a base period to the maturity date.

	Less than 3 Months KShs	3 to 12 months KShs	1 to 5 years KShs	Total KShs
At 30 June 2019				
Trade and other payables	29,487,399			
At 30 June 2018				
Trade and other payables	43,720,690			
At 30 June 2017				
Trade and other payables	10,051,615			

27. CONTINGENT LIABILITIES

The Council has a court case where a former employee has sued for failing to be absorbed back after completing his studies. Leave of absence had not been granted hence the Council could not reabsorb the officer. The Council has not provided for any contingent liability on the matter in the year under review.

28. Merger of Export Promotion Council and Brand Kenya Board

The Kenya Export Promotion and Branding Agency is a new State Corporation under the Ministry of Industry, Trade and Cooperatives established under the State Corporations Act Cap 446 through Legal Notice No.110 of August 9th, 2019 after the merger of the Export Promotion Council and Brand Kenya Board. The Export Promotion Council was initially under the Ministry of Industry, Trade and Cooperatives while Brand Kenya Board was under the Ministry of Tourism and Wildlife.

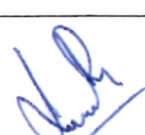
APPENDIX I: PROGRESS ON FOLLOW -UP OF AUDITORS RECOMMENDATIONS

Ref. No. External Audit Report	Observation	Management Comments	Focal Point Person to resolve the issue	Status
	Entity has no IT Steering Committee, no IT Strategic Committee, and not formally documented and tested emergency procedures.	The Board Strategy, Export Development and Promotion Committee oversees the Agency's overall strategy development, approval, implementation, and review. The ICT's Strategic plan is an integral part of the overall organization Strategic Plan. Part of the functions of the Board Committee that relate to ICT are as follows; • Define the mission and goals of ICT resources to be aligned with the strategic direction of the organization • Authorize and direct the development of the strategic and operational plans for ICT resources • Ensure that ICT resources, strategic and operational plans are aligned with the organization's directions • Review and approve business cases to ensure that ICT resources are optimized and • Determine and monitor organization security policies. • To ensure ICT has formally documented and tested emergency procedures and disaster recovery planning including backup and restoration.	Chief Executive Officer	Resolved



Christine Mwaka
FOR: Chief Executive Officer

Date: 8/09/21



Mr. Jaswinder Bedi, EBS, MBS
Chairman, Board of Directors

Date: 8th Sept 2021

APPENDIX 2: INTER-ENTITY TRANSFERS

Export Promotion Council			
(a) Recurrent Grants	Bank Statement Date	Amount (KShs)	FY to which Amounts Relate
Break Down of Transfers from the State Department for Trade FY 2018/2019			
	22/08/18	69,500,000	2018/2019
	9/11/18	2,780,000	2018/2019
	9/11/18	47,220,000	2018/2019
	23/01/19	66,720,000	2018/2019
	20/02/19	68,110,000	2018/2019
	14/05/19	68,110,000	2018/2019
	Total	322,440,000	

APPENDIX 3: 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
				Statement of Financial Performance	
The National Treasury-COMESA RIIP	20/02/19	Recurrent Vote	5,000,000	Other Donors	5,000,000
DAI GLOBAL LLC	20/11/18	Recurrent Vote	200,000	Other Donors	200,000
DAI GLOBAL LLC	29/10/18	Recurrent Vote	300,000	Other Donors	300,000