


REPUBLIC OF KENYA



PARLIAMENT  
OF KENYA  
LIBRARY

*Enhancing Accountability*

# REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 APR 2023	DAY: <input type="text"/>
TABLED BY:	Hon. Naomi Waga, M.P.
CLERK-AT-THE-TABLE:	Deputy Majority Whip Christine Ndiritu

**THE AUDITOR-GENERAL**

**ON**

**KENYA INVESTMENT AUTHORITY**

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





---

**KENYA INVESTMENT AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**30<sup>TH</sup> JUNE 2022**

---

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

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
1. KEY AUTHORITY INFORMATION AND MANAGEMENT .....	ii
2. THE BOARD OF DIRECTORS .....	v
3. MANAGEMENT TEAM.....	xi
4. CHAIRMAN'S STATEMENT .....	xiv
5. REPORT OF THE MANAGING DIRECTOR.....	xv
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022.....	xviii
7. CORPORATE GOVERNANCE STATEMENT .....	xxi
8. MANAGEMENT DISCUSSION AND ANALYSIS .....	xxviii
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING .....	xxx
10. REPORT OF THE DIRECTORS.....	xxxi
11. STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	xxxii
12. REPORT OF THE INDEPENDENT AUDITOR FOR KENYA INVESTMENT AUTHORITY .....	xxxiv
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022.....	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 .....	2
15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022 .....	3
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022 .....	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022.....	5
18. NOTES TO THE FINANCIAL STATEMENTS.....	6
19. APPENDIX .....	28

## 1. KEY AUTHORITY INFORMATION AND MANAGEMENT

### (a) Background information

Kenya Investment Authority (KenInvest) is a statutory body currently operating under an Act of Parliament (Investment Promotion Act No. 6 of 2004) and mandated to promote and facilitate both domestic and foreign investments in Kenya. The Authority is domiciled in Kenya and has branches in Eldoret, Kisumu and Mombasa.

The Authority's Day to day management is under the following key departments:

- i. Investment Promotion and business development services;
- ii. Investor Services;
- iii. Research, Policy Advocacy and Planning;
- iv. Legal and Corporate Affairs; and
- v. Finance and Administration

### (b) Principal Activities

The Authority is responsible for facilitating the implementation of new investment projects, providing after care services for new and existing investments, as well as organizing investment promotion activities both locally and internationally. It is also responsible for advocating for appropriate investment policies.

The Authority's vision is to be "a global leader in investment attraction and retention" and the mission is "to promote and facilitate domestic and foreign investment in Kenya by advocating for a conducive investment climate, providing accurate information and offering quality services for a prosperous Nation."

The Authority's strategic focus is on the following:

- Contribution to realization of Kenya's development targets such as faster and sustained economic growth, increased employment, wealth creation and poverty alleviation by strengthening attraction and retention of investments in priority sectors;
- Enhancement of competitiveness and investment environment in Kenya;
- Strategic partnership and collaboration with Ministries, Departments and Agencies (MDAs); County governments, Institutional partners, Private sector and donor agencies to enhance growth of private investments; and
- Institutional capacity and capability strengthening.

### (c) Key Management

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

- Board of Directors;
- Managing Director; and
- Senior Management.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Managing Director From January 2023	Ms. June Chepkemei
2.	Ag. Managing Director From November 2021- January 2023 General Manager, Legal & Corporate Services	Ms. Olivia Rachier
3.	Managing Director Term Ended in February 2022	Dr. Moses Ikiara, MBS
4.	General Manager, Investment Promotion and Business Development Services	Mr. Pius Rotich
5.	General Manager, Investor Services	Mr. Guracha Adi
6.	General Manager, Research, Policy Advocacy & Planning	Mr. Robert Bwire
7.	General Manager, Finance and Administration	Ms. Donna Atieno
8.	Manager, Procurement	Mr. Hosea Kipkemboi
9.	Manager, Internal Audit	Mr. Joseph Onyango

**(e) Fiduciary Oversight Arrangements**

The Authority has put in place key fiduciary oversight arrangements covering:

- Board Committees i.e. Strategy, Investment Promotion, Facilitation and Innovation Committee; Audit & Governance Committee; Finance, Human Resources & Administration Committee;
- Internal Audit; and
- Transparency and Accountability Governance Structures.

**(f) Authority Headquarters**

UAP Old Mutual Tower, 15th Floor,  
Upper Hill Road,  
P. O. Box 55704 – 00200,  
Nairobi, Kenya.

**(g) Authority Contacts**

Telephone: (254) 730 104 200/201

E-mail: [info@invest.go.ke](mailto:info@invest.go.ke)

Website: [www.invest.go.ke](http://www.invest.go.ke)

**(h) Authority Bankers**

Co-operative Bank of Kenya,  
Parliament Road Branch,  
P. O. Box 5772 - 00200,  
Nairobi, Kenya.




**(i) Independent Auditors**




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




**(j) Principal Legal Adviser**




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




## 2. THE BOARD OF DIRECTORS




Ref	Directors	Details
1.	<p><b>Ms. Sally Njambi Mahihu, CLArb</b> Non-Executive Chairperson</p>  <ul style="list-style-type: none"> <li>• Master of Laws (LL.M)</li> <li>• Bachelor of Laws LL.B.</li> <li>• Member of The Chartered Institute of Arbitrators, London, U.K. (CLArb.), Institute of Certified Public Secretaries of Kenya (CPS (K)), and The Law Society of Kenya.</li> </ul>	<p><b>Date of Birth:</b> 30<sup>th</sup> January, 1959</p> <p>February 2023 to date - Chairman - Kenya Investment Authority Board</p> <p>Until February 2023 Non-Executive Director at Kenya Revenue Authority</p> <ul style="list-style-type: none"> <li>•Chairperson - Help A Child Africa Organization (HACA)</li> <li>•Member Board of Management – St Andrews Turi School)</li> </ul>
2.	<p><b>Mr. Wanjuki Muchemi, CBS, FCI, Arb</b> Non-Executive Chairman</p>  <ul style="list-style-type: none"> <li>• MBA (Strategic Management)</li> <li>• Bachelor of Laws LL.B.</li> <li>• Fellow of The Chartered Institute of Arbitrators, London, U.K. (FCI Arb.)</li> </ul>	<p><b>Date of Birth:</b> 30<sup>th</sup> November, 1951</p> <p>April 2022 to February 2023 - Chairman - Kenya Investment Authority Board</p> <p>Until April 2022 Non-Executive Director at Energy and Petroleum Regulatory Authority (EPRA).</p> <p>2003-2013 - Solicitor-General of the Republic of Kenya and as the Principal Assistant was awarded the Chief of the Order of the Burning Spear (CBS)</p>
3.	<p><b>Hon. Dennis Waweru</b> Non-Executive Chairman</p>  <ul style="list-style-type: none"> <li>• MBA (Strategic Management)</li> <li>• B. Com (Accounting Option)</li> </ul>	<p><b>Date of Birth:</b> 30<sup>th</sup> June, 1970</p> <p>May 2019 to February 2022 - Chairman - Kenya Investment Authority Board</p> <p>Member of Committee - Finance, Trade, Planning and Tourism, National Assembly</p> <p>Member of Committee - Budget and Appropriation- The National Assembly</p> <p>2000 to Date - Director and Partner at Faida Investment Bank Limited.</p>

Ref	Directors	Details
4.	<p><b>Hon. Dr. Peter Mutuku Mathuki</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• Ph.D (Regional Integration)</li> <li>• MBA (Strategic Management)</li> <li>• Bachelor of Commerce</li> </ul>	<p><b>Date of Birth: 20th February, 1969</b> April 2021 to date: Secretary General of the East African Community 2018 to April 2021: CEO, East African Business Council, Arusha, Tanzania Feb 2018 to Sept. 2018: Goodwill Ambassador, East African Business Council 2012 to 2017: MP East African Legislative Assembly Member, Arusha, Tanzania</p>
5.	<p><b>Ms. Susan Nkatha Kairima</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• MBA (Strategic Management)</li> <li>• Bachelor of Commerce</li> </ul>	<p><b>Date of Birth: 24<sup>th</sup> August, 1965</b> 2011 to date: Executive Director, Shadenet Conference and Resort Centre. 2016 to 2017: Board Member, Agriculture and Food Authority (AFA). 2015 to 2017: Chairperson, Board of Directors Meru County Microfinance Corporation. 2011 to 2014: Board Member, Kenya Industrial Estate (KIE).</p>
6.	<p><b>Ms. Elvira Wilunda</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• Certified Public Secretary- Ongoing</li> <li>• Post Graduate Diploma in Law</li> <li>• Bachelor of Law (LLB)</li> </ul>	<p><b>Date of Birth –1985</b> January 2020 to date: Joint Secretariat Lands Appeals Committee Kakamega 2019 to date: Board Member, Mumias Municipality &amp; Eregi Girls High School. January 2019 to date: Partner, EA Wilunda &amp; Company Advocates November 2017 to December 2018: Advocate, Shibanda Wilunda &amp; Associates Advocates</p>




Ref	Directors	Details
7.	<p><b>Mr. Jackson Kiprotich Kemboi</b></p>  <ul style="list-style-type: none"> <li>• Master of Science Human Resource Management – Ongoing</li> <li>• Bachelor of Arts Political Science &amp; Public Administration</li> <li>• Diploma Management Purchasing &amp; Supplies</li> <li>• Diploma Land &amp; Survey</li> </ul>	<p><b>Date of birth: 1975</b></p> <p>2021 to date: Board Member, Communications Authority</p> <p>2001 to 2020: Private Surveyor</p> <p>1996-2000: Land Adjudicator</p>
8.	<p>Principal Secretary, Ministry of Industrialization, Trade &amp; Enterprise Development (Alternate Member - <b>Mr. Hezekiah Okeyo</b>)</p>  <ul style="list-style-type: none"> <li>• Master: Business Administration.</li> <li>• Master: Environmental Science and Technology</li> <li>• Bachelor of Science: Industrial Chemistry</li> </ul>	<p><b>Date of Birth: 28th March, 1963</b></p> <p>May 2019 to date: Industrialization Secretary at the Ministry of Industrialization, Trade and Enterprise Development.</p> <p>Has been involved in the development and implementation of various policies, strategies and programs towards Kenya's industrialization, trade and investments.</p>
9.	<p>Principal Secretary, Ministry of Devolution &amp; Planning (Alternate Member - <b>Mr. Dominic Yegon Kiplangat</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts Degree (Economics Policy Management)</li> <li>• Bachelor of Science Degree (Agricultural Economics)</li> </ul>	<p><b>Date of Birth: 15 February 1985</b></p> <p>2015 to date: Economist in the Ministry of Devolution and Planning (State Department for Devolution)</p> <p>2010 to 2013: Extensive training and experience in Economic Development, Policy Formulation and Analysis and Strategic Planning, National Development and Vision 2030.</p>




Ref	Directors	Details
10.	<p>Principal Secretary, Ministry of Devolution and Planning (Alternate Member- <b>Mr. Peterson Njenga</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Economics)</li> <li>• B.A (Economics)</li> </ul>	<p><b>Date of Birth: 21<sup>st</sup> August, 1982</b></p> <p>2018 to date: Ag. Principal Economist in the Ministry of Devolution and Planning (State Department for Planning)</p> <p>2008 to 2018: Economist/Statistician, Tracking Vision 2030 flagship projects</p>
11.	<p>Principal Secretary, National Treasury (Alternate Member - <b>Mr. Wanyambura Mwambia</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Development Economics)</li> </ul>	<p><b>Date of Birth: 10<sup>th</sup> January, 1956</b></p> <p>2010 to date: Deputy Director Economic Affairs National Treasury</p>
12.	<p>Principal Secretary, Office of the President (Alternate Member- <b>Mr. William K. Mahinda</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Economics)</li> <li>• B.A (Economics)</li> </ul>	<p><b>Date of Birth:- 22<sup>nd</sup> May 1960</b></p> <p>2005 to date – Secretary/ Policy Cabinet office.</p> <p>Director Commission of Higher Education, KIPPRA, KenInvest, LAPPSET</p> <p>2001-2005 – Provincial Coordinator – NACC</p> <p>1997 – 2001 Provincial Plan Office.</p>


Ref	Directors	Details
13.	<p>Principal Secretary, Ministry of Lands and Physical Planning (<b>Alternate Member- Mr. Augustine Masinde, EBS, MBS</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Urban and Regional Planning)</li> <li>• Registered Physical Planner</li> </ul>	<p><b>Date of Birth - 1962</b></p> <p>Chief Government Adviser on Physical Planning Chairman of the Physical Planners Registration Board National Director of Physical Planning Member of the International Society for City and Regional Planners (ISOCARP) Corporate Member of both the Kenya Institute of Planners and Architectural Association of Kenya (Town Planners Chapter)</p>
14.	<p>Principal Secretary, Ministry of Agriculture (Alternate Member - <b>Mr. Samuel Gicheru</b>)</p>  <ul style="list-style-type: none"> <li>• Masters in Economics</li> </ul>	<p><b>Date of Birth: 26<sup>th</sup> January 1970</b></p> <p>Currently works at the Ministry of Agriculture</p>
15.	<p><b>Mr. Hussein Adan Mohammed</b> – Ag. Chief Executive, Export Processing Zones Authority (EPZA)</p>  <ul style="list-style-type: none"> <li>• MSc. Procurement and Logistics</li> <li>• Bachelors of Business Management- Procurement &amp; Supplies Management</li> <li>• Co-opted council member of Kenya Institute of Supplies Management (KISM)</li> </ul>	<p><b>Date of Birth: 20<sup>th</sup> August, 1990</b></p> <p>Currently - Ag. Chief Executive Officer at Export Processing Zone Authority EPZA.</p> <p>August 2021 - Head of Supply Chain. EPZA</p> <p>Has over ten years' experience enhancing operations efficiency through strategic planning. Previously, he worked at KEMRI as Assistant Manager Supply Chain for over 9 years.</p>

Ref	Directors	Details
16.	<p><b>Dr. Wilfred Nyakwanya Marube</b> - Chief Executive Officer, Kenya Export Promotion and Branding Agency</p>  <ul style="list-style-type: none"> <li>• PhD (Communications Studies)</li> <li>• Master of Arts (Linguistics)</li> <li>• B. Ed (English and Literature)</li> </ul>	<p><b>Date of Birth – 10<sup>th</sup> February, 1974</b></p> <p>2020 June to date - Chief Executive Officer, Kenya Export Promotion and Branding Agency</p> <p>2013 to 2020 - Head of Public Relations and Communications, Office of the Auditor-General</p> <p>2007 to 2013 - City Council of Nairobi, Chief Public Relations Officer</p> <p>1997-2007- Teachers Service Commission</p>
17.	<p><b>Dr. Moses Ikiara</b></p>  <ul style="list-style-type: none"> <li>• PhD (Environmental and Natural Resource Economics)</li> <li>• Master of Arts (Economics)</li> <li>B. Sc (Agriculture)</li> </ul>	<p>Managing Director (<i>Term ended in February 2022</i>)</p>
18.	<p><b>Ms. Olivia Rachier</b> – Acting Managing Director, Kenya Investment Authority</p>  <ul style="list-style-type: none"> <li>• Master of Law (International Business)</li> <li>• Bachelor of Law</li> <li>• Dip. Law (KSL)</li> <li>• Institute of Certified Public Secretaries (ICPSK) Member No. 2273</li> </ul>	<p><b>Date of Birth – 30<sup>th</sup> May, 1975</b></p> <p>Nov 2021 to date - Ag. Managing Director, KenInvest</p> <p>2017 to 2021 – General Manager, Legal and Corporate Affairs, KenInvest</p> <p><b>Secretary to the Board.</b></p>

### 3. MANAGEMENT TEAM

No.	Management	Details
1.	<p><b>Ms. June Chepkemei</b></p>  <ul style="list-style-type: none"> <li>• Masters of Communication</li> <li>• Bachelor in Public Relations and Communication</li> <li>• Postgraduate Diploma in Professional Marketing</li> <li>• Chartered Institute of Marketing (CIM) member</li> </ul>	<p>Ag. Managing Director</p>
2.	<p><b>Ms. Olivia Rachier</b></p>  <ul style="list-style-type: none"> <li>• Master of Law (International Business)</li> <li>• Bachelor of Law</li> <li>• Dip. Law (KSL)</li> <li>• Institute of Certified Public Secretaries (ICPSK) Member No. 2273</li> </ul>	<p>Ag. Managing Director (Term ended in January 2023)</p> <p>General Manager, Legal and Corporate Services</p>
3.	<p><b>Dr. Moses Ikiara</b></p>  <ul style="list-style-type: none"> <li>• PhD (Environmental and Natural Resource Economics)</li> <li>• Master of Arts (Economics)</li> <li>• B. Sc (Agriculture)</li> </ul>	<p>Managing Director (<i>Term ended in February 2022</i>)</p>

No.	Management	Details
4.	<p><b>Mr. Pius Rotich</b></p>  <ul style="list-style-type: none"> <li>• Master of Business Administration (International Marketing)</li> <li>• Bachelor of Education</li> <li>• Marketing Society of Kenya (MSK) member</li> </ul>	<p>General Manager, Investment Promotion and Business Development Services.</p>
5.	<p><b>Mr. Guracha Adi</b></p>  <ul style="list-style-type: none"> <li>• Master of Business Administration (International Business Management)</li> <li>• Bachelor of Arts (Business Studies and Mathematics)</li> <li>• Member of Institute of Economic Affairs</li> </ul>	<p>General Manager, Investor Services</p>
6.	<p><b>Mr. Robert Bwire</b></p>  <ul style="list-style-type: none"> <li>• Master of Industrial Relations and Personnel Management</li> <li>• Bachelor of Commerce (Accounting)</li> <li>• Member of Institute of Economic Affairs</li> <li>• Diploma in PC Programming</li> </ul>	<p>General Manager- Research, Policy Advocacy and Planning</p>

No.	Management	Details
7.	<p data-bbox="293 398 539 427">Ms. Donna Atieno</p>  <ul data-bbox="293 689 975 931" style="list-style-type: none"><li>• Master of Science (Development Finance)</li><li>• Master of Business Administration (Finance)</li><li>• Certified Public Accountant of Kenya</li><li>• Bachelor of Business Management (Accounting)</li><li>• Institute of Certified Public Accountants of Kenya (ICPAK) Member No. 7332</li></ul>	<p data-bbox="1010 607 1394 674">General Manager, Finance and Administration.</p>

#### 4. CHAIRPERSON'S STATEMENT


On behalf of the KenInvest Board of Directors, I am pleased to present to you KenInvest Annual Report for the Financial Year 2021-2022.

KenInvest undertook to implement the last phase of activities and projects identified in the Strategic Plan 2018-2022, amidst evolving internal and global socio-economic challenges. The Authority registered and facilitated a total of 216 project proposals during the period, July 2021 to June 2022. The total investment capital outlay was KShs 45.221 billion, and a total of 6295 direct jobs were created during the period. The main sectors of growth during the period were infrastructure (roads), manufacturing, services (ICT, Health, banking and Finance), and construction sector (real estate development). The new investments generated underpinned KenInvest commitment to support new projects under the big four agenda. It is worth noting that the country has made great strides in continuously reviewing the investment environment. The GDP is further projected to grow by 5.5 percent in 2022 in spite of the prolonged drought situation and electioneering period. According to UN Conference on Trade and Development's (UNCTAD's) World Investment Report 2022 Kenya's foreign direct investment (FDI) inflows went against a regional recovery trend in 2021 after falling \$269 million (KShs 31.47 billion). It is estimated that the FDIs amounted to \$448 million (KShs 52.42 billion using a conversion rate of KShs 117 per dollar) from \$717 million (KShs 83.89 billion) in 2020. FDIs in Kenya were partly driven by project finance deals around "four bridge projects" aimed at bringing "connectivity with remote areas"

During the period, Kenya however encountered a wide range of socio-economic challenges exacerbated by the COVID 19 pandemic. The Macro-economic environment was characterized by declined balance of payments position, weakening shilling, inflation, high cost of production, and low borrowing capacity. The situation was worsened by the current prolonged drought; and high-octane political period leading to the general elections of August, 2022 and hence causing investor apathy. Further, the Ukraine – Russian war affected global commodity prices and caused supply chain disruptions.

Under my leadership, the Board will continue addressing organisational needs such as staffing and better remuneration to make the Authority more competitive and an enviable place to work in.

My message to fellow Board members and KenInvest staff is to remain committed to the execution of our mandate of promoting and facilitating investments in Kenya, in order to propel this country to new heights of socio-economic development as per the Kenya Vision 2030 and next government transformative agenda envisioned in the party manifesto.



**Sally Njambi Mahihu**  
**CHAIRPERSON**

## 5. REPORT OF THE MANAGING DIRECTOR

The overarching vision of the Kenya Investment Authority Strategic Plan 2018-2022 is to make Kenya a global leader in investment attraction and retention. The Plan mainly borrows from Kenya's blue print, Vision 2030, which aspires to realize economic transformation and a newly industrializing upper middle-income country by 2030, as well as the BIG 4 Agenda.

In the FY 2021/22, KenInvest facilitated 216 new investments projects as compared to 156 projects in the FY 2020/21. We also saw increase in employment numbers from 5,437 in FY 2020/21 to 5,987 in the FY 2021/22, underpinning our commitment to support facilitate new investments that have an impact on job creation. The total capital investment projects for the period however declined to KShs 45.221 billion against a set target of KShs 80 billion. This could be attributed to the evolving COVID19 pandemic, prolonged drought affecting investments in the agricultural sector and other macro-economic challenges such as high inflation and weakening shilling. The political campaigns prior to 9th August 2022 general elections also caused investor apathy. External challenges such as increase in global commodity prices, largely occasioned by the Ukraine -Russian war had a negative impact on investment flows in the first half of the year 2022. However, the Kenyan economy grew by 7.5 % in 2021 after 0.3% contraction in 2020. Growth was driven by services on the supply side and by private consumption on the demand side, both benefiting from supportive investment policies and eased COVID-19 restrictions.

Other achievements for the period included the following:

### *State of Investment Report*

The Authority embarked on development of the 1<sup>st</sup> State of Investment report for Kenya. Due to funding challenges, we were unable to convene stakeholder forums as scheduled to develop a draft. However, in the last quarter April - June, 2022, we received technical support from Msingi East Africa and organized a roundtable consultative forum on the same. We look forward to work on the report and produce inaugural draft in the next FY 2022/23.

### *Standard operating procedures (SOPS)*

We developed standard operating procedures touching on our operational aspects. The SOPS are currently at implementation stage.

### *Investment Promotion*

KenInvest facilitated a total of 45 investment missions (incoming delegations). We received investor delegations mainly from China, US and EU. We also conducted virtual forums and conferences and engaged in bilateral investment activities engagements. Due to funding constraints and COVID 19 restrictions, we did not organize the physical annual Kenya International Investment Conference as scheduled.

### *Strategic plan development*

During the fourth quarter (April- June) of FY 2021/22, we embarked on development of a new KenInvest Strategic plan 2022-2027. The strategic plan will be aligned to the Vision 2030 4<sup>th</sup> Medium Term Plan (MTP). A draft has been originated and is being subjected to stakeholder input. Finalization and implementation of the new strategic plan will be realized in the FY 2022/ 2023.

### *Investment Procedures (Eregulations)*

KenInvest developed the investment procedures portal (<https://eregulations.invest.go.ke>), with technical support from UNCTAD. The project has transformed the business environment by increasing transparency, accessibility and reduction of time taken to register investment projects in Kenya. Lately, we have interlinked the same with <https://www.ecitizen.go.ke> portal, KRA, NEMA, and NCA. This has made it possible for investors to apply for company registration online; as well reduced the lead times and cost for project start-up. The portal is also interlinked with some county government websites such as Nairobi, Mombasa, Nyeri, Uasin Gishu and Kwale Counties; making it possible for investors to apply for single business permits.

### *Enhancing Regional Integration*

The Authority was involved in key regional integration activities in EAC and the ACFTA aimed at enhancing trade and Investment integration in the region.

### *Investor Facilitation*

The Authority provided after care services to 197 projects, and assisted in addressing policy and/or administrative issues raised; escalated to the relevant Ministries, Departments and Agencies (MDAs) for recourse.

### *Global Competitiveness Index Survey*

KenInvest in conjunction with the University of Nairobi, Institute of Development Studies (IDS), conducted an executive opinion survey to gauge Kenya's global business competitiveness. The survey results are awaiting release/ publication by the World economic forum in September 2022.

### *Financial Performance*

In the period under review, the Authority received total revenue of KShs 245.487 million compared to KShs 240.603 million in the previous financial year. The total expenses increased from KShs 240.940 million in 2020/2021 FY to KShs 262.374 million in 2021/2022 FY. This resulted in deficit of KShs 17,178,479 compared to a deficit of KShs 337,755 reported in the previous financial year.

### *Challenges*

Some of the obstacles that stood in the way of better performance for the Authority, and which continue to pose challenges in the new FY 2021/ 2022 include:

- i. Instance of COVID-19 pandemic waves necessitating more of online meetings/ activities than physical
- ii. Low exchequer funding both for recurrent and development vote.
- iii. IIR challenges such as inadequate staff establishment, lack of training and capacity building opportunities due to low funding. These challenges are being resolved through resource mobilization, efforts to improve work environment, seeking training support from our partners; and pursuit of SRC to implement new salary structure.
- iv. Inadequate clout which hampers effective facilitation of investors. This remains a key focus in our Strategic Plan 2022-2027 and the Kenya Investment Policy;
- v. Large information and data gap including challenges in capturing and processing the information and absence of a knowledge management system. This is being addressed through MoUs with sector regulators and other agencies with the data; and
- vi. Inadequate marketing efforts of investment opportunities due to their insufficient packaging, and inadequate budgetary resources. KenInvest has proposed establishment of an investment fund for this purpose and continues to seek more funds from GoK and is identifying revenue generating activities.

We look forward to continued support by our cherished Partners and stakeholders as we implement our mandate of attracting and facilitating investments in Kenya.



**Ms. June Chepkemei**  
**Ag. MANAGING DIRECTOR**

## 6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

The strategic focus for KenInvest's Strategic Plan for the period 2018-2022 is to increase new high impact investments as espoused in the Big Four Agenda and the Vision 2030. Growing the level of private investment, that is foreign direct investment (FDI) and domestic direct investment (DDI), to at least 20% of GDP by 2022 will be KenInvest's key focus area. Increased FDI and DDI, especially of high quality or impact, will maximize employment opportunities, foreign exchange earnings, technology transfer and lessening of the debt burden for Kenya.

KenInvest also focuses on advocating for full and speedy implementation of the Kenya Investment Policy (KIP) and operationalization of the proposed National Investment Council (NIC) to give her more impetus in promoting and facilitating new investments in the county; as well as play a more direct role in influencing investment policy space. Continued partnership and collaboration with stakeholders shall be sustained in order to ensure harmony in the conduct of our activities. Other focus areas will be continued advocating for further investment climate improvement, institutional strengthening and capacity development for long term sustainability of KenInvest.

The plan has 6 strategic pillars:

- ✓ Pillar 1: Investment Generation
- ✓ Pillar 2: MSMEs Support
- ✓ Pillar 3: Improved Investment Climate
- ✓ Pillar 4: Partnership and Collaboration
- ✓ Pillar 5: Investment Information and data
- ✓ Pillar 6: Institutional Strengthening and Capacity Building

KenInvest develops its annual work plans and performance contract based on the above 6 pillars. Assessment of the Board's performance against its annual work plan is done on an annual basis. KenInvest achieved its performance targets set for the FY 2021/2022 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar 1: Investment Generation</b>	Attract and facilitate private investment of KShs 1.1 trillion and create 150,000 jobs	Value of investment proposals attracted (in KShs. Billions)	Investment projects proposals attracted and registered worth 80 billion	During the FY, 216 projects were registered and facilitated with proposed capital outlay worth KShs. 45.226 billion (of which 42.538 billion and 2.673 billion relate to foreign and local contribution respectively) compared to 156 projects worth KShs. 68.569 billion in FY 2020/21

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		No. of Projects	Facilitate and provide aftercare services to 200 projects	Aftercare services were provided to 197 investor projects during the FY compared to 189 projects facilitated in FY 2020/21. Policy and administrative issues raised were escalated to the respective MDAs for recourse.
		No. of employment opportunities created	Create employment opportunity for 8,000 Kenyans	During the FY, 216 projects proposals were registered and facilitated which created 5,987 local employment opportunities for Kenyans compared to 5,437 in prior year.
<b>Pillar 2: MSMEs Support</b>	Contribute to building Kenya's future Multinational Corporations through MSMEs support.	MSME Market linkages and integration into value chains MSME sector promotion	Develop MSME database Profile MSME focussed investment opportunities under the Big 4 Agenda	A database of 364 MSMEs was developed and updated regularly.
<b>Pillar 3: Improved Investment Climate</b>	Enhance Investment Environment to be the Top 40 Country in Ease of Doing Business Globally	Improve Kenya's competitiveness	Generate Policy briefs and memoranda based on aftercare.	4 Policy briefs generated to improve Kenya's competitiveness on topical issues including Youth Employment through entrepreneurship; Rising food prices; Healthcare financing in Kenya and high cost of living.
<b>Pillar 4: Partnership and Collaboration</b>	Provide leadership in the co-ordination and provision of investment information and data;	Improve data capture, management, analysis and dissemination Leverage on ICT systems to promote and facilitate investments.	Forge partnerships with MDAs that capture sectoral investment data for sharing purposes Update and Publish E-Regulations Procedures and E-Opportunities Promote and integrate e-regulations with county portals	Partnerships with various stakeholders such as UON and IDS are in place. New procedures published and updated. For instance, embed E-regulations portal on Kakamega, Nakuru and Nyandarua counties

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar 5: Investment Information and data</b>	Enhance Partnership and Collaboration with Stakeholders to Increase Growth of Private Investments	Seamless collaborative work with county governments  Enhance linkages with MDAs to improve investment facilitation	Partner with local & International partners & institutions in capacity building programmes on investment matters	Trained officers from Kakamega County Investment Unit on investment promotion, facilitation and resource mobilization.  Signed MoUs with Tanzania Investment Centre (TIC) and Zambia Development Authority (ZDA) covering over 10 areas of cooperation.  Offered consultancy level support to Murang'a County to come up with a Investment Promotion Act towards the establishment of Murang'a County Investment Unit.  Currently working with UNIDO who are offering technical support to KenInvest through ACP Business Friendly programme touching on a wide spectrum of investment promotion, facilitation and policy advocacy. The program ends in 2024.
<b>Pillar 6: Institutional Strengthening and Capacity Building</b>	Develop and strengthen institutional capacity and capability for long-term sustainability.	Enhance employee capacity, motivation and competence  Improve staff welfare and work environment	Improve staff welfare, expand staff establishment  Implement youth empowerment programmes	The Authority operates using the approved HR instruments to ensure policy is observed and adhered to.  68 youth recruited under the attachment program.

## 7. CORPORATE GOVERNANCE STATEMENT

### Introduction

KenInvest Board through Management has taken cognizance of the serious and unpredictable situation that COVID-19 pandemic presented to the Authority and the Country in promotion and facilitation of investments by maintaining and ensuring that appropriate governance and oversight has been maintained throughout the FY 2021/2022.

The Authority has adopted high standards and applies strict standards of conduct, based on the best corporate practices and the *Mwongozo* code. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles:

- i. To observe high standard of ethical and moral behaviour;
- ii. To act in the best interests of the organization;
- iii. To remunerate and promote fairly and responsibly;
- iv. To recognize the legitimate interests of all stakeholders; and
- v. To ensure that the organization acts as a good corporate citizen.

In general, Board members act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the organization over other interests. They act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

In line with Section 13 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, the Board of Directors respect the values, principles and the requirements of the Constitution including:

- i. The national values provided for under Article 10 of the Constitution;
- ii. The rights and fundamental freedoms provided for under Chapter IV of the Constitution;
- iii. The responsibilities of leadership provided for under Article 73 of the Constitution;
- iv. The principles governing the conduct of State officers provided for under Article 75 of the Constitution;
- v. The educational, ethical and moral requirements in accordance with Article 99 (1) (b) and 193 (1) (b) of the Constitution; and
- vi. The values and principles of Public Service provided for under Article 232 of the Constitution.

### The Board of Directors

The members of the Board of Directors are published in this report. The Investment Promotion Act, 2004 Section 16 (i) gives the Board of Directors the overall responsibility over the Authority with the Chairman being a Presidential appointee for a period of three years. Other members are drawn from the private sector, representatives of the Government in their various capacities and the Managing Director who is the Secretary to the Board. Currently, the KenInvest Board has 16 members.

### **Appointment and Removal of Directors**

In accordance with the Board Charter the relevant appointing authority shall select and appoint Board members. Every appointment shall be by name and by notice in the Kenya Gazette and shall cease if the Board member:

- i. Serves the appointing authority with a written notice of resignation; or
- ii. Is absent, without the permission of the respective Cabinet Secretary, from three consecutive meetings; or
- iii. Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
- iv. Is incapacitated by prolonged physical or mental illness from performing his or her duties as a member of the Board; or
- v. Conducts himself/herself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

### **Role and Functioning of the Board**

The Board is collectively responsible for the success of the Authority's strategy. The management team led by the Managing Director is responsible for implementing the strategy and managing the business at an operational level. The Authority through the Board has established Board Committees as per section 4(1) of the third Schedule of the Act. These Committees are described below:

- i. *Strategy, Investment Promotion, Facilitation and Innovation Committee* - This Committee is chaired by a non-executive member and meets on a quarterly basis. The Committee has the overall mandate to ensure that all investment issues and the core function of KenInvest are maintained at all times. This includes investment promotion, investment facilitation, after-care services, Policy Advocacy and Management of Information Technology to enhance investor access to services provided by the Authority.

The Committee's important task is to ensure the relevance of the strategic plan, performance contract and work plan.

- ii. *Finance, Human Resource & Administration Committee* - This Committee is chaired by a non-executive member and meets on a quarterly basis. The Committee has the overall mandate to ensure that the budget is justified and adhered to, and that all expenditures are accounted for. It also has the mandate to ensure that all quarterly reports are presented in a timely fashion to the Board prior to the same being submitted to the Parent Ministry. All financial policies are discussed in this Committee.

This Committee is also tasked with ensuring that KenInvest maintains and attracts high calibre of human resources. The Committee handles recruitment, maintenance of the organization's practices, attitudes, and staff motivation.

- iii. *Audit & Governance Committee* - This Committee is chaired by a non-executive member and meets on a quarterly basis. The Committee has the responsibility of assisting the Board of Directors perform its oversight role in Integrity of quarterly, half-yearly and year-end financial statements including reviewing the accounting policies and practices adopted in the preparation of financial information; Effectiveness of the internal control environment; and Compliance with applicable laws, regulations, accounting & auditing standards, good corporate governance principles and other ethical issues.

### Board Meetings

During the FY ended 30 June 2022, the Board held four (4) scheduled meetings. Individual attendance at these meetings is set out in the table below. Additionally, three (3) special meetings were held on specific issues. The attendance by Members is as below:

#### 1. FULL BOARD COMMITTEE MEETING ATTENDANCE FOR 2021/2022

No.	NAME OF DIRECTOR	61 <sup>st</sup> Board meeting held on 28/7/2021	62 <sup>nd</sup> Board meeting held on 21/10/2021	32 <sup>nd</sup> Special Board meeting held on 9/11/2021	33 <sup>rd</sup> Special Board meeting held on 14/12/2021	63 <sup>rd</sup> Board meeting held on 3/2/2022	34 <sup>th</sup> Special Board meeting held on 8/02/22	64 <sup>th</sup> Board meeting held on 28/4/2022	Total meetings attended
1.	Hon. Dennis Waweru	✓	✓	✓	✓	✓	✓	-	6/7
2.	Wanjuki Muchemi	-	-	-	-	-	-	✓	1/7
3.	William K. Mahinda	✓	✓	✓	✓	✓	✓	✓	7/7
4.	Samuel K. Gicheru	✓	✓	✓	✓	✓	✓	✓	7/7
5.	Augustine K. Masinde	-	-	-	✓	✓	-	-	4/7
6.	Wanyambura Mwambia	-	-	-	-	✓	✓	-	4/7
7.	Hezekiah Bunde Okeyo	-	-	-	-	-	-	✓	1/7
8.	Wilfred Marube	-	-	✓	-	-	-	✓	2/7
9.	Peterson Njenga	✓	-	✓	✓	✓	-	✓	7/7
10.	Elvira Wilunda	-	-	-	-	-	✓	✓	2/7
11.	Yegon Kiplangat	✓	✓	-	✓	✓	✓	✓	6/7
12.	Benjamin Chesang	-	✓	✓	✓	✓	✓	-	5/7

No.	NAME OF DIRECTOR	61 <sup>st</sup> Board meeting held on 28/7/2021	62 <sup>nd</sup> Board meeting held on 21/10/2021	32 <sup>nd</sup> Special Board meeting held on 9/11/2021	33 <sup>rd</sup> Special Board meeting held on 14/12/2021	63 <sup>rd</sup> Board meeting held on 3/2/2022	34 <sup>th</sup> Special Board meeting held on 8/02/22	64 <sup>th</sup> Board meeting held on 28/4/2022	Total meetings attended
13.	Stephen Odua	✓	✓	✓	✓	✓	✓	-	6/7
14.	Jackson Kemboi	-	-	-	-	-	✓	✓	2/7
15.	Hussein Adan Mohamed	-	-	-	-	-	-	✓	1/7
16.	Hon. Peter Mathuki	✓	-	✓	-	✓	✓	✓	4/7
17.	Ms. Susan Kairima	✓	✓	✓	✓	✓	✓	✓	7/7
18.	Dr. Moses Ikiara	✓	✓	✓	-	-	-	-	3/7
19.	Ms. Olivia Rachier	-	-	-	✓	✓	✓	✓	4/7

*New Board Appointees during the Financial Year 2021/2022: Mr. Wanjuki Muchemi – April 2022, Mr. Jackson Kemboi- January 2022, Elvira Wilunda- January 2022, Hussein Adan- April 2022.*

## 2. FINANCE, HUMAN RESOURCE AND ADMINISTRATION BOARD COMMITTEE MEETING ATTENDANCE FOR 2021/2022

NO.	TITLE	NAME OF DIRECTOR	59th Board Committee meeting held on Wednesday 21st July, 2021	60th Board Committee meeting held on Wednesday 13th October, 2021	23rd Special Board Committee meeting held on Thursday 9th December, 2021	24th Special Board Committee meeting held on Monday 24th January, 2022	61st Board Committee meeting held on Thursday 31st January, 2022	62nd Board Committee meeting held on Wednesday 21st April, 2022	Total Meeting Attended
1	Ms.	Ms.Susan Nkatha Kairima	✓	✓	✓	✓	✓	✓	6/6
2	Hon. Dr.	Hon. Dr. Peter Mathuki	✓	✓	✓	✓	✓	✓	6/6
3	Mr.	Mr. William Karari Mahinda	✓	✓	✓	✓	✓	✓	6/6
4	Mr.	Mr. Augustine Masinde	✓	✓	✓	✓	-	-	4/6
5	Ms.	Ms. Olivia Owoko Rachier	✓	✓	✓	✓	✓	✓	6/6
6	Dr.	Dr. Moses Ikiara	✓	✓	-	-	-	-	2/6

3. AUDIT & GOVERNANCE BOARD COMMITTEE MEETING ATTENDANCE FOR 2021/2022

NO.	TITLE	NAME OF DIRECTOR	42nd Board Committee meeting held on Friday 22nd July, 2021	43rd Board Committee meeting held on Friday 15th October, 2021	44th Board Committee meeting held on Thursday 27th January, 2022	45th Board Committee meeting held on Thursday 27th January, 2022	Total Meetings Attended
1	Mr.	Samuel Kamau Gicheru	√	√	√	√	4/4
2	Mr.	Wanyambura Mwambia	-	-	√	√	3/4
3	Mr.	Domnic Yegon Kiplangat	√	√	√	√	4/4
4	Mr.	Peterson Muriithi Njenga	√	√	√	√	4/4
5	Ms.	Olivia Owoko Rachier	-	-	√	√	2/4
6	Dr.	Moses Ikiara	√	√	-	-	2/4

4. STRATEGY, INVESTMENT PROMOTION, FACILITATION AND INNOVATION BOARD COMMITTEE MEETING ATTENDANCE FOR 2021/2022

NO.	TITLE	NAME OF DIRECTOR	52nd Board Committee meeting held on Monday 19th July, 2021	53rd Board Committee meeting held on Monday 12th October, 2021	54th Board Committee meeting held on Tuesday 25th January, 2022	55th Board Committee meeting held on Tuesday 25th January, 2022	Total Meeting Attended
1	Mr.	Wilfred Marube	√	√	√	√	4/4
2	Mr.	Hussein Adan Mohamed	-	-	-	√	1/4
3	Mr.	Benjamin Chesang	-	√	√	-	2/4
4	Mr.	Henry Obino	√	-	-	-	1/4
5	Mr.	Hezekiah Bunde Okeyo	-	-	-	√	1/4
6	Mr.	Stephen Odua	√	√	√	-	3/4
7	Ms.	Olivia Owoko Rachier	√	√	√	√	4/4
8	Dr.	Moses Ikiara	√	√	-	-	2/4

The Board is required to meet at least four times in every financial year to discuss the overall performance of KenInvest. Not more than four months should elapse between one meeting and the next meeting. All full board meetings are convened by the Secretary to the Board upon instructions from the Chairman (or as per approved work plan) or upon the requisition of at least five members of the Board. All decisions are passed by a majority of present members voting with the Chairman having the decisive vote in the event of a tie.

### **Board Charter**

The Board is committed to a high level of integrity and ethical standards in the Authority's operations. Accordingly, the Board adopted a Board Charter that defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. The Charter is in accordance with *Mwongozo* Code of Governance for State Corporations ("the Code"), and is complementary to the requirements regarding the Board and the Board members contained in applicable Kenya laws and regulations.

### **Board of Directors Performance**

The Authority is committed to carrying out periodic Board performance evaluations. The process includes an undertaking to liaise with the State Corporations Advisory Board (SCAC) to conduct an annual performance evaluation exercise of the Chairperson, Directors and the Managing Director.

### **Conflict of Interest**

A conflict-of-interest register is maintained and is a permanent agenda item during board meetings.

### **Induction and training**

In accordance with the Board Charter, new Board members will be provided with an effective induction programme to familiarize them with their responsibilities as Directors, General Principles of Corporate Governance and Board Practices. The induction programme also provides the Board member with an orientation of the Authority's operations. The Board will further ensure that a competence needs assessments is carried out periodically and an annual development plan is prepared to address identified gaps. In this regard, Board members will be provided with access to, or notice of, continuing development programs that are designed to keep members abreast of the latest developments in sector best practice, corporate governance and critical issues relating to the operation of public sectors boards.

### **Succession planning**

Moving forward, it is intended that the Board succession plan is staggered for continuity purposes. The Board's plan shall seek to:

- i. Consider the skills, backgrounds, knowledge and experience, and gender diversity necessary to allow it to meet the Authority's objectives;
- ii. Assess the skills, backgrounds, knowledge, experience and diversity currently represented; and

- iii. Identify any inadequate representation of the above attributes and recommend a skill necessary to ensure a candidate is selected appropriately.

### **Board Remuneration**

Board members are remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. This includes Honoraria of KShs 80,000 for the Chairman and KShs 20,000 per member as sitting allowance for attendance of Board meetings.

### **Governance Audit**

There was no governance audit carried during the year, however this has been scheduled to be carried out in the next financial year 2022/2023.

### **Ethics and Conduct**

The board members are expected to be of good conduct and ethics in line with chapter six of the constitution and other related regulations.

## 8. MANAGEMENT DISCUSSION AND ANALYSIS

### i. Authority's Key Projects Implemented or Ongoing

#### a. One Stop Centre (OSC)

KenInvest continues to implement the OSC for investors. As at the end of June, 2021 partitioning works for the new offices were complete and final certificate for the project issued. Officers from the following institutions are currently deployed to the OSC: KRA, NEMA, NSSF, NHHF, EPZA, Business Registration Services, Kenya Power, Department of Immigration and Nairobi County Government.

#### b. Regional Integration Implementation Programme (RIIP)

KenInvest is among MDAs benefitting from the COMESA adjustment facility that supports member states to implement regional programmes with developmental impact, enhancing growth of trade and investment. The overall objective of the RIIP in accordance with Article 10 of the COMESA Adjustment Facility Protocol is to assist eligible Member States implement prioritized programmes that contribute to regional integration. These include the requisite policy reforms to improve the efficiency of the domestic market and competitiveness, capacity building in skills development, effective participation in regional integration negotiations and institutional strengthening.

### ii. Material Arrears in Statutory and Other Financial Obligations

The Authority has no material arrears in statutory and other financial obligations.

### iii. Major risks facing the Organisation

The risks identified have been classified departmentally as follows:

Department	Summary of Risks faced
Finance	- Review of risks in the Finance Unit shows that a majority of them were rated as being high and significant. Prevalent among them were the Authority's reliance on the exchequer for funding its operations and budget estimates that do not conform to the actual expenditure. There is therefore need to manage these risks by exploring avenues for additional funding by developing a resource mobilization strategy with the development partners in order for KenInvest to effectively achieve the strategic objectives. This can be enhanced through engagement of a resource mobilization officer who will build the unit's capacity to prepare good proposals to lobby for funding.
Human Resource and Administration	- The unit had the records management, staff recruitment, staff training, and motor vehicle running costs specifically fuel price fluctuation and entry of unauthorized people to office premises as the areas prone to the higher. Though there are key controls in place implementation of improvement actions is needed such as documents are in lockable filing cabinets, there is need to have modern filing cabinets and explore the e- filing possibility to safeguard the records in case of fires

Department	Summary of Risks faced
Procurement	<p>so that loss of records is minimized, making provision for price fluctuations during budgeting and ensuring biometrics are working.</p> <ul style="list-style-type: none"> <li>- The risk of lack of proper job matching and skill matching, failure to continuously train staff was rated high. Minimum qualifications are however set for each position to ensure matching of skills &amp; job requirements. To minimize the risk the key controls in place should be enforced.</li> <li>- The risks in the procurement unit are generally manageable with two areas having high risks which are receiving of poor-quality goods and theft/damage of goods in the store while significant risks are purchase of over priced goods &amp; services, &amp; services and collusion with bidders. In addition, adherence to the approved procurement plan should be observed to ensure that goods and services are supplied immediately.</li> </ul>
Investors Services	<ul style="list-style-type: none"> <li>- Failure to meet the target project visit schedule as per departmental work plan due to budget constraints being the highest or principal risk in the organization. The other risks are risks associated with protection of sensitive investor information and lack of complete official investor statistics. This needs immediate review of risks and instituting of the proposed recommendations as investor services plays a key role in executing of the organization mandate of facilitating and retaining investment in Kenya.</li> </ul>
Investment Promotion	<ul style="list-style-type: none"> <li>- Failure to meet the set investment targets due to lack of capacity and budget constraints and occurrence of errors on promotional materials, recycling of out-dated information due to lack of resources to provide services to Investors.</li> </ul>
Legal and Corporate Affairs	<ul style="list-style-type: none"> <li>- Award of damages to plaintiffs for ongoing court cases against the Authority was noted as a risk given the limited available budget and delays in the sealing of contracts which would mean late execution and at times getting time barred.</li> <li>- The Corporate Communications unit is mandated to create awareness of the existence of the authority and its functions. However, lack of awareness of the authority's activities stands out as a significant risk in the L&amp;CA department. There is therefore need to aggressively market Ken invest activities in order to fulfil its mandate.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>- High risk of failure to identify and correctly rate risks in audit areas. Inadequate allocation of audit resources based on the skills and numbers possess the risk of non-completion of the planned audit assignments thus compromising the effectiveness of the audit process and the value addition objective.</li> </ul>

## 9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

### i) Sustainability strategy and profile

We are committed to providing a quality service in a manner that ensures a safe and healthy workplace for our employees and minimizes our potential impact on the environment. We operate in compliance with all environmental legislations and strive to use environmental best practices in all that we do. To realize this, the Authority has integrated environmental concerns and impacts into all of its decisions and activities.

### ii) Environmental Performance

The Authority remains committed to environmental protection and sustainability. In this regard, we always participate in activities that contribute towards the conservation of our ecosystem as guided by appropriate government regulations.

### iii) Employee Welfare

The Authority recognizes that in addition to offering pay benefits and a healthy working environment for employees, their emotional and social needs should also be catered for as they discharge their duties. Consequently, the Authority will pursue a policy that addresses the various social and health challenges confronting employees in the work place among them; HIV/AIDS policy, ensuring a clean, smoke-free, safe and healthy work environment as well as comprehensive medical cover including last expenses for the staff and their families.

### iv) Market Place practices

#### i. Responsible Competition Practice

The Authority ensures there is responsible competition practice through use of open tender, use of procurement and tendering committees and total compliance with PPADA and PFM Act 2012.

#### ii. Responsible supply chain and supplier relations

Payment to suppliers for acceptance goods and services is done within the contract period and where it may not be practical to do so, the suppliers are notified in advance.

## 10. REPORT OF THE DIRECTORS

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

### i) Principal activities

The principal activities of the Authority continue to be attraction and facilitation of investments both locally and internationally.

### ii) Results

The results of the Authority for the year ended June 30, 2022, are set out on page 1 to 31.

### iii) Directors

The members of the Board of Directors who served during the year are shown on page vi-xi. During the year, terms for Hon. Dennis Waweru and Hon. Peter Mathuki ended in April and June 2022 respectively.


### iv) Surplus remission

The Authority did not make any surplus during the year (FY 2022 KShs Nil) and hence no remittance to the Consolidated Fund.

### v) Auditors

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

By Order of the Board

 Name: Ms. Olivia Rachier  
*Secretary to the Board*

  
Signature

16/03/2023  
Date

## 11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and the Investment Promotion Act, 2004 require the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

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

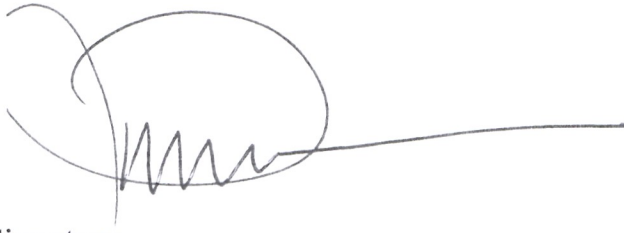
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Investment Promotion Act, 2004. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2022, and of the Authority's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority'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 Authority will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

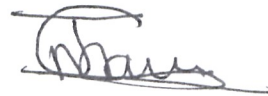
The financial statements were approved by the Board on 28/09/ 2022 and signed on its behalf by:



**Signature**

**Name: Sally Njambi Mahihu**

**Chairperson of the Board**

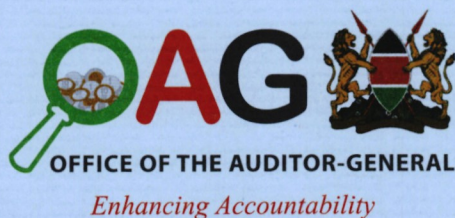


**Signature**

**Name: Ms. June Chepkemei**

**Ag. Managing Director**

# 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 KENYA INVESTMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022**

---

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Kenya Investment Authority set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2022, the statement of financial performance, the statement of financial position

as at 30 June, 2022, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Investment Authority as at 30 June, 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and complies with the Investment Promotion Act, No.6 of 2004 and Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Investment Authority 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 which, in my professional judgment, are of most significance in the audit of the financial statements. There were key audit matters to report in the year under review.

### **Other Matter**

### **Unresolved Prior Year Audit Matter**

In the audit report of previous year, an issue was raised under Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given an explanation for failure to resolve the issues.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Board Expenses**

The statement of financial performance and disclosure Note 10 to the financial statements reflects Board expenses amount of Kshs.5,294,889. The amount includes Kshs.266,700 for retreat expenses for a Board Special Select Committee meeting held on 23 and 24 February, 2022 in Nakuru, where Board Members were paid sitting and mileage allowances. Although the expenditure on the retreat was supported by a notice of meeting, payment voucher and attendance register, a prior approval from the Cabinet Secretary was not provided for audit.

This was contrary to Management of State Corporation Circular OP/CAB.9/1A dated 11 March, 2020 which provides that all Board business should be transacted at the principal or registered office of the Corporation and Board retreats are to be approved by the respective Cabinet Secretary.

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

### **2. Non-Compliance with Law on Fiscal Responsibilities - Employee Costs**

The statement of financial performance and disclosure Note 9 to the financial statements reflects an expenditure of Kshs.160,373,248 relating to employee costs. The amount represents 65% of the Authority's total revenue of Kshs.245,487,376. This is contrary to Regulation 26(1)(a) of the Public Finance Management (National Government) Regulations which states that expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the revenue.

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

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 which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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 which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which 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.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 which 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 misstatement 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 policies and procedures may deteriorate.

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

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

report. However, future events or conditions may cause the Authority to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority 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 which are identified during the audit.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

04 April, 2023

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

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6 (a)	243,510,000	239,510,000
		<b>243,510,000</b>	<b>239,510,000</b>
<b>Revenue from exchange transactions</b>			
Other income	7	1,977,376	1,093,133
<b>Total revenue</b>		<b>245,487,376</b>	<b>240,603,133</b>
<b>Expenses</b>			
Use of goods and services	8	62,617,174	58,676,596
Employee costs	9	160,373,248	160,521,405
*Board Expenses	10	5,294,889	4,753,544
Depreciation and amortization expense	11	14,729,664	4,071,687
Repairs and maintenance	12	1,472,709	1,099,464
Programme Costs	13	17,886,698	11,818,192
<b>Total expenses</b>		<b>262,374,381</b>	<b>240,940,888</b>
<b>Other gains/(losses)</b>			
Loss on sale of assets	14	(291,473)	-
<b>Surplus/(deficit) for the period/year</b>		<b>(17,178,479)</b>	<b>(337,755)</b>
Remission to National Treasury	27	-	-
<b>Net Surplus/(deficit) for the year</b>		<b>(17,178,479)</b>	<b>(337,755)</b>
Attributable to:			
Surplus/ Deficit attributable to owners of the controlling entity		(17,178,479)	(337,755)
		<b>(17,178,479)</b>	<b>(337,755)</b>

The notes set out on pages 6 to 31 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 31 were signed on behalf of the Board of Directors by:



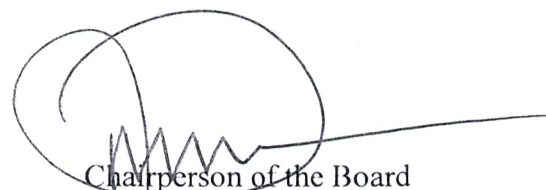
Ag. Managing Director  
Name: Ms. June Chepkemei

Date: 16/03/2023



PP Head of Finance  
Name: Tabitha Njogu  
ICPAK Member No: 12928

Date: 16/03/2023



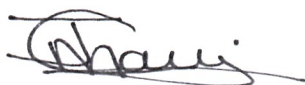
Chairperson of the Board  
Name: Sally Njambi Mahihu

Date: 16/03/2023

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	15	45,437,562	74,266,318
Receivables from Exchange Transactions	16	2,900,000	19,926,197
Receivables from Non- Exchange Transactions	17	675,940	-
Deposits	18	420,000	420,000
<b>Total Current Assets</b>		<b>49,433,502</b>	<b>94,612,515</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	19	119,310,207	131,100,323
<b>Total Non- Current Assets</b>		<b>119,310,207</b>	<b>131,100,323</b>
<b>Total Assets</b>		<b>168,743,709</b>	<b>225,712,838</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	20	4,713,762	41,361,412
Current Provision	21	-	744,000
Deferred Income	22	-	12,000,000
<b>Total Current Liabilities</b>		<b>4,713,762</b>	<b>54,105,412</b>
<b>Total Liabilities</b>		<b>4,713,762</b>	<b>54,105,412</b>
<b>Net assets</b>			
<b>Reserves</b>			
Accumulated Surplus		58,931,146	76,109,625
Capital Fund		105,098,801	95,497,801
<b>Total Net Assets</b>		<b>164,029,947</b>	<b>171,607,426</b>
<b>Total Net Assets and Liabilities</b>		<b>168,743,709</b>	<b>225,712,838</b>

The Financial Statements set out on pages 1 to 31 were signed on behalf of the Board of Directors by:



Ag. Managing Director  
Name: Ms. June Chepkemei

Date: 16/03/2023



pp Head of Finance  
Name: Tabitha Njogu  
ICPAK Member No: 12928

Date: 16/03/2023

Chairperson of the Board  
Name: Sally Njambi Mahihu



Date: .....


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


	Notes	Retained earnings	Capital/ Development Grants/Fund	Total
As at July 1, 2020		76,447,380	95,497,801	171,945,181
Surplus/ Deficit for the year		(337,755)	-	(337,755)
Capital/Development grants received during the year		-	-	-
As at June 30, 2021		76,109,625	95,497,801	171,607,426
As at July 1, 2021		76,109,625	95,497,801	171,607,426
Surplus/ deficit for the year		(17,178,479)		(17,178,479)
Capital/Development grants received during the year		-	10,000,000	10,000,000
Payments made			(399,000)	(399,000)
As at June 30, 2022		58,931,146	105,098,801	164,029,947

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

		2021-2022	2020-2021
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6 (b)	239,010,000	234,010,000
Other income	7	1,977,376	1,093,133
<b>Total Receipts</b>		<b>240,987,376</b>	<b>235,103,133</b>
<b>Payments</b>			
Use of goods and services	8	62,617,174	58,676,596
Employee costs	9	160,373,248	160,521,405
Remuneration of directors	10	5,294,889	4,753,544
Repairs and maintenance	12	1,472,709	1,099,464
Programme Costs	13	17,886,698	11,818,192
Prepayments paid	16	(11,778,177)	11,778,177
Provisions utilized	21	744,000	4,065,551
Payments made for (OSC contract)	20	37,869,206	
<b>Total Payments</b>		<b>274,479,747</b>	<b>252,712,929</b>
<i>Net cash flows from/ (used in) operating activities</i>	24	<i>(33,492,371)</i>	<i>(17,609,796)</i>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	19	(3,045,520)	(182,470)
Proceeds from sale of property, plant and equipment	14	209,135	-
<i>Net cash flows from/ (used in) investing activities</i>		<i>(2,836,385)</i>	<i>(182,470)</i>
<b>Cash flows from financing activities</b>			
GOK Grant for previous FY	6 (b)	7,500,000	-
<i>Net cash flows from / (used in) financing activities</i>		<i>7,500,000</i>	<i>-</i>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at 1 JULY	15	74,266,318	92,058,584
<b>Cash and cash equivalents at 30 JUNE</b>	15	<b>45,437,562</b>	<b>74,266,318</b>

The Financial Statements set out on pages 1 to 31 were signed on behalf of the Board of Directors by:

  
Ag. Managing Director  
Name: Ms. June Chepkemei

  
pp Head of Finance  
Name: Tabitha Njogu  
ICPAK Member No: 12928

Chairperson of the Board  
Name: Sally Njambi Mahihu

Date... 16/03/2023.....

Date... 16/03/2023.....

Date... .....

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	KShs	KShs	KShs	KShs	KShs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
<b>Revenue</b>						
Transfers from other governments entities	253,510,000	-	253,510,000	253,510,000	-	100%
Other income	904,350	1,073,026	1,977,376	1,977,376	-	100%
<b>Total income</b>	<b>254,414,350</b>	<b>1,073,026</b>	<b>255,487,376</b>	<b>255,487,376</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
Use of goods and services	59,000,000	1,073,026	60,073,026	62,617,174	(2,544,148)	104%
Employee costs	161,010,000	-	161,010,000	160,373,248	636,752	100%
Remuneration of directors	5,000,000	-	5,000,000	5,294,889	(294,889)	106%
Depreciation and amortization expense	-	-	-	14,729,664	(14,729,664)	(100%)
Loss on Disposal	-	-	-	291,473	(291,473)	(100%)
Repairs and maintenance	1,500,000	-	1,500,000	1,472,709	27,291	98%
Program costs	17,904,350	-	17,904,350	17,886,698	17,652	100%
<b>Total expenditure</b>	<b>244,414,350</b>	<b>1,073,026</b>	<b>245,487,376</b>	<b>262,665,855</b>	<b>(17,178,479)</b>	<b>107%</b>
<b>Surplus / (Deficit) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,178,479)</b>		
Transfer to Capital Expenditure	10,000,000		10,000,000	10,000,000	-	

## 18. NOTES TO THE FINANCIAL STATEMENTS

### General Information

KenInvest is established by and derives its authority and accountability from the Investment Promotion Act. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is facilitating the implementation of new investment projects, providing after care services for new and existing investments, as well as organizing investment promotion activities both locally and internationally. It is also responsible for advocating for appropriate investment policies.

### 2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Investment Promotion Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

**3. Adoption of New and Revised Standards**

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*  
IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.
- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Authority’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Authority’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><b><i>This standard has no impact on the Authority.</i></b></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Authority provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Authority;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Authority’s financial performance, financial position and cash flows.</li> </ol> <p><b><i>This standard has no impact on the Authority.</i></b></p>

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><b><i>This standard has no impact on the Authority.</i></b></p>
Other improvements to IPSAS	<p><b>Applicable 1st January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector.</li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• IPSAS 39: Employee Benefits</li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• IPSAS 29: Financial instruments: Recognition and Measurement</li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><b><i>This standard has no impact on the Authority.</i></b></p>
IPSAS 43	<p><b>Applicable 1st January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b><i>This standard has no impact on the Authority.</i></b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1st January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

Standard	Effective date and impact:
	<i>This standard has no impact on the Authority.</i>

iii. *Early adoption of standards*

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies

#### a) Revenue recognition

#### i) Revenue from non-exchange transactions

##### Transfers from other government entities

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

#### ii) Revenue from exchange transactions

##### Rendering of services

The Authority 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.

##### Sale of goods

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies (Continued)

#### b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly in June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority did not receive additional appropriations in the 2021-2022 budget.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

#### c) Property, plant and equipment

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies (Continued)

A full year depreciation is charged at the year of acquisition (unless asset is acquired in the last quarter of the financial year in which case the item will not be depreciated in the year of acquisition.) This is because depreciation of an asset should begin when the asset is ready to be used i.e., the asset is in the location and condition necessary for it to be able to operate in the manner it is intended. Additionally, no depreciation is charged during the year of disposal. The depreciation charge for each period will be recognised as an expense.

The Authority uses the reducing balance method of depreciation at the following rates: Motor Vehicles – 25%; Furniture & Fittings – 10%; and Computers and Office Equipment – 30%.

#### d) Provisions

Provisions are recognized when the Authority 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 Authority 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.

#### e) Contingent liabilities

The Authority 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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies (Continued)

**f) Contingent assets**

The Authority 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 Authority 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.

**g) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. The Authority reserves maintained and appropriate policies adopted are as follows:

- Capital/ Development Grants/Fund - The fund supports depreciation expense incurred during the year.
- Retained Earnings - This is the net assets invested in the Authority.

**h) Changes in accounting policies and estimates**

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

**i) Employee benefits**

**Retirement benefit plans**

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Authority pays fixed contributions into a separate Authority (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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Summary of Significant Accounting Policies (Continued)

#### j) Related parties

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

#### k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### l) Comparative figures

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

#### m) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority'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.

#### **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 Authority 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 Authority. 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:

- a) The condition of the asset based on the assessment of experts employed by the Authority.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset.

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 20. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(a) Transfers from Other Government Entities

Description	2021-2022	2020-2021
	KShs	KShs
<b>Unconditional grants</b>		
GoK Recurrent grant	226,510,000	226,510,000
GoK Development Grant	10,000,000	-
Regional Investment Integration Programme (RIIP) Grant	17,000,000	13,000,000
<b>Total government grants</b>	<b>253,510,000</b>	<b>239,510,000</b>

Note: GoK recurrent grant (Kshs. 226,510,000) and RIIP grant (Kshs. 17,000,000) sums to Kshs. 243,510,000 recognised in Statement of Financial Performance. GoK development grant of Kshs. 10,000,000 is recognised in Statement of Net Assets

6. (b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Authority sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total transfers 2021/22 KShs	Prior year 2020/2021 KShs
<i>Amount Received – 30<sup>th</sup> June, 2022</i>					
State Department of Industrialization Recurrent Grant	226,510,000	-	-	226,510,000	226,510,000
State Department of Industrialization Development Grant	-	-	7,500,000	7,500,000	-
National Treasury RIIP Grant	5,000,000	-	-	5,000,000	7,500,000
<b>Sub- total</b>	<b>231,510,000</b>	<b>-</b>	<b>7,500,000</b>	<b>239,010,000</b>	<b>234,010,000</b>
<i>Debtors – 30<sup>th</sup> June, 2022</i>					
National Treasury RIIP Grant	-	-	-	-	7,500,000
State Department of Industrialization Development Grant	-	-	2,500,000	2,500,000	-
<b>Sub- total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500,000</b>	<b>7,500,000</b>
<b>Total government grants and subsidies</b>	<b>231,510,000</b>	<b>-</b>	<b>10,000,000</b>	<b>241,510,000</b>	<b>241,510,000</b>

The details of the reconciliation have been included under appendix iii & v.

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

**7. Other Income**

Description	2021-2022	2020-2021
	KShs	KShs
Insurance recoveries	-	1,038,581
Miscellaneous income	1,073,026	54,552
UNIDO Grant	904,350	-
<b>Total other income</b>	<b>1,977,376</b>	<b>1,093,133</b>

**8. Use of Goods and Services**

Description	2021-2022	2020-2021
	KShs	KShs
Communication Supplies and Services	3,541,436	3,329,034
Domestic Travels	104,987	41,070
Printing Expenses	224,658	225,936
Rent Expenses	48,186,838	46,295,538
Utilities Expenses	897,735	1,044,440
Hospitality Expenses	387,488	166,669
Staff Tea	359,977	115,042
Insurance Expenses	1,569,389	1,643,870
Office and General Supplies and services	2,564,471	1,205,385
Cleaning Services	2,066,910	2,153,217
Fuel, Oil and Lubricants Costs	1,987,297	1,823,193
Subscriptions Expenses	278,328	195,142
Bank Charges	97,660	88,060
Audit Fees	350,000	350,000
<b>Total use of goods and services</b>	<b>62,617,174</b>	<b>58,676,596</b>

**9. Employee Costs**

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	128,553,619	122,172,471
Employer contribution to health insurance schemes	14,380,952	10,256,727
Employer contribution to pension schemes and gratuity	16,088,196	28,092,207
Other employee related costs*	1,350,481	-
<b>Employee costs</b>	<b>160,373,248</b>	<b>160,521,405</b>

\*Other employee related cost relates to recruitment costs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Board Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Chairman's Honoraria	1,003,400	1,044,000
Sitting allowances	3,467,608	3,070,000
Travel and Subsistence Allowances	823,881	88,168
Other allowances	-	551,376
<b>Total</b>	<b>5,294,889</b>	<b>4,753,544</b>

11. Depreciation and Amortization Expense

Description	2021-2022	2020-2021
	KShs	KShs
Motor Vehicle	197,247	262,996
Computer and Equipment	1,968,298	1,799,728
Furniture and Fittings	12,564,119	2,008,963
<b>Total depreciation and amortization</b>	<b>14,729,664</b>	<b>4,071,687</b>

12. Repairs and Maintenance

Description	2021-2022	2020-2021
	KShs	KShs
Vehicles	1,122,265	1,039,155
Other assets	350,444	60,309
<b>Total repairs and maintenance</b>	<b>1,472,709</b>	<b>1,099,464</b>

13. Programme Costs

Description	2021-2022	2020-2021
	KShs	KShs
Regional Integration Investment Programme (RIIP)	17,132,848	11,818,192
UNIDO-ACP Programme	753,850	-
<b>Total programme costs</b>	<b>17,886,698</b>	<b>11,818,192</b>

14. Gain/Loss on Sale of Assets

Description	2021-2022	2020-2021
	KShs	KShs
Cost/ Valuation of Assets	2,648,411	-
Accumulated Depreciation	(2,147,803)	-
<b>Net Book Value</b>	<b>500,608</b>	-
Amount Received	209,135	-
<b>Total loss on sale of assets</b>	<b>(291,473)</b>	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	KShs	KShs
Current Account	45,395,296	74,250,838
Petty Cash	42,266	15,480
<b>Total Cash and Cash equivalents</b>	<b>45,437,562</b>	<b>74,266,318</b>

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

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
<b>a) Current account</b>			
Co-operative Bank of Kenya		45,395,296	74,250,838
<b>Sub- total</b>		<b>45,395,296</b>	<b>74,250,838</b>
<b>b) Others(specify)</b>			
Petty Cash -HQs		33,000	10,074
Petty Cash-Eldoret Office		6,394	5,030
Petty Cash- Mombasa Office		45	231
Petty Cash-Kisumu office		2,827	145
<b>Sub- total</b>		<b>42,266</b>	<b>15,480</b>
<b>Grand total</b>		<b>45,437,562</b>	<b>74,266,318</b>

16. Current Receivables from Exchange Transactions

	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Employee Receivables	-	248,020
Prepayments	-	11,778,177
Other exchange debtors	2,900,000	7,900,000
<b>Total current receivables</b>	<b>2,900,000</b>	<b>19,926,197</b>

17. Current Receivables from Non-Exchange Transactions

	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Staff Imprest	675,940	-
<b>Total current receivables</b>	<b>675,940</b>	<b>-</b>

### 18. Deposits

The deposits mentioned herein relate to fuel deposit held by Total Corporation of Kenya the providers of the Authority's fuel.

Description	2021-2022	2020-2021
	KShs	KShs
Deposits	420,000	420,000
<b>Total Deposits</b>	<b>420,000</b>	<b>420,000</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Property, Plant and Equipment

Cost	Motor vehicles	Computers	Furniture and fittings	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs
As at 1 July 2020	29,629,900	34,041,096	54,790,164	77,140,484	195,601,644
Additions	-	-	182,470	-	182,470
Transfers/adjustments	-	-	-	30,890,816	30,890,816
As at 30 <sup>th</sup> June 2021	29,629,900	34,041,096	54,972,634	108,031,300	226,674,930
Additions	-	2,694,520	1,989,690	-	4,684,210*
Disposals	-	(808,504)	(3,083,963)	-	(3,892,467)
Transfer/adjustments	-	-	108,031,300	(108,031,300)	-
As at 30 <sup>th</sup> June 2022	29,629,900	35,927,112	161,909,661	-	227,466,673
<b>Depreciation and impairment</b>					
At 1 July 2020	28,577,917	28,042,004	34,882,999	-	91,502,920
Depreciation	262,996	1,799,728	2,008,963	-	4,071,687
As at 30 June 2021	28,840,913	29,841,732	36,891,962	-	95,574,607
Depreciation	197,247	1,968,298	12,564,119	-	14,729,664
Disposals	-	(774,611)	1,373,192	-	(2,147,803)
Transfer/adjustment	-	-	-	-	-
As at 30 <sup>th</sup> June 2022	29,038,160	31,035,418	48,082,888	-	108,156,465
<b>Net book values</b>					
As at 30 <sup>th</sup> June 2022	591,740	4,891,694	113,826,773	-	119,310,207
As at 30 <sup>th</sup> June 2021	788,987	4,199,364	18,080,672	108,031,300	131,100,323

Note:

1. The Capital Work in Progress relates to Office Partition and Establishment of One Stop Centre at Authority's Headquarters at Old Mutual Tower 14<sup>th</sup> and 15<sup>th</sup> floor. The project was transferred to Furniture and Fittings after completion and handing over by the Ministry of Public Works;

\*During the Financial year additions of assets worth Kshs. 4,684,210 was purchased out of which Kshs. 3,045,520 was paid and the balance of Kshs.1, 638,690 was recognized under trade payables.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. Trade and Other Payables

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	4,692,411	2,290,683
Employee payables	21,350	465,866
Other payables (OSC Contract)	-	38,604,863*
<b>Total trade and other payables</b>	<b>4,713,761</b>	<b>41,361,412</b>

**Note:** During the FY 2021/2022 payment under other payables (OSC Contract and Contingency) were made. The actual payment made was Kshs. 37,869,206 and balance of Kshs. 735,657 which was contingency liability was not paid since it was not utilized. The OSC project ended.

21. Current Provisions

Description	Gratuity provision	Total
	KShs	KShs
<b>Balance b/d (1.07.2021)</b>	<b>744,000</b>	<b>744,000</b>
Additional Provisions	-	-
Provision utilised	(744,000)	(744,000)
<b>Total provisions year end</b>	<b>-</b>	<b>-</b>

22. Deferred Income

Description	2021-2022	2020-2021
	KShs	KShs
Regional Integration Investment Programme (RIIP)	-	12,000,000
<b>Total deferred income</b>	<b>-</b>	<b>12,000,000</b>

The deferred income movement is as follows:

	National government	Total
Balance brought forward	12,000,000	12,000,000
Additions	-	-
Transfers to Capital fund	-	-
Transfers to income statement	(12,000,000)	(12,000,000)
Other transfers	-	-
Balance carried forward	-	-

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

**23. Employee Benefit Obligations**

The Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 200 per employee per month. Other than NSSF the Authority also has a defined contribution scheme operated by Kenya Investment Authority Staff Pension Scheme (KIASPS). Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

**24. Cash Generated from Operations**

	2021-2022	2020-2021
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>(17,178,479)</b>	<b>(337,755)</b>
<b>Adjusted for:</b>		
Depreciation	14,729,664	4,071,687
Contribution to provisions	(744,000)	744,000
Loss on disposal of assets	291,473	-
<b>Working Capital adjustments</b>		
Increase/Decrease in receivables	16,350,257	(19,154,006)
Increase/Decrease in deferred income	(12,000,000)	2,000,000
Increase/Decrease in payables	(34,941,286)	30,285,870
<b>Net cash flow from operating activities</b>	<b>(33,492,371)</b>	<b>17,609,796</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 25. Financial Risk Management

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

The Authority's financial risk management objectives and policies are detailed below:

#### i) Credit risk

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>As at 30 June 2022</b>				
Receivables from exchange transactions	4,713,762	4,713,762	-	-
Bank balances	45,437,562	45,437,562	-	-
<b>Total</b>	<b>50,151,324</b>	<b>50,151,324</b>	-	-
<b>As at 30 June 2021</b>				
Receivables from exchange transactions	19,926,197	19,926,197	-	-
Bank balances	74,266,318	74,266,318	-	-
<b>Total</b>	<b>94,192,515</b>	<b>94,192,515</b>	-	-

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

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Authority has significant concentration of credit risk on amounts due from the Authority's current account. The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
<b>As at 30 June 2022</b>				
Trade payables	4,692,412	-	-	4,692,412
Employee payables	21,350	-	-	21,350
Other payables (OSC Contract)	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
<b>Total</b>	<b>4,713,762</b>			<b>4,713,762</b>
<b>As at 30 June 2021</b>				
Trade payables	2,290,683	-	-	2,290,683
Employee payables	465,866	-	-	465,866
Other payables (OSC Contract)	-	30,890,816	7,714,047	38,604,863
Provisions	-	-	744,000	744,000
Deferred income	-	-	12,000,000	12,000,000
<b>Total</b>	<b>2,756,549</b>	<b>30,890,816</b>	<b>20,458,047</b>	<b>54,105,412</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Financial Risk Management (Continued)

#### iii) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Retained earnings	73,654,810	76,109,625
Capital reserve	90,369,137	95,497,801
<b>Total funds</b>	<b>164,023,947</b>	<b>171,607,426</b>
Less: cash and bank balances	45,437,562	74,266,318
Net debt/ (excess cash and cash equivalents)	118,592,385	97,341,108
<b>Gearing</b>	<b>72%</b>	<b>57%</b>

## 26. Related Party Disclosures

### Nature of related party relationships

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

### Government of Kenya

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

Other related parties include: the Parent Ministry (State Department of Industrialization); County Governments; Key management; and Board of Directors.

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /Transfers from the Government</b>		
Grants from National Govt	236,510,000	226,510,000
<b>Total</b>	<b>236,510,000</b>	<b>226,510,000</b>
<b>b) Key management compensation</b>		
Directors' emoluments	4,471,008	4,114,000
Compensation to key management	24,012,596	26,892,596
<b>Total</b>	<b>28,483,604</b>	<b>31,006,596</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. Capital Commitments

Capital commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised and contracted for	160,000,000	144,427,766
<b>Total</b>	<b>160,000,000</b>	<b>144,427,766</b>

### 28. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. *The Authority did not make any surplus during the year (FY 2021/22 Nil) and hence no remittance to the Consolidated Fund.*

The Surplus Remission has been computed as follows:

	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the period	-	-
Less: Allowable deductions by NT	-	-
90% computation (Included in Statement of Financial performance)	-	-

### Surplus Remission Payable

	2021-2022	2020-2021
	Kshs	Kshs
Payable at the beginning of the year	-	-
Paid during the year	-	-
<b>Payable at end of the year</b>	<b>-</b>	<b>-</b>

### 29. Events after the Reporting Period

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

### 30. Ultimate And Holding Authority

The Authority is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Industrialization, Trade and Enterprise Development. Its ultimate parent is the Government of Kenya.

### 31. Currency

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

APPENDIX

APPENDIX I: IMPLEMENTATION STATUS OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>2020/2021 FY</b>					
1.	<p><b>Implementation of Organization Structure</b></p> <p>The Authority had an in-post of fifty-six (56) or 65% of an approved establishment of one hundred and forty (86) members of staff spread across the various functional areas. Available records indicate that the low number is attributed to inadequate funding to facilitate recruitment. The management further explained that the inadequate staffing within the Authority was as a result of pending parastatal reforms.</p>	<p>The Authority identified and replaced seven critical vacancies in the technical departments to enable it carry out its mandate. As indicated earlier, budgetary constraints and previous government circulars restricting recruitment have been a major deterrent from undertaking the recruitment exercise. However, the recent circular OP/CAB.9/1A issued on 7th February 2022 allowing State Corporations to recruit will enable the Authority form a basis to lobby the National Treasury to allocate more resources to it, to enable Management fill the available vacancies.</p>	Ms. June Chepkemei Ag. Managing Director	Not Resolved	December, 2023



Ms. June Chepkemei  
Ag. MANAGING DIRECTOR

Date.....16/03/2023

**APPENDIX II: PROJECT IMPLEMENTED BY KENYA INVESTMENT AUTHORITY**

**Status of Projects completion**

<b>No.</b>	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
1.	One Stop Centre	200m	160m	80%	200m	160m	GoK

**APPENDIX III: TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
State Department of Industrialization	26/08/2021	Recurrent	18,875,833	18,875,833	-	-	-	18,875,833
State Department of Industrialization	03/09/2021	Recurrent	18,875,833	18,875,833				18,875,833
State Department of Industrialization	03/09/2021	Development	2,500,000		2,500,000			2,500,000
State Department of Industrialization	03/09/2021	Development	2,500,000		2,500,000			2,500,000
State Department of Industrialization	30/09/2021	Recurrent	18,875,834	18,875,834	-	-	-	18,875,834
State Department of Industrialization	02/11/2021	Recurrent	18,875,833	18,875,833	-	-	-	18,875,833
State Department of Industrialization	02/11/2021	Recurrent	18,875,834	18,875,834	-	-	-	18,875,834
State Department of Industrialization	08/12/2021	Recurrent	18,875,833	18,875,833	-	-	-	18,875,833
State Department of Industrialization	17/02/2022	Recurrent	18,875,833	18,875,833	-	-	-	18,875,833
State Department of Industrialization	03/03/2022	Recurrent	18,875,833	18,875,833				18,875,833

Kenya Investment Authority  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables		
State Department of Industrialization	01/04/2022	Recurrent	18,875,834	18,875,834					18,875,834
State Department of Industrialization	10/05/2022	Recurrent	18,875,834	18,875,834					18,875,834
National Treasury	16/05/2022	RIP Grant	5,000,000	5,000,000					5,000,000
State Department of Industrialization	27/05/2022	Development	2,500,000		2,500,000				2,500,000
State Department of Industrialization	06/06/2022	Recurrent	18,875,833	18,875,833					18,875,833
State Department of Industrialization	27/06/2022	Recurrent	18,875,833	18,875,833					18,875,833
State Department of Industrialization	06/07/2022	Development	2,500,000		2,500,000		2,500,000		2,500,000
<b>Total</b>			<b>241,510,000</b>	<b>231,510,000</b>	<b>10,000,000</b>	<b>-</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>241,510,000</b>

Kenya Investment Authority  
Annual Reports and Financial Statements  
For the year ended June 30, 2022.

APPENDIX VI: Inter-Entity Confirmation Letter

Confirmation of amounts received by Kenya Investment Authority as at 30<sup>th</sup> June 2022

Reference Number	Amounts Disbursed by State Department of Industrialization (KShs) as at 30th June 2022				Amount Received by KenInvest (KShs) as at 30th June 2021 (E)	Differences (KShs) (F)=(D-E)
	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)		
	26/08/2021	18,875,833			18,875,833	-
	03/09/2021	18,875,833			18,875,833	-
	03/09/2021		2,500,000		2,500,000	-
	03/09/2021		2,500,000		2,500,000	-
	30/09/2021	18,875,834	-		18,875,834	-
	02/11/2021	18,875,833	-		18,875,833	-
	02/11/2021	18,875,834			18,875,834	-
	08/12/2021	18,875,833	-		18,875,833	-
	17/02/2022	18,875,833	-		18,875,833	-
	03/03/2022	18,875,833			18,875,833	-
	01/04/2022	18,875,834			18,875,834	-
	10/05/2022	18,875,834			18,875,834	-
	27/05/2022		2,500,000		2,500,000	-
	06/06/2022	18,875,833			18,875,833	-
	27/06/2022	18,875,833			18,875,833	-
	06/07/2022		2,500,000		2,500,000	-
<b>Total</b>		<b>226,510,000</b>	<b>10,000,000</b>		<b>241,510,000</b>	

In confirm that the amounts shown above are correct as of the date indicated.

Head of Finance Kenya Investment Authority:

Name ... *Isabira Nyaga* ..... Sign ..... *[Signature]* ..... Date *16/03/2023* .....