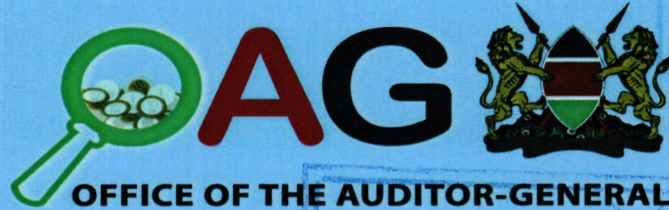


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THE NATIONAL ASSEMBLY	
TUESDAY	
TABLED BY:	Majority Whip, Hon. F. Wangwe MP
CLERK AT THE TABLE:	Gertrude Chebet.

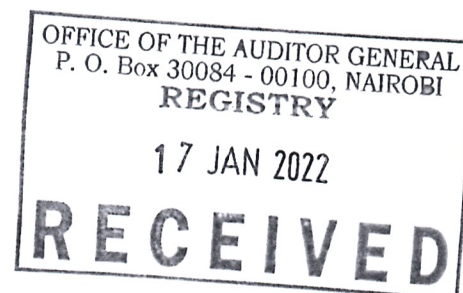
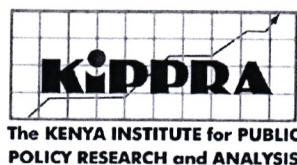
OF

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE FOR PUBLIC POLICY
RESEARCH AND ANALYSIS (KIPPRA)**

**FOR THE YEAR ENDED
30 JUNE, 2021**



**KENYA INSTITUTE FOR PUBLIC POLICY
RESEARCH AND ANALYSIS**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

Vision

An international centre of excellence in public policy research and analysis

Mission

To provide quality public policy advice to the Government of Kenya and other stakeholders by conducting objective research and capacity building towards the achievement of national development goals

Kenya Institute for Public Policy Research and Analysis

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Website: www.kippra.org

Twitter: [@kipprakenya](https://twitter.com/kipprakenya)

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1. KEY INSTITUTE INFORMATION AND MANAGEMENT

(b) Background information

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) was formed through an Act of Parliament, the KIPPRA Act No. 15 of 2006. At Cabinet level, the Institute is represented by the Cabinet Secretary for The National Treasury and Planning, who is responsible for the general policy and strategic direction.

(c) Principal activities

The principal activity of the Institute is to develop human and institutional capacities for the Government of Kenya and other stakeholders by conducting objective research and analysis and through capacity building to contribute to the achievement of national development goals.

Under the KIPPRA Act, the Institute is mandated to:

1. Develop capacities in public policy research and analysis and assist the Government in the process of policy formulation and implementation;
2. Identify and undertake independent and objective programmes of research and analysis, including macroeconomic, inter-disciplinary and sectoral studies on topics affecting public policy in areas such as human resource development, social welfare, environment and natural resources, agriculture and rural development, trade and industry, public finance, money and finance, and macroeconomic and microeconomic modeling;
3. Provide advisory and technical services on public policy issues to the Government and other agencies of the Government;
4. Communicate the findings and recommendations of the Institute's research programmes to the agencies of the Government concerned with the implementation of public policy;
5. Serve as a point of communication and encourage the exchange of views between the Government, the private sector and other bodies or agencies of the Government on matters relating to public policy research and analysis;
6. Collect and analyze relevant data on public policy issues and disseminate the Institute's research findings to persons it deems appropriate to publish such research findings;
7. Develop and maintain a reservoir of research resources on public policy and related issues and make these available to the Government, the private sector and learning institutions in Kenya;
8. Undertake public policy research and analysis for the Government and for clients in the private and public sectors;
9. Control the publication and use of the Institute's research findings;
10. Organize symposia, conferences, workshops and other meetings to promote the exchange of views on issues relating to public policy research and analysis;

11. Undertake public policy research relevant to governance and its implications to development; and

12. Undertake any other business which is incidental to the performance of any of the foregoing functions.

(c) Key management

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

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

(d) Fiduciary management

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

No.	Designation	Name
1.	Executive Director	Dr Rose Ngugi
2.	Senior Policy Analyst, Macroeconomics Department	Benson Kiriga
3.	Principal Policy Analyst, Social Sector Department	Dr Eldah Onsomu
4.	Principal Policy Analyst, Private Sector Development Department	Dr Moses Njenga
5.	Senior Policy Analyst, Infrastructure & Economic Services Department	Dr Humphrey Njogu
6.	Principal Policy Analyst, Capacity Building Department	Dr Nancy Nafula
7.	Senior Policy Analyst, Partnerships Department	Dr Eliud Moyi
8.	Policy Analyst, Productive Sector Department	Joshua Laichena
9.	Policy Analyst, Governance Department	Paul Lutta
10.	Senior Policy Analyst, Trade and Foreign Policy Department	Dr John Karanja
11.	Senior Planning and Strategy Officer, Strategy and Planning Department	Nahashon Mwongera
12.	Principal Publications Editor, Knowledge Management Department	Felix Murithi
13.	Senior Librarian, Knowledge Management Department	Ms Winnie Nguyu
14.	Senior Communication Officer, Corporate Services Department	Jane Kenda
15.	Senior ICT Officer, ICT Division	Benson Itere
16.	Principal HR & Admin Officer, HR Department	Ms Martha Wanjuki
17.	Deputy Director, Finance - Finance Department	Teddy Bett
18.	Principal Supply Chain Manager, Supply Chain Management Department	Dr Peter Munene
19.	Senior Internal Auditor, Internal Audit Department	Samuel Githinji
20.	Ag. Corporation Secretary	Ms Caroline Mukiira
21.	Ag. Senior Assistant Records Management Officer, Records Unit	Ms Alice Alima

e) Fiduciary oversight arrangements

The management of KIPPRA is vested in a Board of Directors. The Board operates through four committees (Finance, Audit, Programmes, and Human Resource and General Purpose) and is guided by a Board Charter.

The KIPPRA Board Charter was revised and approved in December 2020. It sets out the roles, functions, obligations, rights, responsibilities and powers of the Board, and the policies and practices of the Board in respect of its duties, functions and responsibilities. It guides and clarifies the roles of the Chairman, Directors, Executive Director; their powers; and their involvement in the day-to-day running of the Institute; and to be a point of reference. The Charter is also aimed at improving and enhancing the level of performance and effectiveness of the Board, including provision of strategic leadership and observance of high standards of corporate governance. It provides guidelines that help the Board ensure that strong leadership is in place at Board level.

Finance Committee: This is an advisory body with no executive powers. Its broad function is to assist the Audit Committee and Board in ensuring that the Institute meets the highest standards of financial management and accountability in the use of its financial resources. The Chairman of the Finance Committee shall be a person with financial background and experience. The committee is authorized to carry out its mandate in line with its terms of reference, which are to: Approve the Institute's accounting policies and principles (and any changes thereof) that are required to be reported in the notes to the annual financial statements; Review and assess the appropriateness of accounting policies and principles, including conformance with relevant accounting and reporting standards; Review annual budgets, and make recommendations to the Board; Receive and consider quarterly financial, procurement and investment reports; Review annual financial statements and recommend them to the Board for approval; Review the use of financial resources, ensuring that value for money is achieved; Review the periodic financial reports and projections, paying particular attention to critical financial and budgetary control issues, financial strategy decisions requiring a major element of judgment, making recommendations to the Board as appropriate; Provide oversight over procurement in line with the procurement law; Advise the Board on resource mobilization, and; Ensure that the finance function is appropriately resourced and meets, or exceeds, best professional practice.

Audit Committee: The duties and responsibilities of the Audit Committee are to assist, and where relevant, make recommendations to the Board on the discharge of Board's responsibilities as they relate to external financial reporting; external and internal audits; effective systems of internal control comprising financial and operational controls and compliance; and risk management.

Programmes Committee: The overall purpose of the Committee is to advise the Board on technical issues; that is, on how to continuously improve the research and capacity building outputs of the Institute.

The Programmes Committee reviews annual work plans and quarterly implementation progress reports, and recommends them for Board approval; monitors implementation of the strategic plan, annual performance contracts, and timely publication of the Kenya Economic Report and other statutory reports; assesses periodically the quality and effectiveness of the Institute's technical outputs, and advises the Board on the achievement of global benchmarks; assists the General Purposes Committee in recruiting senior technical staff; and attends to other matters assigned by the Board, including matters that may be assigned to two or more Board Committees.

Human Resource and General Purpose Committee: The Committee, which is non-executive, advises the Board on organizational structure, administration, human resource policy and capacity enhancement; reviews salaries, benefit packages and service contracts; reviews performance management policies and procedures and makes recommendations to the Board; recruits senior staff and recommends them for Board approval; presides over disciplinary hearings/interviews for senior staff; and makes recommendations on broad guidelines that promote operational efficiency.

(f) Institute Headquarters

P.O. Box 56445-00200
Bishops Garden Towers
2nd Floor, Bishops Road
Nairobi, KENYA

(g) Institute Contacts

Telephone: (254) 2719933/4
E-mail: admin@kippra.or.ke
Website: www.kippra.or.ke
Twitter: @kipprakenya

(h) Institute Banker

NCBA Bank
Mama Ngina Street
P.O. Box 30437-00100
Nairobi, Kenya

Kenya Commercial Bank
Milimani Branch
P.O. Box 69695-00400
Nairobi, Kenya

(i) Independent Auditor

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

(j) Principal Legal Advisor

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

2. THE BOARD OF DIRECTORS

BOARD MEMBER	PROFILE
 Dr Linda Musumba, Chairperson	Dr Linda Musumba (born in 1973) holds a PhD in Law from University of Birmingham, UK, a Master's in Law from University of Warwick, UK, and a Bachelor of Laws degree from the University of Nairobi as well a Post Graduate Diploma in Law from Kenya School of Law. She is the founding Dean of Kenyatta University School of Law (KUSOL). Since relinquishing the Deanship, she continues to teach law at KUSOL and, in particular, Constitutional Law, Electoral Law, East African Regional Law, and oversees the Law School's Judicial Attachment Programme that has received wide acclaim. Dr Musumba has carried out research and consultancies for several local, regional and international organizations and has been consulted widely by both State and Non-State actors on various matters that pertain to constitutional law, electoral law, law and gender, as well as regional integration. Dr. Musumba is an Independent Director.
 Mr. Koitamet Olekina, Vice Chairperson	Mr Koitamet Olekina (born in 1964) represents the business sector and holds an Executive Master's in Public Policy and Administration and a Bachelor's degree in Philosophy and Literature from Kenyatta University. He is trained in Corporate Governance and Non-profit Leadership (Florida, USA) and is involved in private consultancy and contracts in the construction industry. In July 2013, he coordinated the preparation of the National Plan of Action for Floods Control and Management. From August 2009, he worked as a logistics and Liaison Consultant for the National Crisis Response Centre and was appointed Deputy Coordinator from 23 March 2010. He has represented Kenya in various IGAD-led processes resulting in production of the regional Hazard Map and Atlas and the Regional Disaster fund. He has previously served in various Boards, including Kenya Tourist Board, Organization for Intercultural Education, Maasai Education Discovery, NGO Council's Regulatory Committee, Casafare and Pandora Construction Company. He served in various capacities and community and national level towards promulgation of the Constitution of Kenya 2010. He has also been a member of the National Pastoralist Development Network and has been involved in the rescue of Maasai girls from forced marriage, and organized sponsorship of their education. He has also worked as an advocate of Early Child Education, Cultural Studies and Rural Development volunteer projects. He is an Independent Director and serves as Vice Chair of the KIPPRA Board.



**Dr Rose Ngugi, Executive
Director/Secretary to the Board**

Dr Rose Ngugi (born in 1966) is the Executive Director of the Kenya Institute for Public Policy Research and Analysis (KIPPRA) and serves as the Secretary to the Board. She is involved in providing technical guidance and capacity building on policy and strategy formulation to the Government of Kenya and other stakeholders, with the overall aim of contributing to the achievement of national development goals. Before then, she was a Senior Advisor in the Office of Executive Director, Africa Group 1, International Monetary Fund, in Washington DC. Dr Ngugi has been a member of Central Bank of Kenya Monetary Policy Committee and has vast teaching experience at the University of Nairobi, School of Economics. She has published widely, and her research interests are in public policy, financial sector, investments, reforms and institutional issues. She holds a PhD from Business School Birmingham University, UK specializing in Financial Markets, and a Master's and Bachelor's degree in Economics from the University of Nairobi, Kenya.



Dr Phoebe Josiah

Dr Phoebe Josiah (born in 1950) represents Research Institutes and received her education at Makerere University Kampala Uganda, where she graduated with BSc (Hons) in Zoology, Botany and Chemistry and later obtained her MSc and PhD in Medical Parasitology, Entomology, Public Health and Epidemiology. She is a Chevening Scholar, following successful completion of her PhD while on Chevening Scholars Fellowship from 1987 to 1991.

Between July 2002 and August 2015, she worked at KEMRI as a Chief Research Officer in various capacities. She played a pivotal role, while heading the Corporate Affairs and Partnerships Department, in enhancing the corporate image of KEMRI and strengthening collaborative research initiatives with partner institutions, donor agencies, the private sector and communities. Previously, she has also worked for the Ministry of Health as a Researcher and Trainer, and various UN agencies and NGOs as a Technical Advisor and a Research Consultant. She has been a Trainer, an Honorary Lecturer and a visiting Scholar at several institutions locally, regionally and globally. She has authored and co-authored several publications including policy papers. Dr Josiah is an Independent Director and serves as Chair of the Programmes Committee of the Board.



Prof. Michael Chege

Prof. Michael Chege (born in 1946) represents universities and is a Political Economist with special interest in governance and economic development in Sub-Saharan Africa. He has worked with various international organizations including World Bank, SIDA, USAID, UNDP, IDRC, Ford and Rockefeller Foundations. Prof. Chege has also served as a visiting professor at the Graduate Institute of International Affairs at the University of Geneva, and Harvard University, and has published widely on African development and governance issues. He holds a doctorate degree from the University of California at Berkeley, and Bachelor's degree in Economics and Government from the University of Nairobi.

He taught at the University of Nairobi between 1976 and 1988, after which he joined the Ford Foundation as a Programme Officer in charge of funding public policy and international affairs projects in Eastern and Southern Africa. Between 1996 and 2004, he served as the Director and Professor of the Centre for African Studies at the University of Florida and was a UNDP Policy Advisor at the Ministry of Planning in Kenya between 2005 and 2014. He has served as a consultant to the World Bank. Prof. Chege is an Independent Director.



Ms Rose Ronoh

Ms Rose Ronoh (born in 1975) represents universities and is a part time Human Resource Lecturer at the Kenya College of Accountancy. She is also a Human Resource Consultant at Mcryan's Enterprises Ltd and has previously worked at the National Hospital Insurance Fund as Operations Officer, and at Standard Newspapers (Subscription Department – Nairobi Region) as a Marketing Executive. She holds a Master's degree in Business Administration (Human Resource Management) from Kenyatta University, Bachelor of Commerce (Business Administration and Management) from Daystar University, Higher Diploma in Human Resource from College of Human Resource Management, a CHRP Certificate, and a Certificate in Counselling Skills from College of Human Resource Management. She is currently pursuing PhD in Human Resource Management at Jomo Kenyatta University of Agriculture and Technology. Ms Ronoh is a member of the Institute of Human Resource Management. She is an Independent Director and serves as Chair of the Finance Committee of the Board.

 Dr Nahashon Langat	Dr Nahashon Langat (born in 1986) represents special interest groups and has been a Lecturer at Kenyatta University and an e-learning coordinator at the same institution. He is also a Council Member at Occupational Safety and Health Act. He holds a Bachelor of Commerce - Finance and Master's in Business Administration - Strategic Management both from the University of Nairobi. He also holds a Doctor of Philosophy (PhD) in Business Administration from Kenyatta University. He has Lectured and supervised students at Egerton University, KEMU University, Maasai Mara University and Moi University all of them in the School of Business. He is an Independent Director and serves as Chair of the Audit Committee of the Board.
 Dr Dinah Samikwo	Dr Dinah Samikwo (born in 1973) represents Universities and is a PhD holder in Science Education, with more than ten years of teaching experience both at secondary school and University of Eldoret. She has vast experience and interest in the areas of Biology Education and Animal Physiology. As a researcher, she has participated in various conferences and published articles in various peer reviewed journals. She is an Independent Director.
 Mr Nzomo Mbithuka	Mr Nzomo Mbithuka (born in 1978) represents special interest groups and is an ICT professional with over 15 years business leadership experience spanning banking, telecoms, satellite and technology sectors. He is currently the Cloud Technology Lead - Public Sector at Oracle Corporation. He is passionate about breaking barriers to access and transforming lives through innovative technologies. He is an Independent Director and serves as the Chair of the HR and General-Purpose Committee of the Board of KIPPRA.



Ms Phoebe Nkaabu

Ms. Phoebe Nkaabu (born in 1981) is a communications specialist with 11 years' experience in the communication sector. Her expertise includes public relations, public speaking, creative writing, media relations, print media content development, personal and organizational branding, community mobilization and advocacy. She has previously served as the Meru County First lady (2013-2017) and as a senior corporate affairs and communications expert at Kenya Nuclear Electricity Board (2011- 2015). She holds a Bachelor of Arts in Communications (Public Relations) and a Diploma of Communications Arts (Print Media) both from Daystar University. Ms. Nkaabu is an Independent Director.



Dr. Chris Galgallo

Dr Chris Galgallo (born in 1959) is an educationist with extensive experience in educational management, research and curriculum design especially for the pastoralist communities. He has significant experience in documentation (publications) and leadership, ensuring flexible responses which adapt to the needs of people in complex dynamic lifestyles or environments.

He is a PhD holder in Sociology of Education from Jawaharlal Nehru University, India. He has previously served as a member of the Agricultural Industry and Wages Council as well as the Chairman of Educational Standards and Quality Assurance Council, National Council for Nomadic Education in Kenya and Community Wildlife Conservancy and Compensation Committee, Marsabit County. He has also served as a lecturer, administrator and counsellor at various teachers' training colleges and high schools. Dr. Ali has also made various presentations at conferences and in research publications. He is an Independent director.



Mr. Samuel Gitau

Mr. Samuel Gitau (born in 1965) was appointed to the KIPPRA Board as the Alternate to the Cabinet Secretary, National Treasury and has a career spanning 28 years as an economist in the Public Service sector. He has served as an economist in the Ministry of Planning and National Development, Ministry of Justice, National Cohesion and Constitutional Affairs, Office of the Attorney General and Office of President. In 2016, he joined the National Treasury where he is currently serving as the Senior Deputy Director, Macro and Fiscal Affairs Department.



Dr Fred Simiyu, HSC

Dr Fred Simiyu, HSC (born in 1968) is the Alternate Director to the Principal Secretary, State Department of Trade in the KIPPRA Board. He is a committed civil service management professional with over 26 years of experience chronicled with diversity industry experience in the field of nurturing Trade and Industrial entrepreneurship, Ministry of Industry, Trade and Cooperatives at National, regional and sub-national levels for income generation, employment creation and poverty reduction in the Republic of Kenya.

He has hands on experience and abundant international entrepreneurial exposure gained through study tours of several industrial parks, shopping malls/supermarkets and international exhibitions in over 20 cities across China, India, United Arab Emirates, Qatar and East Africa to internalize their salient success strategies.



Mr Zachary Mwangi, EBS

Mr Zachary Mwangi, EBS (born in 1966) is the Alternate Director to the Principal Secretary, State Department for Planning in the KIPPRA Board. He is an Economist and Head of Macro Economic Planning Division, State Department of Planning.

He holds a M.A. in Economic Policy Management from Makerere University, Uganda and has over 25 years of experience in his field. He has been involved in the coordination of various publications such as Socio-Economic Atlas of Kenya- Depicting the National Population Census by County and Sub Location, 2014, 2019 Population and Housing Census Reports, Various Annual Economic Survey Reports, Various Annual Statistical abstract Reports, among others.



Ms Caroline Mukiira

CS. Caroline Mukiira (born in 1981) is the acting Corporation Secretary and a member of the Institute of Certified Secretaries. She is a holder of LLM, Masters in Law University of Nairobi; LLB, Bachelors in Law University of Nairobi and postgraduate diploma in Law from Kenya School of Law with experience spanning 15 years. She is also an Advocate of the High Court of Kenya and member of the Law Society of Kenya.

3. MANAGEMENT TEAM

The Board is supported in its functions by the management team which has been set up pursuant to Section 193 (5) of the PFM Act, 2012. The Management provides administrative and technical support to the Board in the execution of its mandate and functions. During the period from 1st July 2020 to 30th June 2021, the Management team played an instrumental role to ensure implementation of the Board's mandate. This was achieved through effective and efficient allocation and use of resources.

The composition of the management team during the year was as follows: -

MANAGEMENT TEAM	QUALIFICATIONS & RESPONSIBILITY AREA
	Dr Rose Ngugi PhD in Finance (Financial Markets); Masters in Economics Executive Director
	Mr. Benson Kiriga MA in Economics Senior Policy Analyst Macroeconomics Department
	Dr Eldah Onsomu PhD in Economics; Masters in Economics Principal Policy Analyst Social Sector Department
	Dr Moses Njenga PhD in Economics Principal Policy Analyst Private Sector Development Department

	Dr Humphrey Njogu PhD in Computer Science Senior Policy Analyst Infrastructure and Economic Services Department
	Dr Nancy Nafula PhD Economics; M.A (Economics) Principal Policy Analyst Capacity Building Department
	Dr Eliud Moyi PhD Economics; M.A (Economics) Senior Policy Analyst Partnerships Department
	Mr Joshua Laichena MPhil (Economics); B. A. (Economics and Sociology) Policy Analyst Productive Sector Department
	Mr Paul Lutta MA Political Science and Public Administration ; BA Political Science and Sociology Policy Analyst Governance Department

	Dr John G Karanja PhD Finance; MBA (Finance) Senior Policy Analyst Trade and Foreign Policy Department
	Mr Nahashon M. Mwongera M. A. (Economics); B. A. (Economics and Mathematics) Senior Planning and Strategy Officer Strategy and Planning Department
	Mr. Felix Murithi MPhil in Publishing Studies Principal Publications Editor Knowledge Management Department.
	Ms. Winnie Nguyu M.A (Communication Studies); B.Tech: Bachelors in Library and Information Studies Senior Librarian Knowledge Management Department
	Ms. Jane Kenda MA Communication Studies; BA Languages and Literary Studies Senior Corporate Communications Officer Corporate Communication and Media Division

	Mr. Benson Itere MSc Information Systems Senior ICT Officer Information and Communication Technology Division
	Ms Martha Wanjuki Master of Arts (Development Studies), Bachelor of Arts Post Graduate Diploma in Human Resource Management. Principal Human Resource and Administration Officer Human Resource and Administration Department
	Mr. Teddy Bett MBA Finance, CPA(K) Deputy Director, Finance Finance Department
	Dr Peter M. Munene PhD Business Administration Principal Supply Chain Management Officer Supply Chain Management Department
	Mr. Samuel Githinji MSc Finance, CPA (K), CIA, CRMA Senior Internal auditor Internal Audit Department

	Ms Caroline Mukiiira LLM, Masters in Law; LLB, Bachelors in Law, Certified Secretary (CS) Ag. Corporation Secretary Corporation Secretary and Legal Services Department
	Ms Alice Alima BSC in Human Resource Management Diploma in Records and Archives Ag. Senior Assistant Records Management Officer Records Unit

4. CHAIRPERSON'S STATEMENT

The 2020-21 Financial Year was yet another year of growth for the Institute. I and the entire Board of Directors continue to work towards supporting the Institute, through the Executive Director, in achieving KIPPRA's strategic objectives to produce evidence-based research that informs public policy decision making, engage strategic stakeholders to debate policy issues and build capacity of professionals in the public policy making process. Through the 2020-21 work plan these objectives and their targets were surpassed, which is commendable.

KIPPRA continues to pursue diversifying its sources of funding and this year it generated KSh.54 million from contracted research conducted on behalf of local and international organizations and government agencies such as the Brookings Institution, African Economic Research Consortium, United Nations Children's Emergency Fund (UNICEF), Fairtrade Africa, UN-Women, The Council of Governors, Kenya Leather Development Council, Kenya Association of Manufacturers, Energy and Petroleum Regulatory Authority, and Kenya Dairy Board among others.

During the Financial Year, KIPPRA was ranked as the 2nd best think tank in Sub-Saharan Africa, after the African Centre for the Constructive Resolution of Disputes (ACCORD) (South Africa); and 100th worldwide in the Global Go To Think Tank Report that ranks more than 11,000 think tanks from across the world that excel in research, analysis and public engagement on a wide range of policy issues. Other areas where KIPPRA featured prominently were: 45th top domestic economic policy think tank globally; 50th best government-affiliated think tank globally; 52nd in best think tank conference globally; 62nd in best use of social media and networks; 53rd think tank with the best external relations/public engagement program; 33rd best think tank with the most significant impact on public policy; and 53rd think tank with outstanding policy-oriented research programs. The Board would like to congratulate KIPPRA on these outstanding recognitions.

The quality and rigour of our research continues to inform policy debate. This year the Institute completed 77 research papers in various thematic areas with significant focus on addressing emerging policy issues brought about by the COVID-19 pandemic. KIPPRA's capacity building programmes continued to expand with increased demand from county governments. Over 1000 officers were capacity-built through 5 programmes. The Institute has also continued to provide policy advisory and technical services by providing support to 35 institutions.

Our achievements must be acknowledged in the context of those that supported us through the year. The government of Kenya, our parent Ministry, the National Treasury and Planning, the County Governments, other development partners and most importantly recognizing the staff that continue to rise to the challenge of making KIPPRA a centre of excellence.



Prof. Ben Sihanya
Chairperson
Board of Directors

Date:

 9/12/21

5. REPORT OF THE EXECUTIVE DIRECTOR

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) was established to support the government in strengthening the public policy process by developing human and institutional capacity and providing evidence-based policy advice through objective research and analysis. This is in recognition that objective policy formulation, implementation and evaluation plays a critical role in achievement of the national long-term development agenda.

During the year under review KIPPRA continued to implement the “EASIER” business model by embracing Efficiency, Accountability, Sustainability, Innovation, Effectiveness, Responsiveness and Relevance in undertaking its activities. There was increased engagement and demand from the County governments which advances KIPPRA’s mandate to provide capacities for public policy formulation for the county governments alongside the national Government. Further 2020/21, was important to scaling up capacity development on public policy formulation through delivering tailor-made programs and specifically to support the county governments in the delivery of their mandate.

Despite the challenge posed by the COVID-19 pandemic on normal working conditions, the Institute exceeded its targets in capacity building programs and research outputs. The Institute continues to explore and implement various innovations in usage of communication and information technology to improve service delivery and support business continuity in achieving its mandate during the COVID-19 pandemic period.

The research conducted in the year focused on how creating an enabling environment for inclusive growth as well as job creation while interdisciplinary research addressed science, technology and innovation in enabling delivery of the Big 4 during COVID-19 period. With just a decade left in achieving the Vision 2030 goals, KIPPRA is focused on accelerating achievement of the vision 2030 by investigating priority areas for investment in meeting Kenya’s long-term development goal. KIPPRA has institutionalized policy surveillance through weekly monitoring of emerging policy issues, thus enabling the institute to be up to date in providing evidence-based policy advice to both the national and county governments; and demand-driven support to other stakeholders.

Institutional development and sustainability are of importance to effectively deliver on the core mandate. Government support, new partners, competent staff, prudent use of resources and expanding the Institute’s activities have been instrumental in ensuring sustainability of the Institute. Recruitment of various officers that will see the Institute increase its human capacity, increased demand for capacity development programs and contracted research will also go a long way towards ensuring delivery of its mandate.



Dr Rose Ngugi
Executive Director, KIPPRA

Date: 8/17/21

6. STATEMENT OF THE INSTITUTE'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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

The mandate of the Kenya Institute for Public Policy Research and Analysis (KIPPRA) is to develop capacities for policy formulation, implementation and evaluation within Government (National and Counties); undertake relevant and timely policy research and analysis; serve as a point of policy engagement and communication on public policy; and develop and maintain a reservoir of knowledge on public policy in contributing to the achievement of national development goals. The Institute's vision is to be an international center of excellence in public policy research and analysis; while its mission is to provide quality public policy advice to the Government of Kenya and other stakeholders by conducting objective research and through capacity building in order to contribute to the achievement of national development goals.

KIPPRA has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY2018/19 – FY2022/23. These strategic pillars/ themes/ issues are as follows:

- (i) To enhance capacity development for an efficient and accountable public policy making process
- (ii) To improve quality, relevance and responsiveness of policy research and analysis
- (iii) To strengthen effectiveness in policy engagement, outreach and impact
- (iv) To bolster financial and institutional sustainability
- (v) To enhance leadership and integrity

The Institute's annual work plan for FY2020/21 was based on the above 5 pillars/Themes/Issues and aimed at achieving the objectives indicated in the table below:

Strategic Pillar / Theme / Issues	Objective	Key Performance Indicators
To enhance capacity development for an efficient and accountable public policy making process	Increase the capacity Development activities to widen the coverage of stakeholders	• % of implementation of capacity development strategy • No. of programmes implemented • No. of training manuals developed • No. of people trained • No. of Young professionals enrolled from national and county governments, private sector and the region. • No. of capacity needs assessment reports
	Improve capabilities to expand and deepen policy analysis tools	• KTMM operational supply side module • No. of policy analysis tools developed and utilized. • % of technical staff trained on policy analysis tools • % of technical staff accessing and utilizing statistical and analytical packages

To improve quality, relevance and responsiveness of policy research and analysis	Deepen policy research and analysis to comprehensively Inform public policy	• No. of interdisciplinary research projects (including KIPPRA-Wide Survey) • No. of thematic research reports (including YP papers)
	Strengthen data collection and management to support policy research and analysis	• No. of news update reports • No. of policy seminars • No. of policy surveys • No. of quarterly market analysis reports • No. of reviews of data management policy • % of data manuals developed for datasets
	Establish a public policy repository	• % of establishment of the repository centre • Annual national bibliography of government policies
To strengthen effectiveness in policy engagement, outreach and impact	Expand and strengthen strategic networks and partnerships	• % of implementation of the partnerships and networking policy • No. of strategic partnerships at national and county level • No. of strategic partnerships at regional and international level • No. of international conferences and debates participated in • Annual KIPPRA regional conferences organized • No. of programmes / conferences organized or implemented with other think tanks • No. of Articles published in peer reviewed journals • No. of research papers downloaded from KIPPRA website • No. of KIPPRA media citations • No. of forums with local and international Think Tanks
	Boost the Institute profile and accessibility as a center for public policy research and analysis	• No. of reviews of KIPPRA mentorship and associates' policy • No. of research associates engaged • No. of KIPPRA alumni members • % of implementation of the communication strategy and branding manual. • No. of customer satisfaction survey • No. visits to website (and repository) • No. of publications distributed • No. of policy dialogue events (roundtables and policy seminars).
	Strengthen knowledge management and communication	• % of technical research staff trained in writing and communication skills and techniques. • % of products reviewed • No. of dissemination forums • No. of dissemination reports

		• No. of knowledge management Infrastructure implemented • % of reporting tools / standardized templates utilized • Proportion of implementation of KIPPRA brand strategy.
To bolster financial and institutional sustainability	Increase productivity through human capacity development and welfare improvement	• No. of performance management reviews • % of staff by category (gender, ethnicity, disability mainstreaming). • Proportion of staff trained in relevant skills • No. of employee satisfaction surveys undertaken
	Enhance financial sustainability	• % of implementation of the resource mobilization strategy and policy • % of policies and procedures reviewed • % of establishment of KIPPRA campus • Enacted KIPPRA Act Amendment Bill (%)
	Entrench risk management	• No. of risk assessment reports • No. of risk management framework reviews / % of implementation of the Integrated Risk Management System (IRMS)
	Enhance efficiency in planning and service delivery	• No. of M&E framework developed. • % level of implementation of the M&E framework • No. of impact assessment evaluations undertaken
To enhance leadership and integrity	Promote governance in institutional development	• Full Board in place • % of compliance to statutory requirements • Full implementation of the amended KIPPRA Act
	Entrench national values and principles of governance within and outside the Institute	• % of staff sensitized on national values and principles of governance • No. of promotional materials on national values and principles of governance published and disseminated • % of research and capacity building activities promoting National Values and Principles of governance

The following sub-sections highlight the Institute's performance in FY2020/21 against the strategic objectives and ties the achievements to the performance contract for the year.

1.1. Developing Capacities in Public Policy Research and Analysis

As one of its core mandates, the Institute works to strengthen capacity of government (both National and County), private sector, academia and civil society in policy formulation and analysis. The capacity building activities are informed by the capacity needs as assessed by customer surveys, stakeholder needs assessment, current trends and evidenced training demand.

The Institute's capacity building efforts are targeted at officers in government and at the Institute's staff. The main objective of KIPPRA's capacity building programme for stakeholders is to enhance their capabilities to conduct research and policy analysis in order to ensure effectiveness and efficiency and sustainability. This

would not only reduce over-reliance on the Institute in terms of support but would also allow KIPPRA focus more on long-term research perspectives.

A total of 12 sessions from 5 programmes were delivered against a target of 26 sessions from 8 programmes targeted for the year. The institute built capacity of 1001 persons, exceeding the target of 700 for the year.

1.1.1. Young Professionals Programme

During the year, 21 Young Professionals were enrolled in the programme that began on 5th October 2020. The group was taken through 5 programmes namely, understanding governance structures in a devolved system of government; Public Policy Making Process; Applied policy research methods and tools for policy analysis; Macro-economic modelling and forecasting; and understanding of Social Accounting Matrices, System of National Accounts, Supply-Use Tables and Input-Output Tables. The YP group produced 10 co-authored discussion papers under the theme of the KIPPRA-Wide Survey, on "Science, Technology and Innovation in enabling delivery of the Big 4 during COVID-19 Period".

1.1.2. Public Policy Making Process

The course examines the various stages of policy making and policy analysis as well as the policy instruments that governments use to achieve their intended goals. The Institute delivered five sessions of the course through the Young Professionals programme, the KIPPRA University Mentorship Programme, and also through the commercialized capacity building programme.

1.1.3. KIPPRA University Mentorship Programme

The KIPPRA University Mentorship Programme (KMPUS) is designed to encourage and promote the next generation of leaders with successful career in their fields. KMPUS strives to create awareness and develop capacity of the University Community in understanding the public policy making process. During the year, 3 university publications, policy and research clubs were constituted with a total of 176 members. Two KMPUS events were held in Quarter 3 involving 902 participants; while in Quarter 4, 140 students drawn from the university publications, policy and research clubs participated in the Youth side event during the 4th KIPPRA Annual Regional Conference held on 23-25 June 2021. During the KMPUS events, the students and university community were taken through the Public Policy Making Process and sensitization on National Values and Principles of Governance. In addition, 4 abstracts were accepted under a call for papers that was made in Quarter 2 for the KIPPRA Wide Survey 2021. The Institute however did not commence conduct of the planned annual lecture series.

1.1.4. Tools for Policy Analysis

Evidence-based policy-making relies heavily on good policy analysis skills. Hence the programme is designed to enhance learners' skills in policy analysis through taking the participants on three days of intensive learning and modelling experiments. The Institute continued to build internal capacity to support research and analysis through training staff in various tools of analysis, including impact evaluation and forecasting. Ten staff trained on impact evaluation for development programmes by UNU-WIDER. The CGE team were trained under the JRC collaboration; while the Macroeconomics department staff were trained on advanced analysis using E-Views. The Institute continued developing equations for the supply-side framework for the KIPPRA-Treasury Macro-Model (KTMM). The Macroeconomics team was trained on advanced analysis using E-Views software.

1.1.5. Commercialized Capacity Building Programme

The Institute's commercialized capacity building programme aims to support government and other agencies through offering technical services in research and its application to public policy making at a fee. The Institute conducted 8 regional workshops in collaboration with UNICEF and delivered 3 commercialized programmes against a target of 8 programmes namely, Macroeconomic Modelling and Forecasting; Public Policy-making Process; Applied Policy Research Methods. The proposed inaugural capacity building even for the programme on 'Creating an Enabling Environment for Private Sector (CEEP) was not delivered on the planned dates due to COVID-19 containment measures. Furthermore, in Quarter 4, the Institute conducted a capacity building needs assessment through workshops in Bungoma, Kakamega, Isiolo and Machakos County clusters.

2.1 Public Policy Research and Analysis

2.1.1 Kenya Economic Report (KER)

The Kenya Economic report, KIPPRA's flagship publication, is a comprehensive annual report on Kenya's economic performance, and prospects for the next three years. The report also benchmarks Kenya's performance against comparator and selected newly industrialized countries. The report is prepared in consultation with the Ministry of Devolution and Planning; National Treasury; and the Central Bank of Kenya. It is presented to the National Assembly by the Minister responsible for Planning. Each year, a theme for the Kenya Economic Report is selected, responding to a national development priority relevant to realization of Kenya Vision 2030 and the national development agenda.

During the year under review, the Kenya Economic Report 2020 was published whose theme was "*Creating an enabling environment for inclusive growth in Kenya*". The report was virtually launched on 19th August 2020. The theme of the report was motivated by the Government's quest for a strong foundation for broad-based economic growth and development, as envisioned in the Constitution of Kenya, the Kenya Vision 2030, the Third Medium Term Plan and the "Big Four" agenda. The virtual launch ceremony was attended by more than 100 participants from Government ministries, representatives from county governments, development partners, KIPPRA Board of Directors and other participants. The ceremony was graced by the Principal Secretary, State Department for Planning. The Institute is working on finalizing the Kenya Economic Report 2021 whose theme is "*Kenya in Covid-19 Era: Fast tracking recovery and delivery of the Big Four Agenda*".

2.1.2 Thematic Research and Analysis

KIPPRA plays a strategic role in public policy research and analysis, through evidence-based and objective policy advice to the national and county governments, and other private sector organizations. The Institute continued to implement its Research Strategy through the FY2020/21 workplan. Significant achievement was in delivering on the planned research programmes for the 2020/21 Workplan, by producing 77 research papers in various thematic areas against a target of 120. These included 53 Discussion papers, working papers, special reports, book chapters; 13 Policy briefs; and 7 Journal articles published.

The Institute endeavours to develop its own indices to support tracking of implementation of the Sustainable Development Goals (SDG) and other development agenda. During the year, the first wave of the County Business Environment for MSEs (CBEM) was conducted and a report produced. The Institute commenced developing a public affairs index to strengthen social accountability at the county level; conceptualization of a Fintech index and an Innovation Index.

2.1.3 Inter-disciplinary research

The Institute conducted the 2020/21 KIPPRA-Wide Survey under the theme “*Science, Technology and Innovation in enabling delivery of the Big 4 during COVID-19 Period*”. A call for papers was made in the second quarter, through which 27 papers were received, of which 4 were submitted by university students under the KMPUS capacity building programme. In addition, the Young professionals continued developing 10 discussion papers based on the theme of the KWS-2021. The climax of the survey was conduct of the 4th KIPPRA Annual Regional Conference on 23rd to 25th June 2021, that was held on hybrid platform (virtual and physical participation) and attracted over 300 participants and exhibitors.

During the year, the Institute continued working on the second phase on project to review impacts of the Vision 2030 flagships. A team of ten researchers participating in the project received training from the UNU-WIDER on conducting impact evaluation for development projects. Development of the analytical framework for conducting the project is ongoing, that will culminate in production of the report and dissemination in FY2021/22.

2.1.4 Demand-driven and contracted research work

Among the Institute’s mandates is to undertake public policy research and analysis for the Government and for clients in the private and public sectors; and to prepare research reports on various policy issues for specific clients in government and private sector. Some of these reports are available to the public, while others are for limited circulation.

During the year under review, the Institute completed 74 demand-driven research outputs, that included 55 reports (47 county, 7 regional bloc and 1 national reports) generated under the study conducted on developing county socio-economic recovery strategies to support counties recover from impacts of the COVID-19 pandemic; Assessing the Scope of Industries Without Smokestacks to Create Jobs (conducted in collaboration with Brookings Institution); Development of the Kenya National Leather Development Policy; the study on impacts of power outages on industries in Kenya (for the Kenya Association of Manufacturers); Design and Development of an Integrated Demand Forecasting Tool for Petroleum Products (EPRA); and the study on assessment of structures and the profitability of the distribution and retailing of processed dairy products in Kenya (Kenya Dairy Board). The national socio-economic recovery report on impacts of COVID-19 pandemic was launched by the President of the Republic of Kenya on COVID-19 on 4th December 2020. In Quarter 3, the Institute continued to develop a further 47 technical reports and policy briefs on the study.

2.2 Policy Intelligence

KIPPRA has institutionalized policy surveillance through weekly monitoring of emerging policy issues across its departments. The policy updates are then analysed to identify topics for further dialogue through weekly and monthly policy seminars, whose output is published as blogs, media articles, policy monitor (newsletter) articles, and the monthly e-newsletter.

Within the year, the Institute published 55 Media, policy monitor and blog articles against target of 60; the inaugural newsletter was published and shared with stakeholders through the Institute’s distribution list. Four quarterly policy monitor editions were published under the following themes:

- Leveraging on Technology for Resilience in the Wake of COVID-19 and other Pandemics in Kenya
- Responding to COVID-19 Crisis: Perspectives from the Education, Trade, and Policy and Legislative Environment in Kenya

- Building Back for Recovery: Focus on Smart Cities, Innovation, and Sustainable Food Systems
- Building back for recovery: Perspectives on Health Equity, Digital Trade and Administration of Justice

In addition, four issues of the KIPPRA quarterly market analysis report were published on the Institute's website. This report is one of the Institute's policy intelligence publications that focuses on reviewing trends in performance in the real sector (gross domestic product, price movements, production, consumption); international markets (commodity markets, exchange rates, remittances); money market (interbank, treasury securities, banking sector performance, monetary policy); fiscal performance; capital markets; and risk-related factors in Kenya's economy and selected global markets in each quarter, with a view to identifying policy-related dimensions.

2.3 Policy engagement, dissemination, and networking

KIPPRA Organizes symposia, conferences, workshops and other meetings to promote the exchange of views on issues relating to public policy research and analysis. These act as avenues for sharing information reviewing methodologies, communicating findings from thematic, interdisciplinary and demand-driven research, conducted and rationalizing policy recommendations on critical matters informing public policies. Apart from forums convened, the institute also disseminates research findings through distributing publication various stakeholders.

2.3.1 Workshops and conferences

Over the review period, the institute disseminated 46,946 publications against a target of 50,000 in both hard and soft copies to various stakeholders in both national and county governments, academic institutions, private sector and civil societies. The hard copy publications were also circulated during workshops, conferences and capacity building events conducted by the Institute.

Workshops:

The Institute organized 70 dissemination events against a target of 39 for the year. The overachievement in dissemination forums is attributed to the project the Institute implemented together with the Council of Governors in June to December 2020 on developing socio-economic recovery strategies for counties whereby over 47 dissemination events were conducted. During the year, in adherence to COVID-19 pandemic containment measures, KIPPRA Institutionalized conduct of seminars, workshops and conferences through online platforms which proved effective in enhancing business continuity.

Some of the other notable workshops/forums conducted include: Launch of Kenya Economic Report 2020 on 19th August 2020; Launch of county budget briefs on children youth and women sensitive planning and budgeting in Kenya; NEPAD workshop to review 10-year implementation plan for AU Agenda 2063; KIPPRA UNICEF and County Strategies dissemination forums (in 6 counties); KER 2021 report stakeholders forum on 15th December 2020; County Strategies and UNICEF Dissemination – UNICEF and COG; County Dissemination workshops on the Green Gram Report in 4 counties (Taita-Taveta, Makueni, Kitui, Machakos in November 2020; UNICEF child sensitive budgeting County dissemination; Disseminated the findings of the "CGE analysis of the short-term impact of covid-19 on the Kenyan economy" during FANRPAN Annual Regional Dialogue; Presentation at the JRC/KIPPRA joint work on COVID-19 impacts and economic recovery in Kenya during Pan-African Network for economic Analysis of Policies (PANAP) Science Forum; 43 COG County Strategies Dissemination Workshops on county socio-economic recovery strategies from impacts of the COVID-19 pandemic; Launch of the 2020 Go-To Think Tanks Index Report; KIPPRA and the Civil Societies

Program (TTCSP) – University of Pennsylvania, on 29th January 2021; KER 2021 validation workshop, on 4th March 2021; Stakeholders' validation workshop on the draft report on effect of power outages on manufacturing firms, on 19th January 2021; National Information Platform for Food Security and Nutrition (NIPFN) Programme for Policy Questions Workshop; KIPPRA & KNBS on 9-10th March 2021; KIPPRA Day event and Launch of the KIPPRA repository on 12th March 2021; and Launch of the NIPFN Project; 19th April 2021.

Conferences:

The Institute conducted the 2020/21 KIPPRA-Wide Survey under the theme '*Science, Technology and Innovation in enabling delivery of the Big 4 during COVID-19 Period*', whose climax was conduct of the 4th KIPPRA Annual Regional Conference on 23rd to 25th June 2021, that was held on hybrid platform (virtual and physical participation). The Institute also participated in a number of externally organized conferences held in both virtual platforms and physical venues. Among the key topics deliberated upon in the conference included: The status of Science, Technology and Innovation (ST&I) in Kenya; Building robust innovation systems; Developing human capital; Infrastructure as enablers of ST&I; Building resilience with ST&I; Leveraging on fintech and e-commerce; Food security and nutrition; Disaster preparedness and the role of ST&I; the political economy of ST&I; and Industrialization and ST&I.

2.3.2 Roundtables and Policy seminars

Round table meetings:

To promote dialogue and exchange of ideas on policy issues, during the review period, the Institute organized 93 round table meetings against a target of 40 for the year, most of which were held through virtual platforms in adherence to COVID-19 containment measures. Some of the key events included: Meeting to discuss Inception Report on Design and Development of an Integrated Demand Forecasting Tool for Petroleum Products, on 22nd September 2020; Norway and KIPPRA meeting on Status update and planning of Activities for the KTMM supply side model on 9th September 2020; Round table meeting with NETFUND Kenya to discuss KIPPRA support on development of National Research Programme Policy on 4th August 2020; Consultative meeting with the Council of Governors on conduct of the study on Post COVID-19 county socio-economic recovery strategies; Savings Book Project by KIPPRA & UN-WIDER on 11th November 2020; Round table on Kenya-US FTA with negotiators from State department of trade; Implications of African Continental Free Trade Area (AfCFTA) on Kenya on 24th February 2021; On-the-job County level support activities for 15 Joint Devolution Counties; UNICEF/COG/KIPPRA; Round table meeting with KNA Assistant Clerks of the committees on energy, agriculture & livestock, land, sports and environment and Natural resources on potential collaboration; KIPPRA/National Assembly; 21st April 2021; Round table meeting with representatives of the Senate on potential collaboration; KIPPRA/Senate on 20th May 2021; Round table meeting with British High Commission on the project COP26 Visions for a Net-Zero Future; KIPPRA/JRC on 3rd June 2021; Roundtable on "Impact of the covid-19 pandemic in the informal sector in Kenya"; State Department of Labor and International Labor Organization on 26th May 2021; Stakeholder Roundtable on Business Environment for MSMEs in the COVID-19 Era on 2nd June 2021; UNECA Mission at KIPPRA on the Study "Financialization in Africa: Financial Regulation for Inclusive Growth"

Policy seminars:

In addition, the Institute organized 47 policy seminars against a target of and 35 for the year. Of these, 25 policy forums were organized by the Young Professionals every Friday between November 2020 and June 2021 to discuss emerging policy issued identified from the Institutes' policy surveillance initiative. The other 22 policy

seminars were organized on monthly basis, through inviting external sector-specific experts to contribute to emerging and ongoing policy debate. All the policy seminars were held through virtual platforms in adherence to COVID-19 containment measures. These are listed in table 2.1:

Table 2.1: Policy seminars conducted in FY2020/21

	Title of Policy Seminar
1.	Preliminary analysis and findings of various COVID-19 studies.
2.	Two-thirds gender principle
3.	Presentation on New Research Data-The Economic Effects of COVID-19
4.	Highlights on the Budget Policy Statement 2021
5.	Kenya's Role and Priority Objectives at the United Nations Security Council: 2021-2022.
6.	Intellectual Property and Micro, Small and Medium Enterprises: Taking Your Ideas to Market
7.	Understanding the Concept of Smart Cities.
8.	Managing Learning in the COVID-19 era: Challenges and Options
9.	Key Issues in Public Debt for Kenya
10.	Regulation of digital lenders in Kenya.
11.	Effect of COVID-19 Pandemic on Achievement of Universal Healthcare Coverage in Kenya
12.	The Evolution of cash crops in the Agriculture sector: what does the future look like?
13.	Assessment of COVID-19 Effects on the Economy in the Light of Emerging Policy Issues in the Agriculture Sector
14.	Presentation of a Report on Wasichana Wetu Wafaulu Project
15.	Effect of COVID-19 Pandemic on Performance of Capital Markets
16.	Implications of Data Protection Regulations in Kenya
17.	Deepening Skills and Empowering the Youth for Enhanced Employability
18.	Democracy and Pandemics
19.	A Review of Exchange Rate for Kenya
20.	Using Evidence in Policy and Practice - Lesson from Africa
21.	Bilateral Trade Between Kenya and USA (Kenya-US FTA)
22.	Effect of COVID-19 Pandemic on Bank Performance

2.4 Advisory and Technical Services

KIPPRA collaborates with government ministries, departments and agencies through policy working groups and taskforces on different policy issues. Through these forums, the Institute provides policy advice and collate views and policy concerns of the government. On average, KIPPRA participates in about 40 government taskforces every year. In FY2020/21, the Institute participated in 35 taskforces and policy working groups against a target of 36.

Some of the recent taskforces and working groups KIPPRA participated in include: Education Taskforce; Data Protection Policy and Bill; Macro Working Group; Enhancement of County Own Source Revenue Implementation Secretariat; A Taskforce to Develop The National Policy Framework On Green Fiscal Incentives; Millennium Challenge (MCC) initiatives on connectivity in Nairobi metropolitan Area; Task force/Technical Committee on Tea price Stabilization; National Horticultural Technical Transformation Working Group; Technical Working Group on the development of the Relief Assistant Policy; Standard and Quality Infrastructure Taskforce; Working group to draft the Public Communication Policy; Kenya USFTA working group; National Quality Policy; Transparency and Information Thematic Working Group; Technical Working

Group on TFTA – NTB; Data Protection Taskforce Committee meeting stakeholders; and, Huduma policy working group.

3.1 Knowledge Management

Knowledge Management and Communications infrastructure comprises the KIPPRA information and Documentation Centre; public policy repository; publications; communications; and Information and Communications Technology (ICT). Knowledge management facilitates the Institute in conducting objective research and policy analysis and communicating findings and recommendations by capturing, developing and storing individual and institutional knowledge, and by putting in place framework for sharing knowledge, experiences and lessons learnt for integration and continuous improvement, and for future reference.

3.1.1 Development of a reservoir of research resources on public policy

During the year under review, on 12th March 2021, the Institute launched its public policy repository that provides a one stop-shop to national and county government policy documents; and KIPPRA publications. The event was graced by a keynote speech delivered by the Chief Administrative Secretary, The National Treasury and Planning. The goal of the repository is to strengthen the research-to-policy linkage, through availing to both internal and external customers, an open access platform for all the national policies organized by sectors for ease of retrieval. As at the end of FY2020/21, the repository held 713 national, 815 county and 556 KIPPRA documents. The Institute will continue to update the collection of policy documents in the repository on a monthly basis in liaison with technical persons from both the County and National governments.

Website analytics were conducted each quarter to track readership and demand, aimed at advising on future content and continued improvement. Majority of downloads were County Integrated Development Plans (23.95%), KIPPRA publications (23.67%) and Sessional Papers (14.75%) (table 3.1). The Institute will continue monitoring visits to the repository and customer feedback in order to improve service delivery.

Table 3.1: Statistics on Visits to the KIPPRA Public Policy Repository in FY2020/21

Country		Document Downloaded	
Name	% of visits	Category	%
Kenya	84.6	County Integrated Development Plans	23.95
South Africa	4.4	KIPPRA Publications	23.67
USA	4.0	Sessional Papers	14.55
UK	1.8	County Annual Development Plans	9.12
France	1.1	Presidential Speeches	7.80
Netherlands	1.1	National Government budget speeches	7.26
Canada	0.7	National Government Sector Plans	3.59
Mauritius	0.7	National Policies and Strategies	3.57
Ukraine	0.7	Medium Term Plans	2.79
Hungary	0.4	County Fiscal Strategy Papers	1.42
Indonesia	0.4	County Policies and Strategies	1.34
Others	0.0	Constitution of Kenya 2010	0.96
Total	100.0	Total	100.00

The most downloaded KIPPRA publications were discussion papers, Kenya Economic Report and County Business Environment for MSEs - Policy Briefs for 42 Counties (table 3.2).

Table 3.2: Top ten downloaded KIPPRA reports in FY2020/21

Category	% of Downloads
Discussion Papers	12.93
Kenya Economic Report	9.63
County Business Environment for MSEs - Policy Briefs for 42 Counties	6.33
County Budget Briefs	5.38
KIPPRA Policy Monitor	4.14
Call for Essays	3.96
Special Papers	2.30
Market Analysis	1.79
Policy Briefs	1.58
Working Papers	1.49
Informal Sector Policy Briefs	0.99
Assessment of the Public Expenditure and Financial Accountability in Six Counties	0.56
Conference Proceedings	0.50
Publications	0.37
An Assessment of Health Care Delivery Under Devolution - Policy Briefs for 47 Counties	0.34
Other Downloads	
Careers	23.50
Uncategorised	11.44
Tender Notices	9.54
Registered Suppliers	1.89
Tender Awards	1.34
Total	100.0

3.1.2 Publication control

The institute will continue to remain relevant and visible by offering innovative products and services to its clients through consulting its stakeholders in research process; steady policy engagement (research-to-policy link); conduct customer satisfaction surveys and capacity assessments; stakeholder mapping; continued ISO certification; and adhering to international best standards and practices.

Quality control

As part of the peer review process aimed at improving quality of research publications produced, the Institute conducts weekly internal seminars (KWIS) in two levels: KWIS-0 is aimed at providing comments to authors on their initial draft papers; which is followed by KWIS-1 whereby internal and external reviewers are invited to discuss the papers. During the year, 42 weekly seminars were held against target of 30, namely 18 KWIS-0 and 24 KWIS-1 (table 3.3).

Table 3.3: List of research papers discussed in FY2020/21 at Weekly Internal Seminar

TITLE OF RESEARCH PAPER

KWIS-0 presentations

1. Mobilizing long term finance in Kenya
2. Assessing the extend of implementation of electoral reforms in Kenya
3. Post-Harvest Milk Losses Productive Department
4. Exploring the Potential of Data Localization to Safeguard Critical Data
5. Review of Policies for Improving Human Nutrition and the Use of Evidence for Policy Making in Kenya
6. Presentation of the Draft Kenya Leather Development Policy
7. Demand Forecasting Tool for Petroleum Products
8. Public Debt in Kenya: Management and Sustainability
9. Reducing Effects of Droughts and Floods on Schooling in Prone Areas of Kenya
10. Enhancing rainwater harvesting for water security in Kenya
11. Extractive Industry's Potential Contribution to Food Security in Kenya
12. Building a Secure Digital Economy in Kenya (formerly "Review of ICT Policies")
13. Assessing infrastructure inadequacies impeding Kenya's economic growth
14. Drivers of Firms' Innovation in Kenya
15. A Critical Review of Public Participation Initiatives at National and County Level
16. The Role of Markets in Achieving Food and Nutrition Security
17. An assessment of the Effectiveness of Kenya's Institutional and Regulatory Framework in Promoting Export Trade
18. Analysing Kenya's Electricity Sector and Financing: Vision 2030

KWIS-1 presentations

19. Constraints and Opportunities in the Kenyan Textile and Apparel Subsector: A Value Chain Approach"
20. Gendered access to energy and water and its implications on wellbeing in Kenya
21. Gender, access to agricultural resources and food security in Kenya
22. Enhancing Entrepreneurship in Kenya
23. Gendered effects of Government Credit Programs on Entrepreneurship in Kenya
24. Gender and Health: An assessment of the burden of gender-based violence on health and implications for attainment of universal healthcare in Kenya-
25. Business Environment and its Effects on Private Sector Enterprises' Capital Investments in Kenya
26. County Spending and Standard of Living of Communitates in Kenya
27. Gender wage differentials between public and private sectors in Kenya
28. An Examination of Kenya's Progress in Implementing Chapter Six of the Constitution
29. Enhancing Inclusivity by Empowering Persons with Disabilities (PWDs)
30. Review of Policies on Food Security and Nutrition and the Use of Evidence in Improving Human Nutrition in Kenya
31. Tracing the effectiveness of Kenya's continuum of anti-corruption strategies
32. The influence of Pedagogy on Self Efficacy of University students in Kenya across Gender
33. Milk Post-harvest losses in smallholder dairy farms in Kenya
34. Gender-based Leadership Inequality and Economic Outcomes in Kenya
35. Gender Wage Gap Extent and Explanation
36. Assessing the extent of implementation of electoral reforms in Kenya under the new Constitutional dispensation (Constitution of Kenya 2010)
37. Building Data Sovereignty by Adopting Data Localization Measures in Kenya
38. Reducing Risks and Effects of Drought and Floods on Schooling in prone Areas of Kenya
39. An Assessment of Kenya's Regulatory Framework on Growth of Wholesale and Retail Trade Sector
40. Public Debt in Kenya: Management and Sustainability
41. Remuneration and the Welfare of House Helps in Nairobi, Kenya
42. Assessment of Factors That Influence Domestic Trade Participation by Female and Male-Owned Firms in Kenya

3.1.3 Enhancing communication channels

During the year, the Institute continued to develop multimedia content for communicating the Institute's outputs through various platforms (such as online video streaming), including videos supported by sign language interpretation to benefit stakeholders with hearing impairment. Online streaming done on KIPPRA YouTube channel, facebook, twitter, Instagram was enhanced, through development of short video clips on dissemination events, and development of a detailed KIPPRA video to showcase how the Institute is implementing its mandate. A number of staff were trained on Kenya sign language interpretation while 26 staff were trained on how to develop and use infographics in communicating research findings to diverse stakeholders and consumers. To take care of persons with hearing impairment, sign language interpretation was engaged in major events including launch of the KER2020, 4th KIPPRA Annual Regional Conference, KIPPRA Day and other events.

3.1.4 Records management

The institute's registry was operationalized and the process of implementing the electronic document management system (EDMS) commenced, which will be finalized in the next year. During the year, 1061 mails were dispatched to various organizations; 50 records foliated; 580 correspondences received from various organizations; 1537 correspondences filed; and 133 files from departments transferred to the registry.

3.2 Institutional Sustainability

3.2.1 ISO 9001:2015

During the year, in quarter 2, the Institute reviewed all its Standard Operating Procedures (SOPs) and policies in adherence to requirements of the ISO 9001:2015 Quality Management System recertification process, aimed at ensuring high quality and timely delivery of all its products and services. Internal ISO audit was conducted in February 2021 for all functions as part of the ISO recertification process; while the external ISO recertification audit was conducted in Quarter 3 and the Institute retained its ISO certification status. The Institute will continue to adhere to the tenets of the ISO 9001:2015 standard in order to maintain the certification status while at the same time ensuring quality and efficient service delivery to its customers.

3.2.2 Partnerships

The Institute continued to strengthen policy engagement with key stakeholders with a view to understanding their needs and addressing demand-driven responses/activities for policy engagement. A number of Memoranda of Understanding (MOU) were signed with various institutions (including NSSF and KNBS) aimed at strengthening collaboration. In quarter 2, in collaboration with the Council of Governors (COG), the Institute conducted a study and produced 1 national, 47 county and 7 regional bloc socio-economic recovery strategies to support counties and specific sectors to recover from impacts of the COVID-19 pandemic. A symposium of the Kenya Think Tanks Forum was held under the theme "*Policy makers and think tanks engagement in strengthening evidence informed policy making*".

The Institute also participated in an international think tanks "townhall" conference that discussed impacts of COVID-19 pandemics and the role of think tanks and civil societies. During the third and fourth quarter, the Institute participated in organizing the 2021 Devolution Conference through the trade and manufacturing thematic group. The conference will be held in August 2021. The Institute will continue to implement the

resource mobilization policy and the Research Fellows and Staff Exchange Manual that were approved by the Board during the year.

3.2.3 Performance Contract

The Government of Kenya has used Performance contracting as a key accountability framework in its endeavour to improve service delivery in the public service since 2003. Performance contracting is part of the broader public sector reforms aimed at improving efficiency and effectiveness in the management of public service. The Board of KIPPRA signed a performance contract with the parent ministry, The National Treasury and Planning on 2nd September 2020 for the year 2020/21, aimed at improving efficiency and effectiveness in delivery of the Institute's mandate. During the year, the Institute submitted 4 quarterly reports to the Public Service Management and Monitoring Unit (PSPMMU) – mandated to coordinate performance contracting for Ministries, Departments and Agencies. The Institute also participated in evaluation of the FY2019/20 Performance Contract, in which a composite score of 3.1454 was achieved.

3.2.4 Innovations in Service Delivery

Innovations in service delivery refers to an organisation's openness to new ideas and propensity to change through adopting new technologies, resources, skills and administrative systems. To enhance efficiency service delivery, to both internal and external customers, the Institute finalized the first phase of e-procurement; commenced the second phase of e-procurement; and commenced the process of engaging a service provider to facilitate implementation of the electronic document management system (EDMS). The Institute developed an online registration portal to enable applicants into KIPPRA's capacity building programmes, to apply online and receive invoices for the events. The institute is working on developing online learning platform to overcome the challenge of implementing physical capacity building programmes during the COVID-19 pandemic period. In addition, from Quarter 3, the Institute commenced implementation of an integrated risk management system (IRMS) which will support the Institute in monitoring risks in various functions and taking appropriate mitigation strategies.

3.2.5 Development of Internal policies and strategies

The Institute finalized 38 internal policies and strategies aimed at strengthening the institutional structure, which were approved by the Board for implementation, namely: 23 Policies¹; 7 Strategies²; 4 Manuals³; and 4 other operational documents⁴. In the following year, 9 other internal policies will be finalized and approved. Implementation of these internal policies, strategies, manuals and tools is expected to improve efficiency and effectiveness in operations at KIPPRA.

3.2.6 Enhancing financial sustainability

During the year, the Institute raised KSh.54 million through Appropriation in Aid from contracted research projects against a target of KSh.95 million. Given the Institute's expanding engagement with various

¹ Gender Mainstreaming Policy; Gender Based Violence Workplace Policy; Disability Mainstreaming Policy; Records Management Policy; KIPPRA Physical Security Policy; First Come First Served Policy; Research Data Management Policy; Resource Mobilization Policy; Internship and Industrial Attachment Policy; Credit Policy; Young Professionals Programme Policy (Revised); KIPPRA Institutional Repository Policy; Conflict of Interest Policy; Corruption Prevention Policy; Gift Policy; Whistle Blower Policy; Alcohol and Drug Abuse Workplace Policy; Road Safety Policy; Reward, Recognition and Sanctions Policy; Project Management Policy and Guidelines; Staff Mortgage Policy and Procedures; Staff Car Loan Policy and Procedures; and Research Fellows and Staff Exchange Concept.

² Capacity Development Strategy; Strategy For KMPUS; Communication Strategy; ICT Strategy; Research Strategy; Staff Recreation Strategy; Monitoring and Evaluation Framework

³ Records Management Manual; Brand Manual; Induction Manual; Research Fellows and Staff Exchange Manual

⁴ Staff Pension Scheme; Recognition for Trade Unions; Revised Citizens Service Delivery Charter; and Revised Staff Appraisal Tool.

stakeholders at both national and county levels, KIPPRA will continue to forge strategic partnerships with diverse stakeholders in order to realise achievement of its mandate.

3.2.7 Enhancing staff development, productivity and welfare

Staff welfare is in the interest of employee, employer and the society as a whole. It enables workers to perform their work in healthy and favourable environment. Hence, it improves efficiency of workers and keeps them content, thereby contributing to high employee morale. During the year under review, the Board of the Institute approved the finalized policies and guidelines for implementation of the KIPPRA Pension Scheme, staff mortgage and car loan scheme. These will be implemented once approved by the parent ministry. During the year, the Institute continued to facilitate staff to work from home in adherence to the government directives and circulars aimed at containing the spread of the COVID-19 pandemic. This included providing all staff with face masks; internet bundles to facilitate working from home; improved sanitation at the office premises and regular fumigation; provision of protective clothing for office support staff.

During the year, the Institute continued to implement its Internship and Industrial Attachment programme in collaboration with the Public Service Commission. Institute offers industrial attachment and internship programmes designed to help students undertaking their undergraduate courses and those who have just completed, respectively, understand the Institute's mandate, programmes, and operations. These programmes also enable students to apply what they learn in class by undertaking relevant work assignments. This equips them with practical skills they can apply in their future careers. The Institute engaged 21 interns and 3 industrial attachées against a target of 15 and 5 respectively. The interns and attachées were placed in various functions of the Institute where they were exposed to aspects of implementation of KIPPRA's mandate.

The Institute has an approved staff establishment of 171 and endeavours to fill vacant positions in the staff establishment as per the planned staff projections. During the year, 12 new staff joined the Institute namely: 1 Deputy Director Finance; 1 Principal Finance Officer; 1 Senior Legal Officer; 1 Senior SCM Officer; 1 Senior Policy Analyst; 4 Policy Analysts; 1 Communications Officer; 1 Accountant; and 1 Corporate Communications Assistant. The Institute had a staffing of 63 as at June 2021. To bridge shortfalls in staffing in various departments and functions, the Institute engaged 26 research assistants and 16 temporary staff, with contracts ranging between 1 month and 12 months.

The Institute continued to ensure that all staff participate in at least one relevant training to improve productivity in their areas of work, to enhance staff and professional development. During the year, 38 out of 63 staff (60.32%) of staff participated in at least 1 training. A researchers' workshop was held on 19-20 November 2020 where staff were sensitized on writing media-worthy articles and presentation skills. 26 staff received training on how to develop and utilize infographics in packaging targeted messages to diverse stakeholders.

3.2.8 KIPPRA Premises and Campus Project

During the year, the Board of KIPPRA continued to explore various options for realizing the Institute's dream to own a campus. This has become increasingly important as the Institute's projects and programmes expand, requiring additional office space to accommodate the optimal, approved staff establishment of 171 persons.

3.2.9 Internal networking

During the year, the Institute established over 20 internal committees to support in coordinating and undertaking cross-cutting issues relevant to achievement of the Institute's mandate. These included: Health and safety; National Values; Publication and media; KIPPRA-Wide Survey 2021; Kenya Economic Report 2021; Alcohol and Drug Abuse Prevention; Gender and Disability Mainstreaming; Integrated risk management system (IRMS)

contract implementation team; Risk Management; Review of Vision 2030; Inspection and Acceptance; Internal ISO Auditors; Staff Welfare; Public Finance Management; HRMAC; ISMS; Environment and Corporate Social Responsibility; Rebranding; Records Management; Repository; Computerized General Equilibrium and Macro-modelling committee.

3.2.10 Risk management

Risk management is important in an organisation because without it, the organization cannot possibly define its objectives for the future. Hence risk management ensures that an organization only takes the risks that will enable it achieve its mandate and strategic objectives while keeping all other risks under control.

To achieve this, during the year under review, the Institute contracted a firm from January 2021 to facilitate implementation of the Integrated Risk management System (IRMS). By the end of quarter 4, an inception report, a report on assessment of risk maturity and gap analysis, specifications for the required Information and Communication Technology (ICT) infrastructure to host the IRMS were completed.

7. CORPORATE GOVERNANCE STATEMENT

KIPPRA practices good corporate governance to achieve the best possible level of organizational performance. Effective governance is the most fundamental among imperatives for successful, effective and sustainable think tanks. It was recognized from the onset of KIPPRA's establishment that for the Institute to support policy formulation within the Government of Kenya, both operational autonomy and an effective governance framework were requisite for the Institute to effectively achieve its mandate. The Institute adhered to the Mwongozo Code of Governance for State Corporations in its use of public resources. The Institute relied on the leadership and guidance of the Board, who gave the Institute's strategic direction, safeguarded the Institute's resources, and monitored corporate performance.

Board charter

The Board Charter was reviewed and aligned to the Mwongozo Code of Governance and approved by the Board in December 2020. The conduct of the Board is governed by the terms of a Board Charter ensuring that its role is independent from that of Management and that there is no conflict of interest affecting the duties of the Directors to the Institute. The Board has delegated the responsibility for the day-to-day business of the company to the Executive Director.

Process of appointment and removal of Directors

During the financial period 2020/2021, the KIPPRA Board was fully constituted. The Board Chair was appointed on 12th July 2018, eight Board members appointed on 21st September 2018 and one member on 16th October 2019. The members of the Board of Directors who served during the year are shown on page ix to xv. During the year Mr. Zachary Mwangi replaced Mr. Jamshed Ali as Alternate to the PS, State Department for Planning with effect from 4th February 2021 while Ms. Phoebe Nkaabu and Dr Chris Galgallo replaced Ms Emma Muema and Prof. Marangu Marete with effect from 24th August 2020.

Table vi (1): Composition of Full Board and Board Committees.

S/No.	Members	Full Board	Programs Committee	Human Resource Committee	Finance Committee	Audit Committee
1.	Dr Linda Musumba	✓ *				
2.	Mr. Koitamet Olekina	✓		✓	✓	
3.	Dr Nahashon Langat	✓		✓		✓ *
4.	Ms. Rose Ronoh	✓		✓	✓ *	
5.	Dr Phoebe Josiah	✓	✓ *			✓
6.	Mr. Nzomo Mbithuka	✓		✓ *	✓	
7.	Dr Dinah Samikwo	✓	✓			✓
8.	Prof. Michael Chege	✓	✓		✓	
9.	Dr Chris Galgallo	✓	✓		✓	
10.	Ms. Phoebe Nkaabu	✓		✓		✓
11.	Mr. Zachary Mwangi, EBS	✓		✓	✓	

12.	Mr. Samuel Gitau	✓	✓			✓
13.	Dr Fred Simiyu, HSC	✓	✓			✓

* Chairperson to the committee

Roles and Responsibilities of the Directors.

The roles and responsibilities of members are outlined in section 194 of the PFM Act, 2012. Organizational goals and values of the Institute are stated and articulated in the Institute's Strategic Plan, Annual Work Plans, and Service Charter. The Institute is running a five-year strategic plan that is implemented through annual work plans. The Strategic Plan is reviewed mid-way, while annual work plans are reviewed on a quarterly basis. Implementation of the Strategic Plan, Work Plan, and Service Charter is monitored through the annual Performance Contract agreement signed between the Board and the Government (parent Ministry), between the Executive Director and the Board, and between the Executive Director and Heads of Departments.

Table vi (2): Number of Board meetings held

S/No.	Description	No. of meetings held
1	Full Board	6
2	Human Resource & General-Purpose Committee	6
3	Programs Committee	6
4	Finance Committee	6
5	Audit Committee	5
Total		29

Board and member performance

The Board has four (4) standing Committees which are required to meet at least quarterly or as required. The Committees have been set up with clear terms of reference to facilitate efficient and effective decision making of the Board in discharging its duties, powers and authorities.

a) Programmes committee

The Programmes Committee is charged with the review of annual and quarterly work plans, and Performance Contracts.

S/No.	Name	No. of meetings During the year	No. of meetings attended
1.	Dr Dinah Samikwo	6	5 out of 6
2.	Prof. Michael Chege	6	6 out of 6
3.	Dr Phoebe Josiah	6	6 out of 6
4.	Mr. Jamshed Ali	6	2 out of 6
5.	Mr. Nzomo Mbithuka	6	3 out of 6
6.	Dr Nahashon Langat	6	3 out of 6
7.	Dr Chris Galgallo	6	3 out of 6
8.	Mr. Samuel Gitau	6	3 out of 6
9.	Dr Fred Simiyu	6	3 out of 6

Following reshuffle of Board Committees in January 2021, Dr Chris Galgallo, Mr. Samuel Gitau and Dr Fred Simiyu replaced Mr Jamshed Ali, Mr. Nzomo Mbithuka and Dr Nahashon Langat.

b) Human Resource and General-Purpose Committee

The Human Resource and General-Purpose Committee advises the Board on organizational structure, administration, human resource policy and capacity enhancement/ building, reviews the salaries, benefit packages and service contracts, recruitment of senior staff ensuring that these are competitively structured and linked to performance. The Committee also makes recommendations for broad guidelines that promote operational efficiency.

S/No.	Name	No. of meetings During the year	No. of meetings attended
1.	Ms. Rose Ronoh	6	6 out of 6
2.	Mr. Koitamet Olekina	6	6 out of 6
3.	Prof. Michael Chege	6	4 out of 6
4.	Mr. Samuel Gitau	6	4 out of 6
5.	Dr Fred Simiyu	6	4 out of 6
6.	Ms Phoebe Nkaabu	6	4 out of 6
7.	Dr Chris Galgallo	6	2 out of 6
8.	Dr Nahashon Langat	6	2 out of 6
9.	Mr. Nzomo Mbithuka	6	2 out of 6
10.	Mr. Zachary Mwangi	6	2 out of 6

Ms Phoebe Nkaabu and Dr Chris Galgallo joined the Committee following their appointment to the Board with effect from 24th August 2020. However, following the Board Committees reshuffle in January 2021 Prof. Michael Chege, Mr. Samuel Gitau, Dr Fred Simiyu and Dr Chris Galgallo ceased to be members of the Committee while Mr. Nzomo Mbithuka, Dr Nahashon Langat and Mr. Zachary Mwangi were appointed to the Committee.

c) Finance Committee

The Finance Committee reviews annual budgets and procurement plans, quarterly and annual financial reports.

S/No.	Name	No. of meetings During the year	No. of meetings attended
1.	Mr. Nzomo Mbithuka	6	6 out of 6
2.	Dr Phoebe Josiah	6	5 out of 6
3.	Dr Dinah Samikwo	6	5 out of 6
4.	Mr. Jamshed Ali	6	3 out of 6
5.	Dr Chris Galgallo	6	3 out of 6
6.	Ms Phoebe Nkaabu	6	1 out of 6

7.	Ms. Rose Ronoh	6	1 out of 6
8.	Mr. Koitamet Olekina	6	1 out of 6
9.	Prof. Michael Chege	6	1 out of 6
10.	Mr. Zachary Mwangi	6	1 out of 6

Ms Phoebe Nkaabu and Dr Chris Galgallo joined the Committee following their appointment to the Board with effect from 24th August 2020. However, following the Board Committees reshuffle in January 2021, Dr Dinah Samikwo, Dr Phoebe Josiah, Mr. Jamshed Ali and Ms. Phoebe Nkaabu ceased to be members of the Committee while Ms. Rose Ronoh, Mr. Koitamet Olekina, Prof. Michael Chege and Mr. Zachary Mwangi were appointed to the Committee.

d) Audit Committee

The Audit Committee works closely with the internal audit unit and plays a critical role in reviewing financial information and ensuring that the system of internal controls is effectively administered. It considers significant audit findings identified by the Institute's internal and external auditors. The Committee maintains oversight on internal controls, and makes recommendations on financial information, risk management, policies and audit issues.

S/No.	Name	No. of meetings During the year	No. of meetings attended
1.	Dr Nahashon Langat	5	5 out of 5
2.	Mr. Koitamet Olekina	5	2 out of 5
3.	Ms. Rose Ronoh	5	3 out of 5
4.	Mr. Samuel Gitau	5	5 out of 5
5.	Dr Fred Simiyu	5	5 out of 5
6.	Dr Dinah Samikwo	5	2 out of 5
7.	Ms Phoebe Nkaabu	5	2 out of 5
8.	Dr Phoebe Josiah	5	2 out of 5

Following the Board Committees reshuffle in January 2021, Mr. Koitamet Olekina and Ms. Rose Ronoh ceased to be members of the Committee while Dr Dinah Samikwo, Dr Phoebe Josiah and Ms. Phoebe Nkaabu were appointed to the Committee.

e) Ad-hoc Committees

No Ad-hoc committee was constituted during the Financial Year under review.

Induction and training

The newly appointed Directors underwent an Induction Programme by Management on 19th October 2020 and were also trained by Kenya School of Government from 26th to 31st October 2020. The Board was trained in Corporate Governance in March 2021.

Succession plan

The Board reviewed, evaluated, and approved the overall Institute structure, the assignment of senior management responsibilities and plans for senior management development and succession. During the year the Board recruited the Deputy Director, Finance position to strengthen the finance department.

Board Performance

During the year the Board carried out a self-evaluation on 22nd July 2020 and prepared an improvement plan. It is important that the Board continually evaluates its performance against set targets. Consequently, the Board undertakes an annual evaluation of its performance and effectiveness to identify the areas for improvement and addresses them. Performance evaluation is conducted with the assistance of SCAC, an independent party.

Conflict of interest, board remuneration, ethics, and governance audit

A conflict of interest register was maintained and filled before start of all Board meetings.

Board members were remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority.

A governance Audit is planned for financial year 2021/2022.

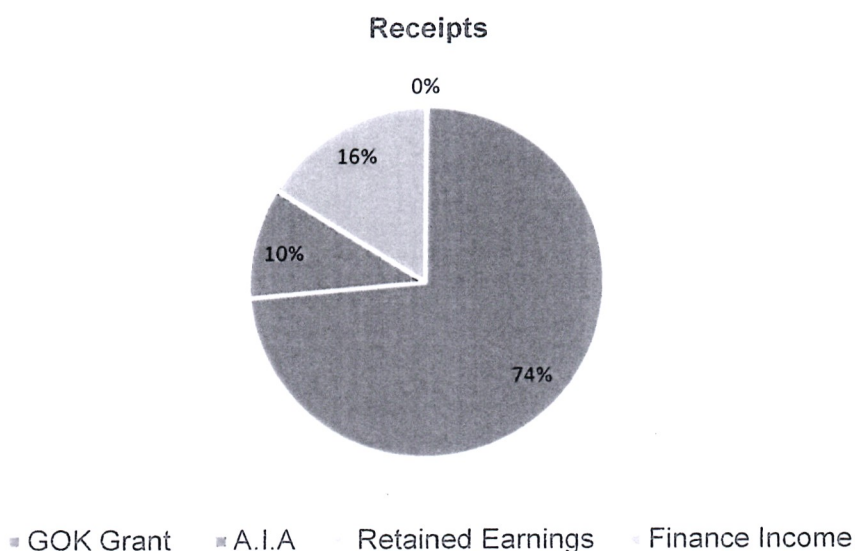
The Board adopted, implemented, and monitored compliance with the Institute's Code of Conduct and Ethics.

8. MANAGEMENT DISCUSSION AND ANALYSIS

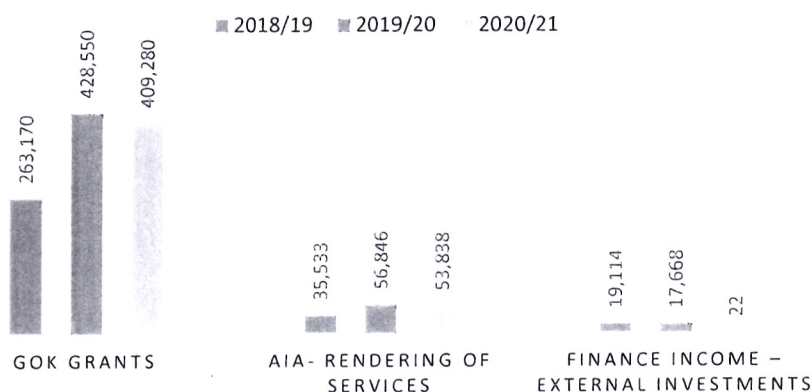
SECTION A

KIPPRA's operational and financial performance

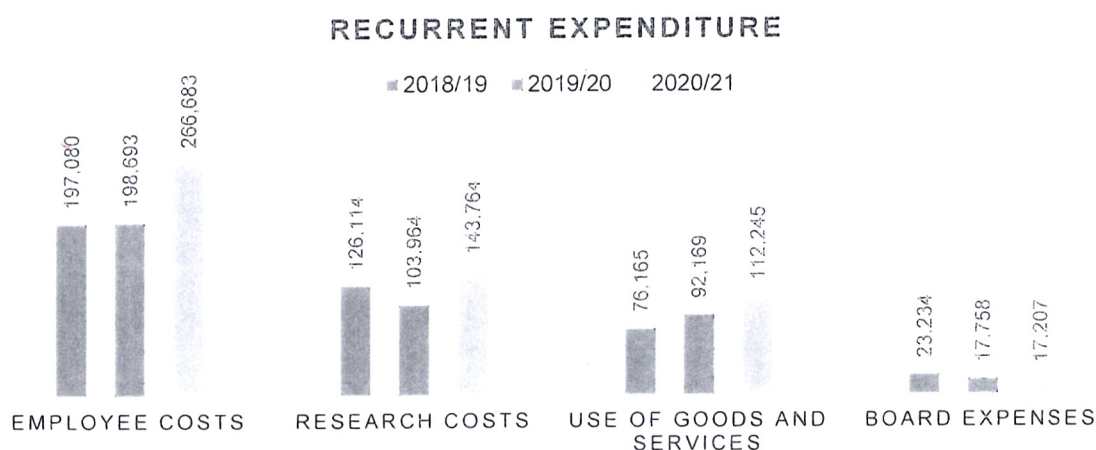
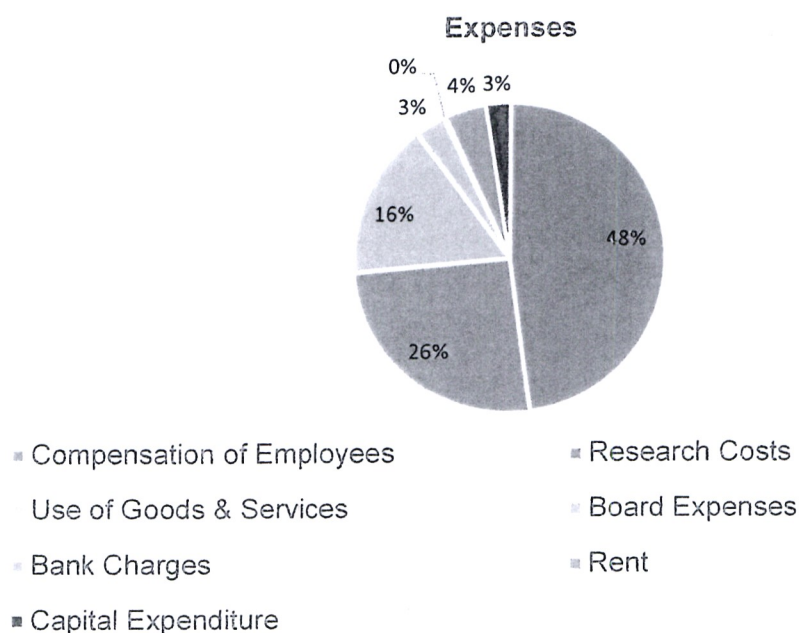
KIPPRA is supported by the National Government through the National Treasury by way of transfer of funds for operational use. These funds are channelled to the Institute through its bank account after this has been budgeted for and approved by the Board of Management. During the year, the State Department for Planning transferred a total of Ksh 414.28 Million. The Institute also earned Ksh 53 million as A.I.A from contracted research work- rendering of services. The Statement of Financial Performance decrease in revenue in FY 2020/21 compared to FY 2019/20, recording a total revenue of Ksh 471.7 million against Ksh 534.6 million. This was as a result of a reduction in recurrent grant by Ksh 19 million and also delays in disbursement of EU grant meant to facilitate the establishment of a policy unit for the National Information Platform for Food Security and Nutrition project.



RECURRENT INCOME

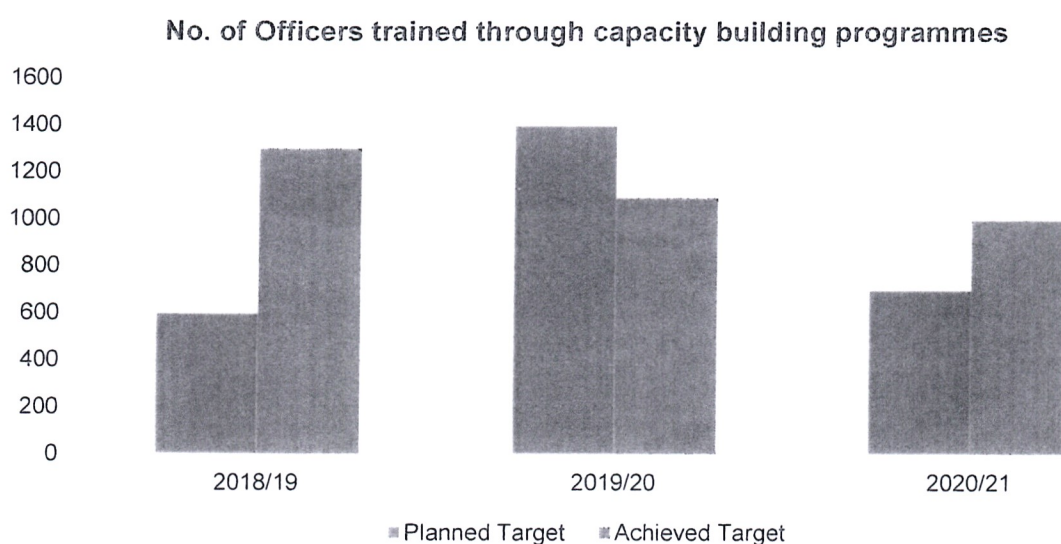


In fulfilment of its mandate, the Institute incurred expenses on various line items. Research costs accounted for 26% of the total expenses (includes research and analysis costs, dissemination costs, capacity building programmes costs and research publication costs), personnel emoluments accounted for 47%, general expenses accounted for 21% with Board allowances accounting for 3% of total expenses. Capital expenditure accounted for 3% of the total expenses.

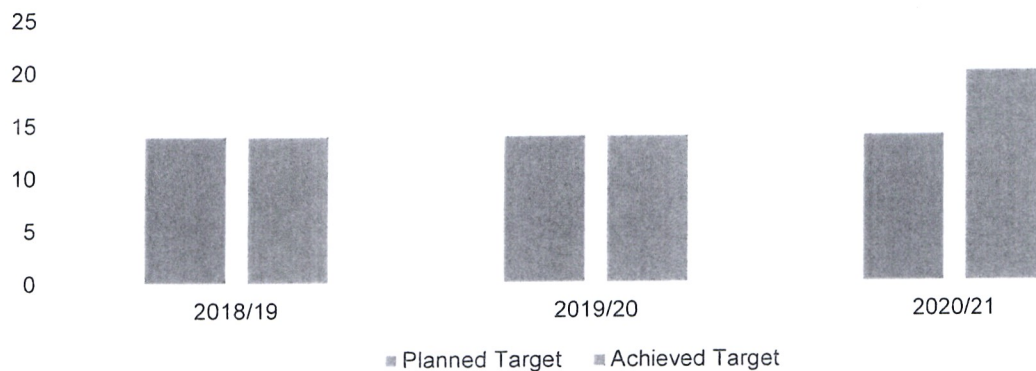


Key Outputs	Key Performance Indicators	Planned Target			Achieved Target		
		2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
Developing Capacities in Public Policy Research and Analysis	No. of Officers trained through capacity building programmes	600	1,400	700	1,304	1,095	1,001
	No. of Young Professionals from public and private sectors graduated	14	14	14	14	14	20
Thematic and Institute-Wide Interdisciplinary Research Conducted to Support the Policy Process	No. of Kenya Economic Reports published and disseminated	1	1	1	1	1	1
	No. of thematic research reports produced and published	34	107	120	107	123	84
	No. Institute-wide interdisciplinary survey reports produced	2	2	1	1	1	1
Policy Surveillance and Analysis Conducted to Support the Policy Process	No. of blog, media and policy monitor articles published	69	70	70	66	47	55
Policy Engagement and Dialogue	No. of policy seminars, round tables and annual conferences organized	79	70	70	67	105	140
Dissemination and Outreach for Policy Impact	No. of dissemination forums organized	70	34	30	40	20	70
	No. of publications shared with stakeholders	20,000	30,000	50,000	51,873	48,026	46,946

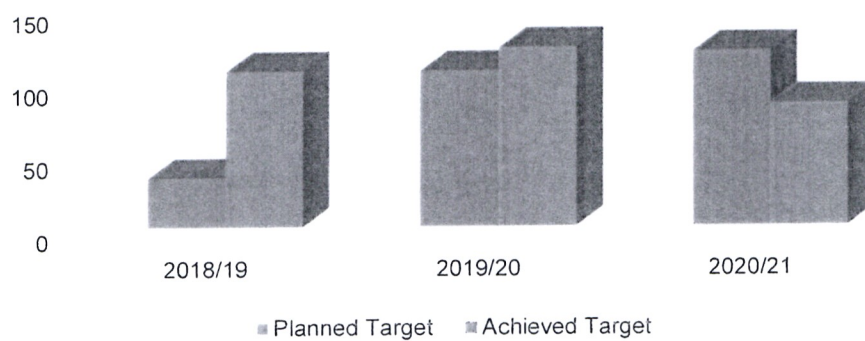
Operational Performance: Analysis of Planned Targets vs Achieved Targets



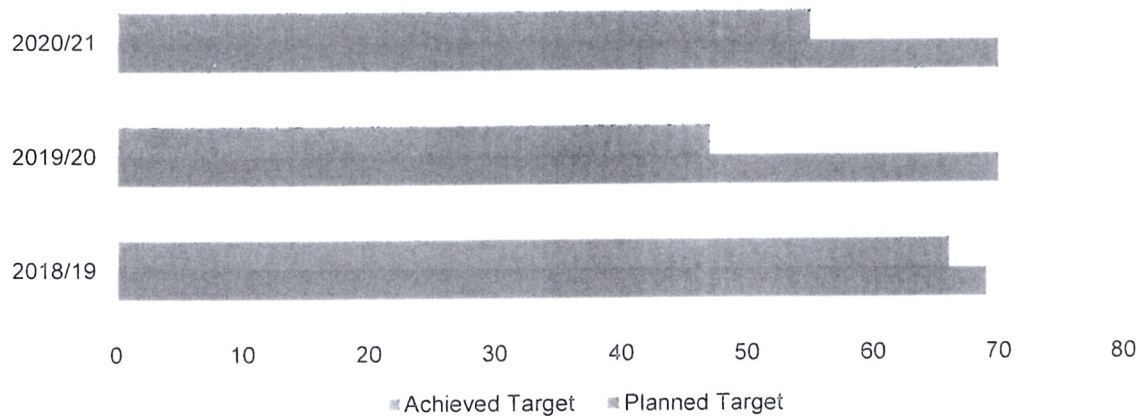
No. of Young Professionals from public and private sectors graduated



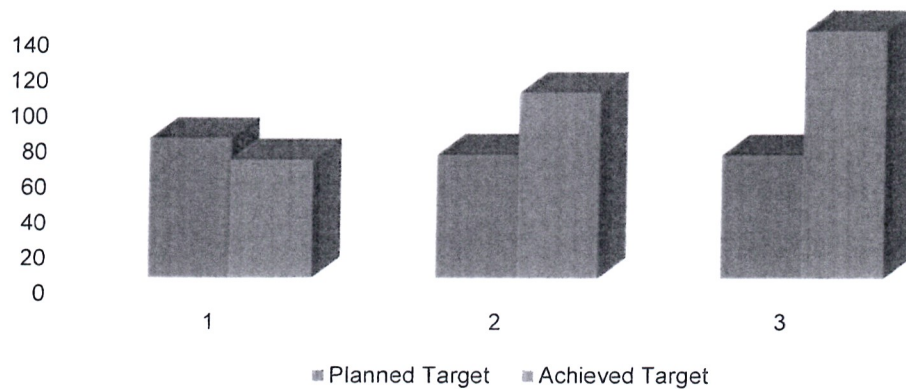
No. of thematic research reports produced and published



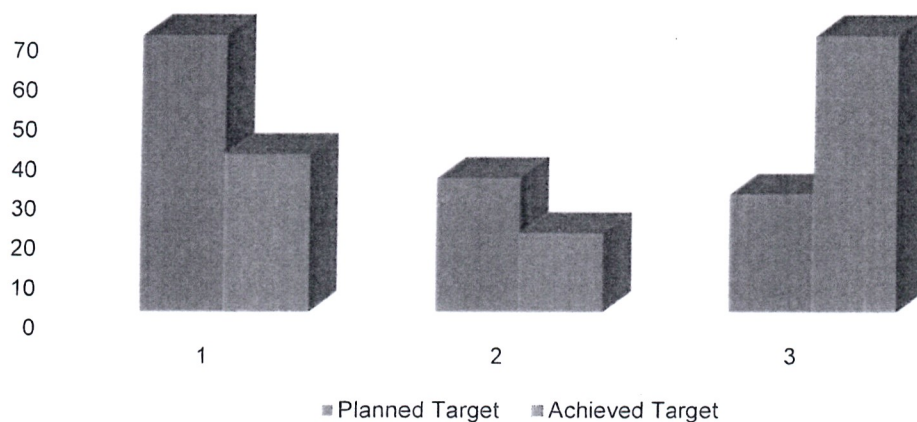
No. of blog, media and policy monitor articles published

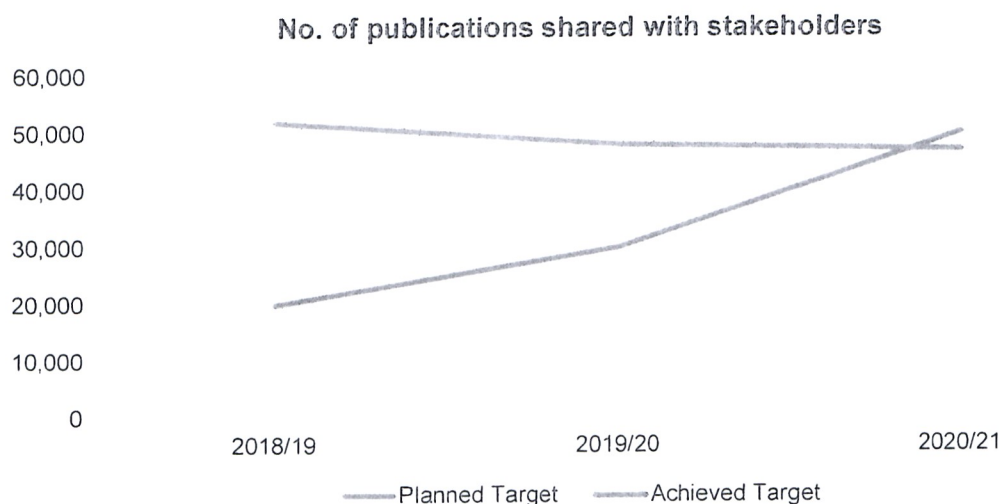


No. of policy seminars, round tables and annual conferences organized



No. of dissemination forums organized





SECTION B

Entity's compliance with statutory requirements

The Institute has complied with PFMA 2012. It has also complied with other legal requirements such as submission of statutory deductions i.e. timely remittance of NHIF, NSSF, PAYE, NITA, HELB, VAT withholding and Income tax withholding.

Access to Government Procurement Opportunities (AGPO)

As provided by PPAD Act 2015, in the FY 2020/21, the Institute awarded a total of Ksh 52,130,560 to the AGPO in line with 30% AGPO allocation. Women were awarded 46 contracts amounting to Ksh 25,160,869, the Youth 48 contracts amounting to Ksh 23,978,806 and 15 contracts were awarded to PWDs amounting to Ksh 2,990,885 which surpassed the 2% target. The Institute also in compliance to awarding at least 40% of the total value of the procurement budget to goods and services produced locally awarded Ksh 166,420,187 against an annual target of Ksh 96,747,760.

SECTION C

Key projects and investment decisions the entity is planning/implementing

The Institute's key projects during the year were;

1. Young Professionals Programme
2. National Information Platform for Food and Nutrition in Kenya (NIPFN) funded by EU through KNBS
3. Assessing the Scope of Industries Without Smokestacks to Create Jobs
4. Submissions on the SACCO Societies (Amendment Bill), National Assembly Bills No. 1 of 2018 to the Senate
5. Submissions on the County Licensing (Uniform Procedure) Bill, Senate Bills No. 17 of 2019 to the Senate
6. Policy Brief on Embracing eLearning during the pandemic and beyond submitted to Ministry of ICT

7. An assessment of the gendered effects of the Covid-19 pandemic on households in Kenya: Main Report & Abridged version
8. National report on County COVID 19 socio-economic recovery strategy
9. Assessing the Scope of Industries without Smokestacks to Create Jobs (Brookings Study)
10. Effects of power outages in industries - Kenya Association of Manufacturers research project
11. Technical report on COVID impacts and medium-term economic recovery in Kenya- JRC Technical report in collaboration with KIPPRA
12. 47 County COVID 19 socio-economic recovery strategies
13. Development of the Kenya National Leather Development Policy – Submitted to the Kenya Leather Development Council
14. Impact of power outages on industries in Kenya – submitted to the Kenya Association of Manufacturers
15. Design and Development of an Integrated Demand Forecasting Tool for Petroleum Products (EPRA)
16. Study on assessment of structures and the profitability of the distribution and retailing of processed dairy products in Kenya (Kenya Dairy Board)

	Other Projects include;
	Capacity building on EPRA macro model for forecasting demand for petroleum products
2.	Construction of NSSF contribution forecasting model
3.	Making agri-tourism markets work for sustainable food systems in Sub-Saharan Africa: for Agriluxe Marketing plc South Africa
4.	ARUA-UKRI GCRF : Food Systems Research Networks for Africa (FSNET-Africa)
5.	ZIRON Pulse: Upscaling adoption and exploitation of a wide diversity of Iron and Zinc-rich beans by rural populations in Africa; for The Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN)
6.	Country and Regional Advocacy and Policy Influencing Priorities for Fairtrade Core Products in Eastern and Central Africa Network; for Fairtrade Africa- NGO
7.	Kenya-US FTA; for State department for trade
8.	Child sensitive planning and budgeting, public finance for children (PF4C): from evidence to policy project; for United Nations Children's Fund (UNICEF)
9.	AERC Health Systems; for African Economic Research Consortium
10.	AERC Human Capital Institutional Support: for African Economic Research Consortium
11.	Youth Data; for GOK- Presidential Advisory Service Delivery Unit-PASU
12.	Brookings Youth Unemployment
13.	Brookings Workforce of the Future
14.	Book savings project with Un-WIDER on "the Domestic Savings Shortfall in Sub-Saharan Africa: What Can Be Done About It?"
15.	ACODE-Green economy in MSMEs operations
16.	NUPEA Project; The Nuclear Power and Energy Agency
17.	Kisumu City Local Development plan
18.	AGI Study on Urban Areas; Brookings Institution: Africa Growth Initiative
19.	Development of the National Quality Policy
20.	Capacity building for Nyandarua County
21.	Development of a Resource Mobilization Strategy for LAPPSET

SECTION D

Major risks facing the entity

The Institute has adopted a robust risk management approach and practices aimed at promoting achievement of its strategic and operational objectives through continuous monitoring and mitigation of risks. A risk management policy has been developed and approved by the Board and its implementation is continuously monitored by the strategy and planning department. Additionally, the Institute has a risk management committee which reviews the Institute's risk management environment on a quarterly basis and reports to management. The Board provides oversight over risk management through the Board Audit Committee.

KIPPRA maintains an Institutional risk register which classifies, risks as minor, moderate or high and categorized as strategic or operational. All the departments have developed risk registers which are continuously monitored to ensure that set objectives are met and mitigation measures are developed and implemented in a timely manner. The Institute is also ISO 9001:2015 certified which has enhanced the risk-based approach thinking in its processes which is reflected in the Institute Strategic Plan 2012-2023.

Addressing the risks: A strategic objective of the Institute is to ensure financial and institutional sustainability by mainstreaming risk management. The Institute therefore applies risk management consistently in its operations and observes all government circulars and complies with statutory requirements. During financial year 2020/21 the Institute reviewed the Risk Management Policy and Procedures. The policy provides clarity on the processes of identification, evaluation, analysis, treatment and reporting of risks. The Internal Audit function served a critical role in providing assurance on risk management processes through regular assurance audits on risk management. Further, the department was involved in identification of risks facing various audit areas during its audit activities. The function reports to the Board Audit Committee on identified risks with mitigating measures being recommended and implemented by the Management.

During the year, the Board mitigated risks associated with Institutional stability through an ongoing process of transitioning staff to permanent and pensionable terms as well as improving the staff welfare issues, with a mortgage and car loan policy having been developed and approved by the Board. Further, risk mitigation measures adopted during the year included strengthening of the Partnerships Department through the deployment of an additional staff and implementation of the newly established Resource Mobilization Policy and Procedures; The Capacity Building Department has also been strengthened with the deployment of an additional staff with the aim of enhancing service delivery.

Recruitment of full-time staff and engagement of staff on a short term basis during the year was undertaken to address the issue of staff shortage and support implementation of the Institute's annual workplan. The strategies and innovations introduced to enhance integrated planning include the institutionalization of planning which include policy surveillance mechanisms, institutionalising calendar scheduling of KIPPRA events and seminars and the use of Computer-Assisted Personal Interviews (CAPI) to enhance innovation and efficiency in data collection and management tools and systems as well as dissemination and reporting in the Institute. The Institute's first Data Management Policy was approved in the third quarter by the KIPPRA Board for implementation. To strengthen the institute's ICT infrastructure, the Institute further updates the windows operating system on monthly basis to guard against any external attack and renewal of the Eset antivirus software and the license for the hardware firewall was done in the year.

The launch of the KIPPRA Public Policy Repository (PPR) which was held on 12th March 2021 is a strategic intervention aimed at addressing the risk of conflicting and uninformed policy recommendations, strengthening Institute's visibility whilst also leveraging on innovation, effectiveness, and responsiveness in achieving the Institute's mandate and further inform implementation of the research workplan.

The Institute observes COVID-19 Protocols and Guidelines aimed at addressing associated risks. The ICT function has put in place measures to mitigate against the risks emanating from increased remote working by staff, including hosting interaction and dissemination forums virtually which has been necessitated by the Covid-19 pandemic. The Institute is in the process of fully operationalize the strategy and planning department to strengthen integrated planning, monitoring and evaluation of Institute activities and innovation of processes.

The Institute is in the process of strengthening the risk management infrastructure through Implementation of an Integrated Risk Management Framework As at June 30th 2021, the consultant had undertaken project initiation which involved collection and review of literature and views from the Institute and the preparation of an inception report. The consultant also undertook a Risk Maturity & Gap Assessment aimed at identifying the strengths and weaknesses of the Institute's risk management. The Institute further appointed Institutional Risk Champions at the Departmental level to support risk management through development and submission of quarterly review of risk registers, integrating risk in departmental work and generally supporting implementation of the Institute's Integrated Risk Management plans and strategies.

SECTION E

Material arrears in statutory / financial obligations
--

KIPPRA does not have loan default, pending bills, tax default, outstanding staff & pension obligations/actuarial deficit on pension schemes and non-payment of dividends & loan redemption to the National Exchequer.

SECTION F

The Institute's Financial probity and serious governance issues

There is no financial improbity reported by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight and there are no governance issues among the Board or member of the Board and top management including conflict of interest.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

KIPPRA exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant products and services, and improving operational excellence.

Sustainability strategy and profile

The Institute's Strategy Plan 2018-2023 is embedded on the following pillars: efficiency, accountability, sustainability, innovation, effectiveness, relevance, and responsiveness. The Institute's activities as presented in the Strategic Plan are guided by national commitments to the global development agenda such as the Sustainable Development Goals (SDGs), East African Development Agenda (2050) and African Union Agenda 2063 on the Africa we Want. At national level, the Institute is guided by the Kenya Vision 2030 and its Medium-Term Plans, and the 2010 Constitution of Kenya. This together with the SWOT and PESTAL analysis, the evaluation of the political, economic, social, technological and legal factors that may affect the Institute's operations, informed the establishment of the Institute's 5 key results areas. These include; (1) Capacity Development for an Efficient and Accountable Public Policy Making Process (2) Quality, Relevance and Responsiveness of Policy Research and Analysis, (3) Policy Engagement, Outreach and Impact (4) Financial and Institutional Sustainability; and (5) Leadership and Integrity. The institute undertook ISO re-certification during the year and the Standard Operating procedures were updated.

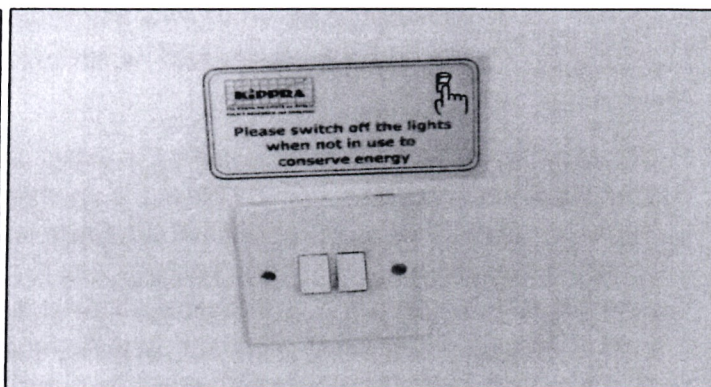
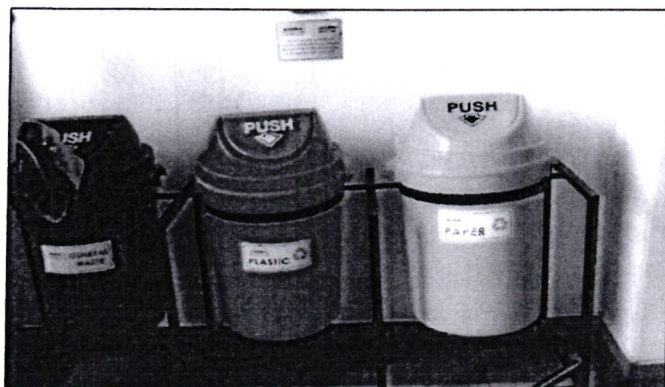
During the year, the following policies were approved by the board for implementation;

1. The Board Charter 5th May 2021
2. Young Professional Programme Policy 5th May 2021
3. Resource Mobilization Strategy 5th May 2021
4. Whistle Blower Policy 5th May 2021
5. Research Data Management Policy 5th May 2021
6. Strategy for implementing KIPPRA Mentorship for Universities (KMPUs) 5th May 2021
7. Research Strategy 5th May 2021
8. Gift Policy 5th May 2021
9. Conflict of Interest Policy 5th May 2021
10. Communication Strategy 5th May 2021
11. Information and Communication Technology (ICT) Strategy 5th May 2021
12. First Come First Served Paid Basis Policy 5th May 2021
13. Internship and Industrial Attachment Policy 5th May 2021
14. Brand Manual 5th May 2021
15. Corruption Prevention Policy 5th May 2021
16. Disability Mainstreaming policy 5th May 2021
17. Monitoring and Evaluation Framework and Guidelines 2020/21-2022/23 5th May 2021
18. Staff Mortgage Scheme Policy and Guidelines 18th May 2021
19. Staff Car Loan Policy and Procedures 18th May 2021
20. Capacity Building Strategy 18th May 2021
21. Security Policy 18th May 2021
22. Recreation Strategy 2018-2022 18th May 2021
23. Credit Management Policy 18th May 2021
24. Records Management Manual 18th May 2021
25. Gender Mainstreaming Policy 18th May 2021

26. Manual for engaging visiting scholars, research associates and mentors 18th May 2021
27. Executive Director Appraisal Tool 28th June 2021
28. Alcohol and Drug Abuse Workplace Policy 28th June 2021
29. Road Safety Policy 28th June 2021
30. Gender Based Violence Workplace Policy 28th June 2021
31. Reward, Recognition and Sanctions Policy 28th June 2021
32. Induction Manual 28th June 2021.

Environmental performance

The institute continuously practices waste segregation by using colour Coded Segregated dustbins as required by law, enabling easy recycling and a means of protecting the environment. Staff at the institute and other occupants in the entire building are reminded of the importance of conserving energy, water and maintaining a clean environment by use of reminder stickers found within the offices, corridors and the cloak rooms.



Employee welfare

The Institute in supporting employee welfare established a KIPPRA Staff Welfare Committee who during the period in review undertook the following activities aimed at enhancing employee welfare;

- (i) Development the staff mortgage and car loan policy informed by benchmarking exercises to selected state agencies and staff survey undertaken the previous year. This was presented to the Management and approved by the Board during the year.
- (ii) Reviewed and revised the Rewards and Recognition Policy making reference to Public Service Commission, Human Resource Policies and Procedures Manual for the Public Service (May 2016), Public Service Commission, Guidelines for implementation of Performance Rewards and Sanctions in the Public Service (December 2016) and the Public Service Commission, Performance Rewards and Sanctions Framework for Public Service (May 2016). Rewards and Recognition Policy was approved during the year.
- (iii) The Committee also received guidelines from a third party on the Requirements and procedure for the establishment of Staff Retirement Benefit Scheme (RBS) to inform the initiation of the development of a KIPPRA Staff Retirement Benefit Scheme. The board approved the conversion of staff to permanent and pensionable terms.
- (iv) The Institute under the guideline of State Corporations Advisory Committee developed Job descriptions for Job evaluation purposes during the year.

- (v) The Human Resource Policy and Procedure Manual January 2020 section 2.15.10 has the provision of principles of affirmative action, gender and persons living with disability and national values will apply. The Institute observes gender mainstreaming, balance on appointment, promotion and ensure that a minimum of a third (1/3) are of either gender in recruitment process.

Further, the Institute through it's KIPPRA Health and Safety Committee undertook the following activities aimed at enhancing employee welfare;

- a. Promoted condom use through requisition from National Aids Control Program as well as distribution of condoms at KIPPRA premises and also sensitized staff on HIV and Aids
- b. Ensured supplies and replenishing of the First Aid boxes.
- c. COVID-19 prevention awareness – email communication to KIPPRA staff (use of masks; office place guidelines)
- d. KIPPRA first aid and fire marshalls were trained in compliance with the Occupational Safety and Health Act of 2007, (OSHA, 2007).
- e. Ensured provision of a screening package for HIV, Cancer, Blood pressure, Blood sugar and BMI in the KIPPRA medical health package.

The Institute further undertook a skills gap analysis which was to be implemented in a span of five (5) years. The skills gaps analysis ensured that the Institute identifies existing staff competencies against required Knowledge, skills and Abilities needed for effective implementation of the Institute's mandates/functions. The specific objective for the skills gap analysis was to identify the priority competencies and learning needs of the employees; help refine and define skills required in the Institute, now and in the future; help employees know what critical skills they need to grow; help in recruitment efforts when current employees do not have the skills or the interest; facilitate talent management within the organization; and equip management to better understand and address employee needs.

In undertaking the gap analysis, consideration was given to upcoming statutory or structural changes on the work and a list of competencies that most clearly and accurately describe what is needed to do the work. Given KIPPRA's mandate and new organizational structure, the critical skills and competencies identified in the Institute can be broadly grouped into four groups, namely: Managerial Skills, Continuous Professional Development, Entrepreneurial Skills; and Behavioural Skills. The analysis of skills gaps is to be done at two levels. The first level of analysis is done in terms of overall or broad mandates or functions, including 1). Research & Analysis, 2). Capacity building, 3). Networking & Partnerships and 4). Communication, Dissemination & Advocacy and the second level is carried out at job levels taking into account the new organizational structure and the specific functional area.

Market place practices

a) Responsible Supply chain and supplier relations

KIPPRA ensures that the suppliers are accorded opportunities without discrimination. This is done through rotation in requesting for quotations as well as ensuring that procurement that are done through open tender are advertised through medium with wide coverage. Suppliers are given feedback after the procurement process is finalized through notification of award or regret letters stating reasons why they did not succeed in the tendering process. Suppliers are also sensitized on Public Procurement and Asset Disposal Act and Regulations in order to offer them capacity building on the legal framework guiding procurement in public sector.

Suppliers' payments are processed without delay once delivery and inspection of goods is concluded. This is done through coordination between Supply Chain Management and Finance departments. Further, the board approved First Come First Served Paid Basis Policy on 5th May 2021 to ensure payments to suppliers is done on time and prioritized.

b) Product stewardship

KIPPRA which is ISO certified has in place policies and Procedures on Control of Nonconforming Outputs which covers the detection of non-conforming products and services within KIPPRA's operations and taking the necessary corrective or preventive actions to avoid unintended use or delivery. The non-confirming outputs may be identified during production, inspection, testing, verification, or outputs returned by customers, during service delivery, during internal and external quality audits, after service delivery, and through customer feedback.

KIPPRA ensures that outputs (both products and services) that do not conform to requirements of the customers are identified and controlled to prevent their unintended use or delivery. Where non-conformity is detected during processing, it is suspended until action is taken to eliminate the detected non-conformity.

Corporate Social Responsibility / Community Engagements

On environmental activities towards increasing forest cover, wildlife conservation and attraction of rainfall, the institute in collaboration with the Kenya Wildlife Service Training Institute (KWSTI) engaged in a tree planting exercise on the 6-acre piece of land allocated to the institute by KWSTI at their Game Farm in Naivasha.

KWSTI Director, Dr Joshua Omondi and KIPPRA Executive Director, Dr Rose Ngugi, led KIPPRA staff, KWSTI staff and students and 25 persons living with disabilities from Naivasha Municipality in the exercise in which a total of two thousand (2000) indigenous tree species were planted. The event gave an opportunity for KIPPRA staff to sensitize the participants on the importance of planting and growing trees and encouraged them to ensure they grow even more trees whenever they have an opportunity to conserve the environment.



KIPPRA Executive Director, Dr Rose Ngugi and KWSTI Director, Dr Joshua Omondi plant a commemorative tree.



The institute is continuously required to develop this piece of land by planting and nurturing more trees towards achieving environmental sustainability goal / *PPRA Staff and KWSTI Staff and Students participate in the exercise*



KIPPRA Executive director poses with some of the PWDs who participated in the exercise

During the exercise, persons living with disabilities were sensitized on their rights in society and encouraged to take advantage of the opportunities provided by government to them such as registration by the National Council of Persons with Disabilities NCPWD which gives them the privilege to enjoy free services from government including tax exemption, job opportunities, award of government tenders among others.

10. REPORT OF THE DIRECTORS

The Board of Directors submit their report together with the financial statements for the year ended 30 June 2021, which show the state of the Institute's affairs.

Principal Activities

The principal activity of the Institute is to provide quality public policy advice to the Government of Kenya and other stakeholders by conducting objective research and analysis and through capacity building to contribute to the achievement of national development goals.

Results

The results of the Institute's Financial Performance for the year ended 30th June 2021 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on page ix to xv. During the year Mr Zachary Mwangi replaced Mr Jamshed Ali as Alternate to the PS, State Department for Planning with effect from 4th February 2021 while Ms Phoebe Nkaabu and Dr Chris Galgallo replaced Ms Emma Mwongeli Mwema and Prof. Marangu Marete with effect from 24th August 2020. The Chairperson's (Dr. Linda Musumba's) term came to an end on 12th July 2021.

Auditors

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

By Order of the Board



Dr Rose Ngugi
Executive Director/Secretary to the Board,

Date: 8/12/21

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act, Section 14 require the Directors to prepare financial statements in respect of the Institute, which give true and fair view of the state of affairs and the operating results of the Institute for the year ended 30 June 2021. The Directors are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Directors are also responsible for safeguarding the assets of the Institute.

The Directors are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on 30 June 2021. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the entity; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Institute'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 Public Finance Management Act and the State Corporations Act. The Directors are of the opinion that the Institute's financial statements give a true and fair view of the state of entity's transactions during the financial year ended 30 June 2021 and of the Institute's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Institute'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 Institute 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 Institute's financial statements were approved by the Board of Directors on **31st August 2021** and signed on its behalf by:



Prof. Ben Sihanya
Chairperson
Board of Directors

Date: **9/12/21**

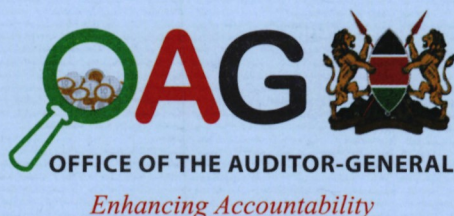


Dr Rose Ngugi
Executive Director,
Secretary to the Board

Date: **8/12/21**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE FOR PUBLIC POLICY RESEARCH AND ANALYSIS (KIPPRA) FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent 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 those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Institute for Public Policy Research and Analysis (KIPPRA) set out on pages 1 to 42, which comprise of

the statement of financial position as at 30 June, 2021, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Institute for Public Policy Research and Analysis as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Institute for Public Policy Research and Analysis Act, 2006 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Misstatement of Property, Plant and Equipment

Excluded in the financial statements as at 30 June, 2021 is Government land measuring 2.57 hectares in Upper Kabete allocated to the Institute and issued with a title deed. The land was meant for construction of the Institute's Headquarters. The parcel was valued at Kshs.64 Million on 26 October, 2011 and later revalued at Kshs.250 Million as at 24 August, 2016. However, the Director of Veterinary Services (DVS) wrote to the KIPPRA Management informing them that the land was among other irregularly allocated parcels of land which were hived off from the veterinary land at Kabete and its development would curtail the operations of Central Veterinary Laboratories. The issue was referred to the National Land Commission and the DVS disallowed any development thereon.

In 2016, the Institute initiated the construction of offices on the land but the State Department for Livestock proposed an alternative piece of land on the basis that the current land was not ideal as it is within the Kabete Veterinary Bio-facilities and drainage. The construction project was therefore suspended. However, as at November, 2021, the Institute had not been allocated an alternative piece of land and could not also access its land since the Department of Veterinary Services had fenced off the land.

In the circumstances, the property, plant and equipment have been misstated.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual revenue of Kshs.543,300,000 against a budget of Kshs.684,003,000 resulting into a shortfall of Kshs.140,703,000 or 21% of the budgeted revenue. Similarly, actual expenditure amounted to Kshs.536,815,000 against the approved budget of Kshs.684,003,000 resulting to an under-expenditure of Kshs.147,188,000 or 22%.

The under-collection of revenue affected the planned activities of the Institute and may have impacted negatively on the service delivery to the public.

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 matter described in the Basis for Conclusion on Effective 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

Unapproved Board Expenses

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects Kshs.17,761,719 in respect of Board expenses. Included in the amount is an expenditure amounting to Kshs.3,659,334 incurred during various Board retreats. However, there was no approval from the Cabinet Secretary contrary to the Head of Public Service Circular no. OB/CAB.9/1A of 11 March, 2020 which requires that all Board retreats be approved by the Cabinet Secretary responsible for the State Corporation.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to 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 Institute or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 April, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021

	Notes	2021	2020
Revenue from non - exchange transactions		Shs'000'	Shs'000'
Transfers from government – gifts and services-in-kind	6	414,280	451,214
Revenue from exchange transactions			
Rendering of services	8	53,838	56,846
Finance income - external investments	9	22	17,668
Other income	10	3,536	8,854
		57,396	83,368
Drawings from reserves	7	71,624	0
Total revenue		543,300	534,582
Expenses			
Employee costs	12	(245,349)	(198,693)
Depreciation and amortization expense	14	(18,513)	(12,483)
Repairs and maintenance	15	(3,312)	(2,592)
Research Costs	16	(143,764)	(103,964)
Use of Good and Services	11	(112,245)	(92,169)
Board Expenses	13	(17,761)	(17,758)
		(540,944)	(427,659)
Other gains			
Gain on foreign exchange transactions		1,702	457
Gain on sale of assets	22(i)	474	0
		2,176	457
Surplus / (Deficit) for the year		4,532	107,380

The notes set out on pages 7 to 41 form an integral part of these financial statements.


Executive Director
Dr Rose Ngugi
Date: 8/12/21

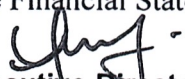

Deputy Director, Finance
CPA Teddy Bett
ICPAK M/No. 11702
Date: 8/12/21


Board Chairperson
Prof. Ben Sihanya
Date: 9/12/21

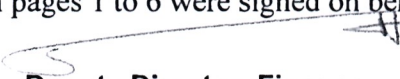
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

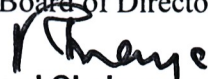
	Notes	2021	2020
ASSETS		Shs'000'	Shs'000'
Current assets			
Cash and cash equivalents	18	727,605	804,222
Receivables from exchange transactions	19	16,562	17,324
Inventories	20	3,009	0
Investments in treasury bills	21	0	0
EFD-Kenya Account	18(b)	4,504	4,360
		751,680	825,906
Non - current assets			
Property and equipment	22	77,865	69,799
Intangible assets	23	1,150	4,733
		79,015	74,532
Total Assets		830,695	900,438
LIABILITIES			
Current Liabilities			
Trade and other payables from exchange Transactions/Accruals	24	19,085	28,588
Deferred income	26	311,763	306,243
EFD-Kenya Account	18(b)	4,504	4,360
Other accrued liabilities	25	4,584	4,875
Total Current Liabilities		339,936	344,066
Non-Current Liabilities			
Retirement benefit obligations	27	60,142	63,663
Total Non- Current Liabilities		60,142	63,663
Total Liabilities		400,078	407,729
Net Assets			
Accumulated Surplus		425,617	487,709
Capital Funds		5,000	5,000
Total Net Assets		430,617	492,709
Total Net Assets and Liabilities		830,695	900,438

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Executive Director
Dr Rose Ngugi

Date: 8/12/21


Deputy Director, Finance
CPA Teddy Bett
ICPAK M/No. 11702
Date: 8/12/2021


Board Chairperson
Prof. Ben Sihanya

Date: 9/12/21

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Ordinary Share Capital	Revaluation Reserve	Fair value Adjustment Reserve	Retained Earnings	Proposed Dividends	Capital / Development Grant	Total
As of July 1, 2020		-	-	-	492,709	-	-	492,709
Issued New Capital		0	-	-	-	-	-	0
Revaluation Gain		-	0	-	-	-	-	0
Deferred Tax on excess depreciation		-	0	-	-	-	-	0
Fair value adjustment on quoted Investments		-	-	0	-	-	-	0
Surplus / (Deficit) for the Year		-	-	-	4,532	-	-	4,532
Drawing from Reserves					(71,624)			(71,624)
Capital Development grants received during the year		-	-	-	-	-	5,000	5,000
Transfer of Depreciation / amortization from capital fund to retained earnings		-	-	-	0	-	(0)	0
Dividends paid – 2020		-	-	-		(0)	-	0
Interim Dividends paid - 2021		-	-	-	(0)	-	-	0
Proposed final Dividends		-	-	-	(0)	-	-	0
As of June 30, 2021		0	0	0	425,617	0	5,000	430,617

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021	2020
Cash flow from operating activities		Shs'000'	Shs'000'
Receipts			
Government grants	6	414,280	428,545
Development partners grants	6	0	22,669
Rendering of services	8	53,838	56,846
Other Income	10	3,536	8,854
Total Receipts		471,654	516,914
Payments			
Compensation of employees	12(b)	241,294	197,687
Research Costs	16(b)	137,417	97,282
Use of Goods and services	11(b)	86,278	67,706
Board Expenses	13	17,354	17,758
Rent paid	17	25,228	22,764
Total Payments		507,571	403,197
Net cash from operating activities		(35,917)	113,717
Cash flow from investing activities			
Cash paid for purchase of property and equipment	22	(14,384)	(27,697)
Cash paid for purchase of Intangible Assets	23	0	(2,591)
Net movement in financial assets maturing after 91 days	21	0	373,317
Income earned from Treasury bills investment	9	0	17,639
Interest received	9	22	29
Net cash (used in) investing activities		(14,362)	360,697
Cash flows from financing activities			
Accumulated fund used in financing activities	18(c)	(26,338)	0
Net cash flows from / (used in) financing activities		(26,338)	0
Increase/Decrease in cash and cash equivalents		(76,617)	474,414
Movement in cash and cash equivalents			
At start of year		804,222	329,351
Increase/Decrease		(76,617)	474,414
At end of year		727,605	804,222


Executive Director
Dr Rose Ngugi

Date: 8/12/21


Deputy Director, Finance
CPA Teddy Bett
ICPAK M/No. 11702
Date: 8/12/2021


Board Chairperson
Prof. Ben Sihanya

Date: 9/12/21

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget 2020-2021	Adjustment 2020-2021	Final budget 2020-2021	Actual on comparable basis 2020-2021	Performance difference 2020-2021	Variances %
Revenue	Shs '000'	Shs '000'	Shs '000'	Shs '000'	Shs '000'	
European Union (NIPFN)	23,000	0	23,000	0	23,000	100%
GOK Grant and Subsidies	433,545	(19,265)	414,280	414,280	0	0%
Rendinger Service	123,200	0	123,200	57,374	65,826	53%
Spending from Retained Earnings	123,323	0	123,323	71,624	51,699	42%
Finance Income	200	0	200	22	178	89%
Total Income	703,268	(19,265)	684,003	543,300	140,703	
Expenses						
Operating Costs						
Compensation of Employees	263,860		263,860	238,981	24,879	9%
Compensation to Employees (NIPFN)	9,102		9,102	6,368	2,734	30%
Research Costs	208,268		208,268	143,764	64,504	31%
Goods & Services	108,720	(12,811)	95,909	90,911	4,998	5%
Board Expenses	24,000	(6,454)	17,546	17,761	(215)	-1%
Finance Costs	1,000		1,000	829	171	17%
Rent Paid	25,000	0	25,000	23,817	1,183	5%
Other Payments (Capital)	63,318		63,318	14,384	48,934	77%
Total Expenditure	703,268	(19,265)	684,003	536,815	147,188	
Surplus for the Period (rendering of services)				6,485	(6,485)	

Notes to the Statement of Comparison of Budget and Actual Amount

a. Revenue

- European Union (NIPFN): There was no disbursements done during the year; this was due to delays in year 1 disbursements which affected the establishment of the projects' policy unit. The unit was however established in the reporting period and project activities are on course.
- Rendering of Services: The Institute was majorly affected by the restriction of movements and observance of protocols in place due to the Covid-19 pandemic; this resulted in scaling down on consultancy work thus could not realize the budgeted revenue.
- Finance Income: The variance represents unmet projected revenue from bank interests projected to be earned from foreign currency account. Due to scaling down of consultancy work the Institute did not receive much income from contracts denominated in foreign currency.

b. Operating Costs.

- Compensation to Employees (NIPFN): The staff under the project remained two during the year, costs provided for other staff was not utilized
- Finance Costs: The variance represents an under absorption in bank charges due to reduction in bank transactions.
- Research Costs: Variance was a result of scaling down of operation due to the Covid-19 pandemic restrictions.
- Capital Expenditures: The variance was meant to facilitate procurement of office furniture's, equipment's, and computers for newly furnished office space. Supply of most of the items were awarded during the year and forms part of the commitments disclosed in note 33(b).
- In overall absorption levels were interrupted by Covid-19 pandemic which necessitated scaling down of research activities.

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Institute for Public Policy Research and Analysis (KIPPRA) is established by and derives its authority and accountability from KIPPRA Act No 15 of 2006. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to develop human and institutional capacities for the Government of Kenya and other stakeholders by conducting objective research and analysis and through capacity building to contribute to the achievement of national development goals.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION - IPSAS 1

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 Institute'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 Institute.

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

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.**

Standard	Impact
Other Improvements to IPSAS	Applicable: 1st January 2021: a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. <i>The Institute adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the Institute.</i>

ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.***

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

Standard	Effective date and impact:
	• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <i>The standard is relevant, however in the current year, the Institute does not have a financial instrument.</i>
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <i>The Institute operates a gratuity scheme where its staff are engaged on contract earning gratuity at 31% of basic pay and disability benefit is provided for in the staff insurance cover.</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact:
	c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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. <i>The standard shall not have an impact on the Institute (in the current year) since the Institute does not have financial instruments</i>

iii. Other amendments

- a) Public Sector Combinations – IPSAS 40
Covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3. The Institute does not have business combinations and combinations arising from non-exchange transactions.
- b) Social Benefits – IPSAS 42
It is set to improve the relevance, faithful representativeness, and comparability of the information that a reporting entity provides in its financial statements about social benefits. This information should help the users of financial statements and general-purpose financial reports assess the nature, key features of the operation and impact of such benefits provided by the entity. The Institute does not have social benefit transactions since its staff are engaged on contract earning gratuity at 31% of basic pay and disability benefit is provided for in the staff insurance cover.
- c) First time adoption of Accrual Basis IPSAS - IPSAS 33
IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSAS for the first time, providing a major tool to help entities along their journey to implement IPSASs
The Institute adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity
- d) Separate Financial Statements - IPSAS 34
It prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements
The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
- e) Consolidated Financial Statements - IPSAS 35
Establish principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
- f) Investments in Associates and Joint Ventures - IPSAS 36
The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The entity does not have investments in associates or joint ventures.

iv. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

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

Transfers from other government entities

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

Rendering of services

The Institute 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 Institute.

Interest income

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

ii) Revenue from exchange transactions – IPSAS 9

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Institute's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b. Budget information - IPSAS 24

The original budget for FY 2020-2021 was approved by the National Assembly on June 2020. 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 Institute upon receiving the respective approvals to conclude the final budget. Accordingly, the Institute did not recorded additional appropriations on the 2020-2021 budget following the governing body's approval.

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

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

c. Taxes

Current income tax

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d. Investment property

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

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

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

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

e. 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 Institute 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.

Depreciation on other assets is calculated on the straight-line balance basis to write down the cost of each asset, or the re-valued amount, to its residual value over its estimated useful life using the following annual rates:

S/No.	Description	Rate %
1.	Computers	33.3
2.	Motor vehicles	25.0
3.	Office Furniture and Fittings	12.5
4.	Office Equipment's	12.5

f. Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institute will

obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g. Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

h. Research and development costs

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

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

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

i. Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

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

Impairment of financial assets

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

- i) The debtors or an entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments

- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

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

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

k. Provisions

Provisions are recognized when the Institute 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 Institute 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.

l. Contingent liabilities

The Institute 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.

m. Contingent assets

The Institute 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 Institute 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.

n. Nature and purpose of reserves

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

o. Changes in accounting policies and estimates

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

p. Employee benefits

Retirement benefit plans

The Institute operates a gratuity scheme for its qualifying staff. Under the plan, the employees are entitled to 31% of their monthly basic salary for every month of service. This scheme is classified as a defined benefit retirement scheme and is accounted for under the projected unit credit method with valuations being internally carried out by the Institute annually. Re-measurements relating to actuarial gains and losses are recognised in the statement of comprehensive income and current service costs as well as net interest expense/income are recognised in profit or loss.

The Institute and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q. Foreign currency transactions

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

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

r. Borrowing costs

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

s. Related parties

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

t. Service concession arrangements

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Institute recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u. 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 NCBA Bank and Kenya Commercial Bank (KCB) 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.

v. Comparative figures

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

w. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Institute'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 Institute 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 Institute. 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 Institute.
- 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 25**.

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.

In the process of applying the Institute's accounting policies, management has made judgments in determining:

- Whether assets are impaired
- The classification of financial assets and leases
- Provisions and contingent liabilities

6. a) Transfers from Other Government Entities

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Unconditional grants		
Operational grant	414,280	428,545
Other grants	-	22,669
Total Unconditional Grants	414,280	451,214
Conditional grants	-	-
Total government grants and subsidies	414,280	451,214

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

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance Kshs'000'	Amount deferred under deferred income Kshs'000'	Amount recognised in capital fund. Kshs'000'	Total transfers 2020/21 Kshs'000'	Prior year 2019/2020 Kshs'000'
National Treasury & Planning/State Department for Planning	414,280	-	-	414,280	451,214
Total	414,280	-	-	414,280	451,214

The details of the reconciliation have been included under appendix III

7. Drawings from Reserves

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Sourced from retained earnings	71,624	-
Total Drawings from Reserves	71,624	-

8. Rendering Of Services

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Development of a strategic plan (Kenya Space Agency)	-	2,980
Kenya School of Law	-	2,337
Water Sector Trust Fund (WSTF)	-	2,397
Beijing +25 Report (UNECA)	-	3,119
Understanding Decentralization & Devolution in Tanzania and Kenya (REPOA)	-	2,193
Revisiting Growth, Poverty, Inequality, and redistribution relationship in Africa (AERC)	-	767
Child Sensitive Budgeting (UNICEF)	17,928	32,967
Power outages in Industries and its Impact on production costs (KAM)	-	1,435
Economic inclusion of young people and women through inclusive entrepreneurship (CAPEC)	-	968
University of Cape Town	-	1,960
State Department for Industrialization	7,544	3,889
Addressing Africa's Youth Unemployment through Industries with Smokestacks (IWOSS) -Brookings	1,088	1,824
Reducing income poverty in the wake of COVID-19 in Kenya (AERC)	547	-
Formulation of the Kenya National Leather Policy (Kenya Leather Development Authority)	3,209	-
Micro & Small Enterprises in Kenya (MSEA)	1,506	-
CARE Kenya	945	-
Revisiting Growth, Poverty, Inequality and redistribution relationship in Africa (AERC)	1,243	-
County Covid-19 Social Economic Re-engineering Recovery Strategy (UNDP)	7,500	-
Assessment of the Gendered Effect of Covid -19 on women and girls in Kenya (Oxfam)	1,900	-
Assessment of the Gendered Effect of Covid -19 on women and girls in Kenya (UNDP)	939	-
Design and develop an Integrated demand forecasting tool for petroleum products (EPRA)	2,651	-
Identifying Country and Regional Advocacy and Policy Influencing Priorities for Fairtrade Products (African Fairtrade Network)	668	-
Human Capital Development (AERC)	1,989	-
Business Registration Service Board	442	-
Assessment of Structures and Profitability of milk distribution & retailing in Kenya (Kenya Dairy Board)	2,363	-
Baseline Survey on access to agricultural finance by youth and women in Kenya (EU- AFC)	1,376	-
Total revenue from the rendering of services	53,838	56,846

9. Finance Income

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills		17,639
Interest income from Treasury Bonds	-	-
Interest from Bank deposits	22	29
Total finance income	22	17,668

10. Other Income

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Sale of KIPPRA Publications	74	17
Disposal of Assets	389	-
Capacity Building Programmes	2,778	7,004
Other income	295	1,833
Total other Income	3,536	8,854

11. Use of Goods and Services

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Motor vehicle expenses	1,500	2,611
Postage & courier	208	395
Telephone	1,897	847
Internet	2,914	4,439
Stationery	2,713	5,966
Library	4,206	5,206
Legal fees	1,000	767
Audit fees	900	900
M & E Costs	7,828	0
Professional fees	7,544	318
Travel	21,350	20,777
Other general expenses	23,455	19,155
Staff Training	11,415	7,508
Bank Charges	829	543
Rent – Ref Note 17	23,817	21,534
Insurance	669	1,203
Total of Use of Good & Services	112,245	92,169

	2021 Kshs'000'	2020 Kshs'000'
b) Use of Goods and Services Reconciliation		
Total of Use of Good & Services	112,245	92,169
Rent	(23,817)	(21,534)
Accrued/Prepaid Costs	(2,150)	(2,929)
Actual Payment for Use of Goods & Services	86,278	67,706

12. Employee Costs

	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Salaries and wages (Inclusive of NIPFN)	181,021	138,475
Employer contribution to health insurance schemes	20,200	14,264
Employer contribution to pension schemes	-	-
Travel, motor car, accommodation, subsistence, and other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions - Recruitment Costs	-	700
Gratuity	32,971	32,957
Group Life Assurance	1,299	1,136
Other employee related costs	9,858	11,161
Employee costs	245,349	198,693

b) Employment Costs Reconciliation

Total Employment Costs

Accrued costs

Actual Payment for Employment Costs

2021	2020
Kshs'000'	Kshs'000'
245,349	198,693
(4,055)	(1,000)
<u>241,294</u>	<u>197,693</u>

13. Board /Council Expenses

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Chairman/Directors' Honoraria	1,140,600	1,140,600
Sitting allowances	9,868,515	9,868,515
Medical Insurance	664,865	664,865
Induction and Training	-	-
Travel and accommodation	-	-
Other allowances (Other Board related expenses e.g., Mileage claims, Per diems)	6,087,739	6,087,739
Total	17,761,719	17,761,719

b) Board Expenses Reconciliation

Total Board Expenses

Accrued Expenses

Actual Payment for Board Expense

7
Ksh

—
—

14. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000's
Property, plant and equipment	16,320	10,306
Intangible assets	2,193	2,178
Investment property carried at cost	-	-
Total depreciation and amortization	18,513	12,484

15. Repairs and Maintenance

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Property & Equipment	2,220	1,937
Other repairs and maintenance	1,092	655
Total repairs and maintenance	3,312	2,592

16. Research Costs

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Research and analysis	54,593	48,858
Dissemination Workshops	41,769	19,088
Capacity Building Programs	29,143	23,859
Research Publications	18,259	12,159
Research Costs	143,764	103,964

Research Costs Reconciliation

Research Costs

Costs

Payment for Research Costs

	2021	2020
	Shs'000'	Shs'000'
Research Costs	143,764	103,964
Costs	(6,347)	(6,682)
Payment for Research Costs	137,417	97,282

2019-2020	
Kshs'000'	
1,080,000	
8,834,000	
556,938	
367,750	
-	
6,918,701	
17,757,389	
2020	
Kshs'000'	
17,757	
0	
2021	
Shs'000'	
17,762	
(408)	
17,354	

	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
	2,789	1,558
	25,228	22,764
	(4,200)	(2,789)
	23,817	21,534

	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
	727,605	804,184
	-	-
	-	-

Fixed deposits account	-	-
Staff car loan/ mortgage	-	-
Others – Cash in hand	-	38
Total cash and cash equivalents	727,605	804,222

18. (a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2020-2021 Kshs'000'	2019-2020 Kshs'000'
a) Current account			
1) NCBA Bank (USD)	6433060047	11,688	13,171
2) NCBA Bank	6433060052	52,671	25,305
3) NCBA Bank	6433060073	1,012	1,017
4) NCBA Bank	6433060094	83,045	153,271
5) NCBA Bank	6433060115	507,459	525,982
6) NCBA Bank	6433060107	60,142	63,663
7) Kenya Commercial bank	1254842756	11,588	21,775
Sub- total		727,605	804,184
b) On - call deposits	-	-	-
Sub- total	-	-	-
c) Fixed deposits account	-	-	-
Sub- total	-	-	-
d) Staff car loan/ mortgage	-	-	-
Sub- total	-	-	-
e) Others(specify)	-	-	-
Cash in transit	-	-	-
Cash in hand	-	-	38
Mobile money accounts	-	-	-
Sub- total	-	-	38
Grand total		727,605	804,222

N/B: Conversion of USD to KES

Account Name	Account No.	Currency	Amount	Exchange Rate	2021 Shs'000'
KIPPRA -Projects	6433060047	USD	114,034	102.5	11,688
Account Name	Account No.	Currency	Amount	Exchange Rate	2020 Shs'000'
KIPPRA -Projects	6433060047	USD	151,984.27	99.5	13,171

Not included within cash and cash equivalents are funds designated for the EFD liability (note 18 (b)).

18. (b) Environment for Development (EFD - Kenya Account)

The Institute entered an MoU with the United Nations Economic Commission for Africa (UNECA) in 2013 for research consultancy "Regional Assessment of Agricultural Production, Climate change, Agricultural trade and Food Security". Funds received from UNECA were to support specific annual budgeted activities. Surplus funds at the end of each year were carried forward to the following year and remain a liability to UNECA. The Institute charges the Unit a nominal rent and proportionate level of overheads. The outstanding UNECA funds are held in the EFD account and the balance as at 30 June 2021 was Shs. 4.5 million (2020: Shs. 4.4 million). The

Institute is holding the same amount in a separate bank account for repayment of this liability, which is presented separately from cash and cash equivalents.

Account Name	Account No.	Currency	Amount	Exchange Rate	2021 Shs'000'
KIPPRA -EFD	6433060136	USD	21,673.50	102.5	2,223
KIPPRA -EFD	6433060128	Ksh			2,281
Total					4,504
Account Name	Account No.	Currency	Amount	Exchange Rate	2020 Shs'000'
KIPPRA -EFD	6433060136	USD	21,724.23	99.5	2,072
KIPPRA -EFD	6433060128	Ksh			2,288
Total					4,360

18. (c) Accumulated funds used to finance activities

S/No.	Descriptions	2020 Shs'000'
1.	NIPFN – Project expenses	10,604
	Commitments	
2.	6th Floor Partitioning	7,052
3.	6th floor Workstations & Equipment's	5,438
4.	Annual Regional Conference -Dissemination	3,243
	Total Financing	26,338

19. Receivables from Exchange Transactions

19.(a) Current Receivables from Exchange Transactions

	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Current receivables		
Project Income receivable	5,036	6,542
Training fees receivable	2,774	2,774
Disposal of motor vehicles	510	0
Rent deposit	3,017	3,017
ACBF Receivables	503	1,585
Prepaid Rent	4,200	2,789
Car park deposits	332	332
Security Bid – Ministry of Culture & National Heritage	182	182
Salary Advance	8	103
Total current receivables	16,562	17,324

19(b) Long- term Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Total Receivables		
Project Income Receivable	31,835	31,835
Other exchange debtors	-	-
Less: impairment allowance	(31,835)	(31,835)
Current portion transferred to current receivables	(-)	(-)
Total non-current receivables	-	-
Total receivables (a+b)	0	0

19(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance/ Provision	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
At the beginning of the year	31,835	31,835
Additional provisions during the year	-	-
Recovered during the year	(-)	(-)
Written off during the year	(-)	(-)
At the end of the year	31,835	31,835

20. Inventories

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Consumable stores	3,009	-
Medical supplies	-	-
Spare parts and meters	-	-
Other goods held for resale (Library)	-	-
Less: Allowance for impairment	(-)	(-)
Total inventories at the lower of cost and net realizable value	3,009	-

21. Investments

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
a) Investment in Treasury bills and bonds		
Financial institution		
CBK - Opening balance	-	373,317
CBK – Additional investments less Liquidation	-	0
Sub- total	-	373,317
b) Investment with Financial Institutions/ Banks	-	-
c) Equity investments (specify)	-	-
Grand total	-	373,317

22. Property, Plant and Equipment

(a) Property and equipment Year ended 30th June 2021

	Motor Vehicles	Furniture & Fittings	Office Equipment	Computer Equipment	Total
Cost	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'
At start of year	32,100	51,375	29,203	25,777	137,965
Additions	0	8,713	3,202	2,469	14,384
Disposal	(2,358)	(141)	(1,317)	(3,274)	(7,090)
Revaluation Gain	10,081				10,081
At end of year / Fair value	39,823	59,947	31,088	24,972	155,340
Depreciation					
At start of year	24,671	13,460	13,749	16,457	67,847
Charge for the year	1,860	6,107	3,262	5,091	16,320
Depreciation on Disposal	(2,358)	(132)	(928)	(3,274)	(6,692)
At end of year	24,173	19,435	16,083	18,274	77,475
Net book value	15,650	40,512	15,005	6,698	77,865

Year ended 30 June 2020

Cost					
At start of year	24,661	26,626	24,255	20,752	96,294
Additions	7,439	13,915	2,386	3,956	27,696
Disposal		-	-	-	-
At end of year	32,100	40,541	26,641	24,708	123,990
Depreciation					
At start of year	24,661	10,833	11,219	11,319	58,032
Charge for the year	10	2,627	2,530	5,138	10,305
Depreciation on Disposal		-	-	-	-
At end of year	24,671	13,460	13,749	16,457	68,337
Net book value	7,429	27,081	12,892	8,251	55,653

NOTE:

22(i) Disposal schedule

Description	Cost	Accum Dep (30.06.21)	Residual Value	Sale Proceeds	Gain on Disposal
Toyota Corolla	2,358,000	2,358,000	0	350,000	350,000
Furniture and Fittings	141,490	141,490	0	388,870	123,521
Office Equipment's	1,317,090	1,051,740	265,349		
Computers	3,274,398	3,274,398	0		
Total	7,090,978	6,825,629	265,349	738,870	473,521

22(ii) Land

KIPPRA was allocated land measuring 2.570 hectares by Government of Kenya in August 2010 situated in Kabete – Kangemi. The land's ownership was disputed by Ministry of Agriculture, Livestock & Fisheries and proposed an alternative.

22(iii) Valuation

Motor Vehicles were valued by Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, State Department of Infrastructure valuers on 7th July 2021 on market basis of valuation. These amounts were adopted as of 30th June 2021.

Reg NO	Description	Net Book Value (30.06.21)	Fair Value	Revaluation Gain	Carrying Amount (30.06.21)
KBJ 560U	Toyota Corolla	0	800,000	800,000	800,000
KBL 463G	Toyota Corolla	0	700,000	700,000	700,000
KBN 725E	Toyota Van	0	1,250,000	1,250,000	1,250,000
KBU 290T	Toyota Prado	0	3,500,000	3,500,000	3,500,000
KBW 670V	Toyota Hilux	0	3,700,000	3,700,000	3,700,000
KCT 722Y	Toyota Landcruiser	5,569,279	5,700,000	130,720	5,700,000
		5,569,279	15,650,000	10,080,720	15,650,000

23. Intangible Assets - Software Costs

Description	2020-2021 Kshs'000'	2019-2020 Kshs'000'
Cost		
At beginning of the year	14,412	13,211
Additions	-	2,591
At end of the year	14,412	15,802
Additions—internal development	-	-
At end of the year	14,412	15,802
Amortization and impairment		
At beginning of the year	11,069	8,891
Amortization	2,193	2,178
At end of the year	13,262	11,069
Impairment loss	-	-
At end of the year	13,262	11,069
NBV	1,150	4,733

24. Trade and Other Payables

Description	2020-2021	2019-2020
	Kshs'000'	Kshs'000'
Trade payables – Project's Payable	-	3,511
- GoK Payable	19,085	25,077
Payments received in advance		
Employee payables	-	-
Third-party payments	-	-
Other payables	-	-
Total trade and other payables	19,085	28,588

Other payables represent expenses incurred as of 30th June 2021 as follows;

- General expenses Ksh 19,085,283

25. Current Provisions (statement of financial position balances)

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'
Balance b/d (1.07.2020)	4,875	-	63,663	28,588	97,126
Additional Provisions	-	-	32,971	19,085	52,056
Provision utilised	(291)	(-)	(36,491)	(28,588)	(65,370)
Change due to discount and time value for money	(-)	(-)	(-)	(-)	(-)
Transfers from non -current provisions	-	-	-	-	-
Total provisions as at 30.6.2021	4,584	-	60,142	19,085	83,811

26. Deferred Income

Description	2020-2021	2019-2020
	Ksh'000'	Ksh'000'
National government (GoK)	311,763	306,243
International funders	-	-
Public contributions and donations	-	-
Total deferred income	311,763	306,243

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
Balance brought forward	306,243	-	-	306,243
Additions	5,520	-	-	5,520
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	311,763	-	-	311,763

27. Employee Benefit Obligations

Retirement benefit Asset/ Liability

The Institute operates a gratuity scheme for qualifying employees which qualifies as a defined benefit scheme. Under the plan, the employees are entitled to 31% of their monthly basic salary for every month of service. The monthly gratuity is paid to a separate gratuity bank account maintained internally by the Institute from where gratuity is paid out from whenever a staff contract comes to an end or whenever an employee leaves employment. Interest earned from the fund is retained in the account for the period. The staff gratuity fund (see non - current asset section of the balance sheet) represents the total funds held with respect of gratuity. This amount is represented by the gratuity bank account balance amounting to Shs.60,142,288

As the funds designated for settlement of the obligation are not independently held by a separate scheme, such funds have been presented on a gross basis in the assets of Institute.

Recognition of Retirement Benefit Asset/ Liability

The Institute also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Institute's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Ksh. 200 per employee per month. Other than NSSF the entity also operates a gratuity scheme where an employee earns 31% of basic salary; however, the Institute is in the process of converting to a defined contribution scheme operated by an Umbrella Pension Fund. Employees shall contribute 10% while employer shall contribute 20% of basic salary. Employer contributions shall be recognised as expenses in the statement of financial performance within the period they are incurred.

Description	Defined benefit plan (Gratuity)	Post-employment medical benefits	Other Benefits:	2020-2021	2019-2020
	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'
Current benefit obligation	60,142	-	-	60,142	63,663
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	60,142	-	-	60,142	63,663

In the opinion of the Directors, the carrying amount of gratuity approximate to its fair value. The amounts recognized in the profit or loss for the year were as follows:

	2021 Shs'000'	2020 Shs'000'
Present value of internally funded obligations	63,663	61,472

The movement in the defined benefit obligation over the year was as follows:

At start of year	63,663	61,472
Utilized during the year	(36,491)	(28,104)
Charge to profit or loss	32,971	30,295
At end of year	<u>60,142</u>	<u>63,663</u>

28. Non-Current Provisions

Description	Long service leave	Bonus Provision	Gratuity provisions	Other Provisions	Total
	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'
Balance at the beginning of the year	-	-	63,663	4,875	68,538
Additional Provisions	-	-	32,971	-	32,971
Provision utilised	(-)	(-)	(36,492)	(291)	(36,783)
Change due to discount and time value for money	-	-	-	-	-
Less: Current portion	(-)	(-)	(-)	(-)	-
Balance at the end of the year	-	-	60,142	4,584	64,726

29. Cash Generated from Operations

	2020-2021	2019-2020
	Ksh'000'	Ksh'000'
Surplus for the year before tax	2,356	106,466
Adjusted for:		
Depreciation	16,320	10,306
Non-cash grants received	(-)	(-)
Contributed assets	(-)	(-)
Impairment	2,193	2,178
Gains and losses on disposal of assets	(474)	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	(22)	(29)
Finance cost	829	543
Working Capital adjustments		
Increase in inventory	(3,009)	(-)
Increase in receivables	(742)	(6,646)
Increase in deferred income	72	21,795
Increase in payables	(11,038)	9,204
Increase in payments received in advance	-	-
Net cash flow from operating activities	6,485	37,351

30. Financial Risk Management

The Institute's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Institute'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 Institute 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 Institute's financial risk management objectives and policies are detailed below:

i) Credit risk

The Institute 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 Board. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institute'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 Institute's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Ksh'000'	Fully performing Ksh'000'	Past due Ksh'000'	Impaired Ksh'000'
As at 30 June 2021				
Receivables from exchange transactions	16,582	-	-	-
Receivables from non-exchange transactions	0	-	-	-
Bank balances	727,605	-	-	-
Total	744,187	-	-	-
As at 30 June 2020				
Receivables from exchange transactions	17,324	-	-	-
Receivables from non-exchange transactions	0	-	-	-
Bank balances	804,222	-	-	-
Total	821,546	-	-	-

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the Institute'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 Institute's Board, who have built an appropriate liquidity risk management framework for the management of the Institute's short, medium and long-term funding and liquidity management requirements. The Institute manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Institute 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	Between 1-3 months	Over 5 months	Total
	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'
As at 30 June 2021				
Trade payables	19,085	-	-	19,085
Current portion of borrowings	-	-	-	-
Provisions	-	-	4,584	4,584
Deferred income	-	-	306,315	306,315
Employee benefit obligation	-	-	60,142	60,142
Total	19,085	-	371,041	390,126
As at 30 June 2020				
Trade payables	28,588	-	-	28,588
Current portion of borrowings	-	-	-	-
Provisions	-	-	4,875	4,875
Deferred income	-	-	306,243	306,243
Employee benefit obligation	-	-	63,663	63,663
Total	28,588	-	374,781	403,369

iii) Market risk

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

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

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

a) Foreign currency risk

The Institute has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices

denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The Institute manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

The institute has managed this risk through holding of a US Dollar account. This account is used to settle invoices that are denominated in foreign currencies.

b) Interest rate risk

Interest rate risk is the risk that the Institute's financial condition may be adversely affected as a result of changes in interest rate levels. The Institute's interest rate risk arises from bank deposits. This exposes the Institute to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Institute's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Institute's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Institute considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Ksh'000'	Level 2 Ksh'000'	Level 3 Ksh'000'	Total Kshs
As at 30 June 2021				
Financial Assets				
Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	64,000	-	-	64,000
	64,000	-	-	64,000
As at 30 June 2020				
Financial Assets				

Quoted equity investments	-	-	-	-
Non- financial Assets				
Investment property	-	-	-	-
Land and buildings	64,000	-	-	64,000
	<u>64,000</u>	<u> </u>	<u> </u>	<u>64,000</u>
	64,000	-	-	64,000

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Ksh'000'	Ksh'000'
Revaluation reserve	411,408	492,709
Retained earnings	2,356	106,466
Capital reserve	-	-
Total funds	413,764	599,175
Total borrowings	-	-
Less: cash and bank balances	727,605	804,222
Net debt/(excess cash and cash equivalents)	(313,841)	(205,047)
Gearing	76%	34%

31. Related party Disclosures

Nature of related party relationships

Entities and other parties related to the Institute 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 KIPPRA, holding 100% of the Institute's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Institute, both domestic and external, where required.

Other related parties include:

- i) The Parent Ministry; The National Treasury & Planning, State Department for Planning
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors;

The following transactions were carried out with related parties.

a)	Grants from the Government	2021 Ksh'000'	2020 Kshs'000'
i.	Grant from GoK- State Department for planning	414,280	428,545
b)	Key Management Compensation		
iii.	Board of Directors allowances	17,207	17,758

iv.	Senior Management Emoluments	90,699	76,513
	Total	522,186	522,816

32. Contingent Liabilities

	2020-2021	2019-2020
	Kshs	Kshs
Contingent liabilities		
Court case Dr. John Moturi Omiti's against KIPPRA	-	16,789,128
Court case Mr. Nicholas Ogola's against KIPPRA	21,794,904	21,794,904
Court case Prof. Mwangi Kimenyi's against KIPPRA	45,000,000	45,000,000
Tectura International Limited – Professional services costs	6,589,918	6,589,918
Total	73,384,822	90,173,950

N/B:

- (i) The court case are all Employment and Labour related.
- (ii) For Tectura International Limited, this is the fee note raised for Professional services on the KIPPRA Campus project. Although Public Works assessment gave an amount of Ksh 3.3 Million. This is yet to be resolved and agreed upon; and the fate of the contracts determined.

33. Capital Commitments

a) Operating lease commitments IPSAS 13 - as a lessee

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

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	2021 Shs'000'	2020 Shs'000'
Not later than 1 year	5,062	5,062
Later than 1 year and not later than 5 years	14,889	14,889
	19,951	19,951

b) Other Capital Commitments

Capital commitments	2020-2021	2019-2020
	Ksh'000'	Ksh'000'
Authorized for and contracted	28,382	19,000
Authorized for and not contracted	0	10,000
Total	28,382	29,000

As at the end of the year, the Institute had contracted for the following services: Integrated Risk Management Information System; E-Procurement system; supply of capital items and implementation of the Young professional programme from which a commitment of Ksh 28 million had not been incurred by 30th June 2021 and will therefore be paid in FY 2021/2022.

34. Events after the Reporting Period

We received the valuation report on 14th July 2021, but the exercise began on 8th June when we communicated with Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works, State Department of Infrastructure. The Valuation Certificates are dated 7th July 2021. The revalued amounts were captured in the statement as at 30th June.

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

35. Ultimate and Holding Entity

The Kenya Institute of Public Policy Research and Analysis is a State Corporation under the National Treasury and Planning, State Department for Planning.

36. Currency

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

APPENDIX

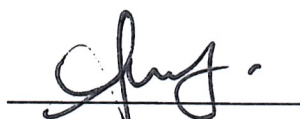
Appendix I: Progress on follow up of Auditor Recommendations

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

The Institute had not received the audit certificate from the OAG at the time of submission of the annual report				

NB:

Comprehensive summary of issues raised by the external auditor and management responses will be provided once the audit certificate is received from OAG.



Executive Director

Date: 8/12/21

Appendix II: Projects Implemented by the Board

S/No.	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	KIPPRA Young Professional Programme	20,440,000	13,360,000	75%	20,440,000	13,360,000	GoK

Appendix III: Inter-Entity Transfers

S/No.	Entity Name	Kenya Institute for Public Policy Research and Analysis (KIPPRA).		
	Breakdown of Transfers from the State Department of Planning for FY 2020/21			
a.	Recurrent Grant			
		<u>Bank Statement Date.</u>	<u>Amount (Ksh)</u>	<u>FY that the amounts relate</u>
		04/08/2020	34,106,667	FY 2020/21
		31/08/2020	34,106,666	FY 2020/21
		30/09/2020	34,106,667	FY 2020/21
		05/11/2020	34,106,667	FY 2020/21
		01/12/2020	34,106,667	FY 2020/21
		28/12/2020	34,106,667	FY 2020/21
		29/01/2021	34,106,667	FY 2020/21
		03/03/2021	34,106,667	FY 2020/21
		06/04/2021	31,606,667	FY 2020/21
		03/05/2021	36,606,667	FY 2020/21
		03/06/2021	34,106,667	FY 2020/21
		25/06/2021	34,106,665	FY 2020/21
		Total	409,280,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY that the amounts relate</u>
		21/08/2020	1,250,000	FY 2020/21
		17/06/2021	1,250,000	FY 2020/21
		17/06/2021	1,250,000	FY 2020/21
		17/06/2021	1,250,000	FY 2020/21
		Total	5,000,000	

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



CPA TEDDY BETT

Head of Finance

KIPPRA



CPA OLIVIA KIMANI

Head of Accounting Unit

State Department for Planning

Appendix IV: Recording of Transfers from other Government Entities

Name of the MDA/ Donor Transferring the Funds	Date Received			Where Recorded / recognized					Total Transfers during the Year
	As per bank statement	Nature: Recurrent/ Development /Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others- must be specific	
State Department for Planning	Various as Appendix III	Recurrent	409,280,000	409,280,000	-	-	-	-	409,280,000
State Department for Planning	Various as Appendix III	Development	5,000,000	5,000,000	-	-	-	-	5,000,000
Total			414,280,000	414,280,000	-	-	-	-	414,280,000