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ON

**KENYA INDUSTRY AND
ENTREPRENEURSHIP PROJECT
(IDA CREDIT NO. 6268-KE)**

**FOR THE YEAR ENDED
30 JUNE, 2025**

**STATE DEPARTMENT FOR
INDUSTRY**



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KENYA INDUSTRY & ENTREPRENEURSHIP PROJECT

**MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY**

PROJECT GRANT/CREDIT NUMBER: 6268-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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1. Acronyms and Definition of Terms

ASSEK	Association of Start-up & SMEs Enablers of Kenya.
CBK	Central Bank of Kenya
Comparative FY	Financial year preceding the current financial year.
ICPAK	Institute of Certified Public Accountants of Kenya
IDA	International Development Association
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
iTATU	Innovate ,Ideate, Implement
KAM	Kenya Association of Manufacturers
KEPSA	Kenya Private Sector Alliance
KIEP	Kenya Industry & Entrepreneurship Project
NT	National Treasury
PDO	Project Development Objective
PFM	Public Finance Management.
PIU	Project Implementation Unit
PSASB	Public Sector Accounting Standards Board
SKIES	Strengthen Kenya Innovation Ecosystem
SME's	Small and Medium Enterprises
TEI	Tertiary Education Institutions
WB	World Bank

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Kenya Industry & Entrepreneurship Project (KIEP).

Objective

The key objective of the project is to increase Innovation and Productivity in select private sector firms

Address

The project headquarters offices are in Nairobi County, Kenya.

The address of its registered office is:

National Social Security Fund Building
23rd Floor Block A
Bishops Road.
Upper Hill.

Contacts: The following are the project contacts

P.O. Box: 30547 – 001000, Nairobi

Telephone: (254) 2731631-9

E-mail: ps@industrialization.go.ke and ps.moied@gmail.com

Website: www.industrialization.go.ke and www.kiep.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	3 rd August 2018
Project End Date:	30 th June 2025
Project Coordinator:	Mr. Philip Maitha
Project Development Partner:	World Bank (IDA)

2.3 Project Overview

Line Ministry or State departments/ County Department	The project is under the supervision of the Ministry of Investments, Trade and Industry, State Department for Industry
Project number	Project ID: P161317 Credit No: 6268-KE
Strategic goals of the project	The strategic goal of the project is as follows: To increase innovation and productivity in select private sector firms.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: <u>Part 1. Strengthening the innovation and entrepreneurship Ecosystem</u> (a) <u>Strengthening the Ecosystem's support infrastructure</u> i. Designing and administering diagnostic tools to assess the Intermediaries' management and operations, and the options through which each can improve and or expand their services. ii. Designing and managing a program for Intermediaries to implement action plans under Performance Contracts or Memoranda of Understanding.

	<ul style="list-style-type: none"> iii. Incorporating lessons learned to adapt and strengthen the program design, including the diagnostic tools and action plans, as needed. iv. Carrying out awareness raising and information dissemination activities on the program; and v. Collecting data at baseline and throughout implementation, to feed into the Project monitoring and evaluation system. <p>(b) <u>Connecting to international networks and to local traditional industries</u></p> <p>Carrying out a program of activities designed to:</p> <ul style="list-style-type: none"> (i) Connect the local Ecosystem to international networks and (ii.) bridge the gap between local industry and technology-enabled startups, and local industry and students of Tertiary Education Institutions (“TEIs”), and (iii.) Support coordination in the Ecosystem, through: <ul style="list-style-type: none"> (A) Development of international acceleration program that connects the local ecosystem to leading international networks and ecosystems. (B) establishment and management of industry-startup linkages to bridge the gap between local industry and technology-enabled startups; and (C) Establishment and management of an industry-academia platform to connect tertiary education institutions and their students to individual companies. <p>Part 2: <u>SME Linkages and Upgrading</u></p> <p>Strengthen the productivity and internal capabilities for innovation of Small and Medium Enterprises (“SMEs”) through</p> <ul style="list-style-type: none"> a. Designing and administering diagnostic tools to assess SMEs’ management and operations, and the options through which each can improve their managerial and technical skills, and their use and access to technology. b. Designing and managing a program for SMEs to implement action plans under Performance Contracts
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	<ul style="list-style-type: none"> c. Designing a mechanism to enhance SMEs engagement with lead firms, including business development to ensure flow of lead firms and SMEs into the program referred to in paragraph (b) above; d. Incorporating lessons learned to adapt and strengthen the program design, including the diagnostic tools and action plans, as needed; e. Carrying out awareness raising and information dissemination activities on the program; and f. Collecting data at baseline and throughout implementation, to feed into the Project monitoring and evaluation system. <p><u>Part 3: Policy Development, and Project Management and Implementation Support:</u></p> <ul style="list-style-type: none"> (a) Carry out a program of activities designed to support and facilitate effective policy and decision making including (i) mapping, geo-referencing and development of industrial database and directory and (ii) development of frameworks that enhances SMEs productivity and innovation. (b) Carry out a program of activities designed to strengthen the capacity of the recipient for Project outreach, monitoring and evaluation and implementation support, as well as project management, coordination and reporting.
<p>Other important background information of the project</p>	<p>The Kenya Industry and Entrepreneurship Project (KIEP) was a six and half-year World Bank and GoK financed project of US\$ 50 million (Euro 41,400,000) signed on 3rd August 2018 between the Government of Kenya and the World Bank. The project became effective in November 2018 and completed on 30th June 2025. The First Amendment to the Financing Agreement cancelled credit amounting to Euros nineteen million, five hundred thousand (Euros 19,500,000) from the loan amount.</p> <p>Category 1: Goods, non-consulting services, consultant’s services, Training, and Incremental Operating Costs</p>

	<p>The project has three components namely.</p> <ol style="list-style-type: none"> 1. Component 1: Strengthening the innovation and entrepreneurship ecosystem. <ol style="list-style-type: none"> 1a. Strengthening the Ecosystem’s support infrastructure. 1a Sub-component: Strengthening the Ecosystem’s Support Infrastructure dubbed ‘SKIES’ 1b.Sub-component: International Acceleration Process dubbed ‘Startup Savanna’ 1c.Sub-component: Industry-Academia Platform dubbed ‘ITATU’ 2. Component 2: SME Linkages and Upgrading dubbed ‘KIEP250+’ 3. Component 3: Policy Development, and Project Management and Implementation Support: - Outreach, Monitoring and Evaluation, and Project Implementation Support, coordination and reporting.
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ol style="list-style-type: none"> i. Creation of the next generation of globally competitive Information and Communications Technologies (ICT) leadership, technology-enabled businesses and technology talent pool that will transform Kenya. ii. Limited connections to networks of international mentors, angel investors, and venture capitalists (VCs) making it difficult for local startups to grow and compete internationally. iii. Limited contact between traditional industry and technology-enabled startups in Kenya, iv. SMEs also have difficulties in improving their productivity due to poor managerial practices and information failures around how to upgrade. Firm-level data in Kenya reveals most firms have low productivity due to a skills deficit both at the managerial and technical levels v. By strengthening the innovation and entrepreneurship ecosystem and increasing firm-level innovation and productivity, will deliver Kenya’s Vision 2030, which

Kenya Industry & Entrepreneurship Project

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	recognizes the challenges of slow structural transformation and low productivity in sectors that employ Kenyans.
Project duration	Six (6) Years, Eight Months The project started effectiveness from November 2018 and closed on 30th June 2025.

Project Information and Overall Performance (Continued)

2.4 Bankers

- (i) Designated Account (Credit) – Central Bank of Kenya – Account Number- 1000395923
- (ii) Project Account (Credit) – Central Bank of Kenya- Account Number- 1000397144

2.5 Independent Auditor

The project is audited by the Auditor General, Office of the Auditor General (P.O Box 30084 University Way, Nairobi.) under the Article 229(4) of the Constitution of Kenya.

2.6 Roles and Responsibilities

The following are the officers who were responsible for the project

Names	Title designation	Key Qualification	Responsibilities
Dr. Juma Mukhwana	PS State Department of Industry	Bachelor's degree in Veterinary Medicine M.Sc. in Pharmacology and Toxicology Ph.D. in Soil Science	Accounting Officer
Philiph Maitha	Principal Economist	Masters of Arts (MA) Economics Policy Management Bachelor of Arts in Economics (BA Econ), Certified Public Accountant (CPA K)	Project Coordinator
John Muinami	Project Manager	Bachelor of Arts in Economics (BA Econ), Master of Business Administration (MBA), Certified Public Accountant Finalist (CPA) Advanced Certified Senior Project Manager (ASPM)	Project Management

*Kenya Industry & Entrepreneurship Project
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Names	Title designation	Key Qualification	Responsibilities
Ruth Wanyonyi	Project Accountant	MSC,BCOM, CPA(K) Masters of Science – Finance, Bachelor of Commerce-Finance ,Certified Public Accountant Kenya	Financial Management

2.7 Funding summary

The Project is for duration of six years from 22nd November 2018 to 30th June 2025 with an approved budget of Euro. 41,400,000 equivalent to Kshs. 4,718,892,060 as highlighted in the table below:

Project information and overall performance (continued)

Below is the project funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30th June,2025)		Undrawn balance to date	
	Development partner currency EURO	KShs	Development partner currency EURO	KShs	Development Partner currency EURO	KShs '
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
Loan						
IDA	41,400,000	4,718,892,060	16,472,810	2,275,472,090	24,927,190	2,443,419,970
Counterpart funds						
Government of Kenya	4,140,000	471,889,206	2,789,593	369,857,271	1,350,407	102,031,935
Total	45,540,000	5,190,781,266	19,262,403	2,645,329,361	26,277,597	2,545,451,905

Note ** The project was affected by Partial Cancellation of Funds Amounting to Euros 19.5 million on 11th March 2024.

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative Amount paid to date – (30 th June 2025)		Unutilised balance to date –(30th June 2025)	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
IDA	16,472,810	2,275,472,090	15,834,135	2,182,581,648	638,675	92,890,442
(ii) Counterpart funds						
Government of Kenya	2,789,593	369,857,271	2,742,746	365,642,981	46,846	4,214,290
Total	19,262,403	2,645,329,361	18,576,881	2,548,224,629	685,522	97,104,732

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *Budget performance against actual amounts for the current year and for cumulative to-date,*

During the Financial Year 2024-2025, the project had a total budget of Kshs. 1,424,570,000 comprising of both donor funds and GOK Counterpart funds whereas the total expenditure amounted to Kshs. 1,348,271,271 giving an absorption rate of 95% compared to 84% previous Financial year. The increase of absorption rate was as a result of acceleration of grants reimbursement to SMEs, Incubators and accelerators, Tech bootcamp providers and Rapid Tech-Skills students.

- ii) *Physical progress based on outputs and outcomes since project commencement,*

The KIEP Project Development Objective (PDO) for the Project was “to increase innovation and productivity in select private sector firms”. The Project’s direct beneficiaries are primarily formal private sector firms in Kenya, including incubators, accelerators and technology bootcamp providers (referred to collectively as Intermediaries), SMEs, corporates, select State Corporations, Association and select Tertiary Education Institution (TEI) and technology bootcamp students.

The project Achievements:

Component One – Strengthening the innovation and entrepreneurship Ecosystem.

- a. *Administration of Intermediaries:*



<https://kiep-skies.co.ke/>

The Administration and Management of Intermediaries build the capacity of incubators, accelerators, hubs and technology bootcamp providers (collectively referred to as Intermediaries) and Universities in developing and deepening their operational strengths and individual business models as the ecosystem moved towards operational sustainability, expansion, and increased quality of services provided. The Management Consultancy Contract was signed on 24th March 2023 with Spineberg Limited and E4Impact for Administration & Management of Intermediaries REF. NO. KE-SDII-71150-CS-QBS; A project methodology was developed, which included the following key steps: Project Initiation, Brand Development, Sensitization and Active Outreach, Call for Applications, Shortlisting, Pitch Event, Due Diligence, Negotiating, Contracting and Onboarding, Funds Disbursement, Supervision and Support to Intermediaries, Monitoring, Evaluation and Networking, Community Practice, and Closure.

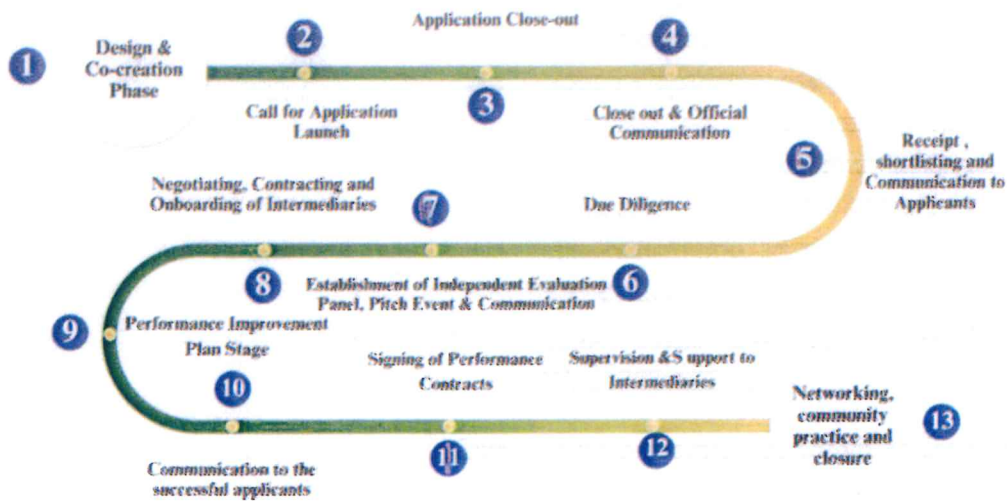


Figure 1: Project Methodology

Additionally, several foundational documents were developed to guide the effective implementation and governance of KIEP Subcomponent 1a. These included the Funds Operations Manual (Annex 1), which provided a detailed framework for the disbursement, utilization, and reporting of performance-based grants to intermediaries. The manual outlined eligibility criteria, fund flow processes, milestone tracking, documentation requirements, and financial accountability standards, ensuring transparency and consistency across all implementing partners.

A Grievance Redress Mechanism (GRM) was also established to enable stakeholders including startups, students, intermediaries, and other actors to raise concerns or complaints related to program delivery, fund disbursement, or institutional conduct. In parallel, a Monitoring, Evaluation, Accountability, and Learning (MEAL) Plan was developed.

Under the project's Track 1 component, performance-based grants were awarded to 13 intermediaries comprising 9 incubators and accelerators and 4 technology bootcamp providers. These intermediaries supported 391 startups, 183 of which (47%) were women-owned or led. Additionally, 329 students were enrolled by the four technology bootcamp providers, with 191 female students (58%), significantly surpassing the program's gender target of 35%. In parallel, the Rapid Tech Skills Program was implemented across universities, graduating 499 students (42% females) through two cohorts: 236 students in Cohort 1 across 8 universities, and 263 students in Cohort 2 across 7 universities. Collectively, these beneficiaries developed 117 innovations, far exceeding the annual target of 30 and demonstrating the program's strong impact and broad reach in fostering innovation and entrepreneurship.

The Incubators and Accelerators



Rapid Tech Skills Providers



The total number of individuals trained across all SKIES activities reached 1,843, against a target of 967 individuals. Beneficiary satisfaction with incubator and accelerator services stood at 87%, surpassing the target of 70%. In terms of employment outcomes, 545 new jobs were created.

Safeguards were effectively implemented, with 18 Intermediaries screened during Due Diligence and 13 subsequently developed Environmental and Social Management Plans (ESMPs). A total of 16 grievances were received through the Grievance Redress Mechanism, all of which have been addressed. No grievances remain under investigation or pending resolution.

A total of KES 344.5 million was committed under the SKIES program for intermediary implementation. As of the reporting period, KES 305.99 million had been reimbursed based on milestone achievements, translating to 62.6% of total allocated funds as shown in Table below.

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Table on Intermediary Reimbursement Summary

#	Intermediary Name	Total Budget	Own Contribution	KIEP SKIES Contribution	Own Contribution Expenditure	Total Expenditure-KIEP SKIES	Grand Expenditure-Own + KIEP SKIES
1.	Start Up Lions Assets Kenya	13,587,525	3,587,525	10,000,000	2,568,931	7,124,781	9,693,712
2.	Lakehub Academy	26,952,500	8,933,125	18,019,375	8,027,400	17,985,300	26,012,700
3.	Fablab Winam	13,333,333	3,333,333	10,000,000	3,369,942	9,492,023	12,861,965
4.	Rift Valley Institute of Business studies	26,777,950	6,877,450	19,900,500	10,695,636	19,609,912	30,305,548
5.	Nakuru Box Ventures	73,976,184	36,988,092	36,988,092	36,941,343	36,774,646	73,715,989
6.	Kilimanjaro Blind Trust Africa	22,593,000	11,296,500	11,296,500	4,024,400	5,088,638	9,113,038
7.	Sotehub	73,747,000	36,873,500	36,873,500	24,224,157	22,007,976	46,232,133
8.	Somo East Africa	69,879,660	34,939,830	34,939,830	17,508,139	17,947,730	35,455,869
9.	Eldohub	73,996,979	37,005,589	36,991,390	36,107,559	36,991,390	73,098,949
10.	Swahilipot Hub Foundation	83,255,000	46,255,000	37,000,000	35,870,765	35,146,552	71,017,317
11.	Moi University	74,000,000	37,000,000	37,000,000	1,918,100	304,800	2,222,900
12.	Ongoza	37,072,000	18,536,000	18,536,000	940,500	1,126,424	2,066,924
13.	Mount Kenya University	77,347,950	40,347,950	37,000,000	6,514,221	6,013,363	12,527,584
	Total	666,519,081	321,973,894	344,545,187	188,711,093	215,613,535	404,324,628

This claim-based disbursement mechanism incentivized timely delivery, strengthened financial accountability, and enabled close tracking of fund utilization throughout the implementation period.

- Total Budget (All Intermediaries): KES 666,519,081
- Approved KIEP-SKIES Contribution: KES 344,545,187
- Approved KIEP Rapid Tech-skills Training KES 99,314,184
- Total Amount Paid (All Claims): KES 305,990,226
- Pending Disbursements (SoteHub Final Claim): KES 9,035,009.

b. International Acceleration Process/ Startup Savanna



<https://startupsavanna.com/>

The International Acceleration Process (dubbed Start-up Savanna) focussed on connecting the Kenyan start-ups and entrepreneurship ecosystem to international networks of talent and support infrastructure (mentors and early-stage investors) for growth and scaling up. The Management Consulting firm- Growth Africa and Aspen Network of Development Entrepreneurs (ANDE) with Nairobi Garage as Sub-consultants was on boarded in August 2020. It helped in spurring business growth, raise brand awareness, and support the sustainability of enterprises within Kenya's entrepreneurial landscape by providing international exposure.

Notable achievements during the phase included mapping 857 and engaging 165 international resources, developing and supporting 56 international events, facilitating 634 startups from 41 countries to participate in virtually held events, supported 7 startups in 3 international locally hosted conferences, connected 76 startups to 33 investors with 28 pitching and applying for funding. The international conferences held locally include: Latitude59 in 2023, Sankalp Forum in 2024, and the Africa Climate Tech Summit in August 2024.

Startup Savanna successfully identified, engaged, and connected 835 entrepreneurs with valuable international resources and networks, igniting and accelerating their paths to growth. The Startup Savanna team realized an opportunity for business mentorship of entrepreneurs through the Grow Movement and the University of Michigan International Investment Fund-IIF (UMich—IIF) which saw a total of 95 mentees connected and engaged between the two institutions. The mentorship by Grow Movement's various mentors drawn from reputable organisations such as Zalando, Boston Consulting Group, Accuracy, and the London School of Business will continue beyond the project scope for optimal results and sustainability. Seven expansion partners from Europe, Asia, and the US were engaged and linked to 26 startups with aspirations of doing business on those continents or trading with them. 11 Research and knowledge institutions were engaged in both training and exposure opportunities for Kenyan startups. Startup Savanna entrepreneurs who completed the Wadhvani program were certified and are poised to be awarded a fully sponsored trip to Silicon Valley in last quarter of 2025, should they qualify. The Startup Savanna

team engaged and connected at least 10 ESOs to international ecosystem players namely European Business and Innovation Centre Network and ENRICH in Africa center through networking and capacity-building webinars.

Eleven (11) innovations were developed consisting of:

1. **Kiri Electrical Vehicle:** Kiri EV Ltd manufactures affordable electric vehicles and charging systems primarily for the Kenyan and East African market.
2. **Teleeza Africa Limited:** This is the company behind Africa's first mobile all-in-one lock screen app. The app utilizes AI and machine learning to aggregate content and offers various features, including partnerships, advertising, and digital community building.
3. **Nairobi Maramoja Transport:** is a socially powered taxi app based in Kenya, designed specifically to address the transportation needs in Nairobi. It allows users to choose their preferred drivers and aims to build a trusted and inclusive transportation ecosystem.
4. **RicoAmor Ltd:** RicorAmor company offers a range of products, including plant-based lactose-free coconut yogurt, eco-friendly charcoal briquettes, and unrefined coconut oil. Their mission is to make a meaningful impact through sustainable innovations in food and beverage, cosmetics, and renewable energy.
5. **Adili Corporate Ltd:** This innovation falls under the category of "inclusive digital platforms" within the broader technology industry, specifically targeting connectivity and content accessibility for digitally marginalized communities
6. **MyPrimePay Tech:** MyPrimePay is a technology company that focuses on building digital products and enhancing distribution channels for businesses in Africa. They aim to connect customers to businesses and improve customer experience through their digital platforms.
7. **Bluewave Adelaide:** Bluewave Insurance Agency is an InsurTech startup that focuses on utilizing mobile technology to provide insurance services, particularly targeting underserved populations. The company aims to simplify and improve insurance access and products.
8. **Amitruck:** Amitruck is a digital logistics marketplace in Kenya that connects cargo owners with transporters, offering tailored logistics solutions. It provides advanced cargo tracking and reliable shipping and freight forwarding services throughout Kenya and neighboring countries.
9. **Smart Brains Africa:** Smart Brains Africa focuses on coding and visual math lessons specifically for children in Africa. They aim to empower schools in teaching computer science, currently operating in various schools in Kenya and promoting coding skills for kids.

10. **Piquant Spices:** Piquant Spices is an agro processing company that manufactures a variety of spices, including Tea Masala, Pilau Masala, and Mixed Spices. They focus on producing potent, pure, and punchy spices for both local and export markets.
11. **Litudian Enterprises Ltd:** Litudian Enterprises Ltd is a sourcing and order consolidation platform that specializes in products across various categories such as electronics, home goods, kitchenware, apparel, beauty, and health. They manage logistics and quality assurance for merchants, making it easier to find and order items through their website.

c. *Industry-Academia Platform/ iTATU*



<https://www.itatu.net/index.php>

Industry-Academia Platform (dubbed as iTATU) aimed at increasing productivity and innovation within Kenyan corporations by linking students to corporates through innovation challenges identified by the corporates. The Management Consulting firm (Maastricht School of Management) and LIWA (Linking Industry with Academia) Trust with KEPSA as Sub-consultants was on boarded in August 2020.

Under the iTATU platform, five (5) innovation challenges were successful organized which included: the Telephone Farming challenge issued by LRC Foundation and Latia Agribusiness Systems (LAS); the Micro-dairy challenge issued by Endless Africa; the Center for Green and Digital Transition issued by Kenya Power; the Sustainable Mangoes Challenge issued by Milly Fruits; and From Oil to Hydrogen challenge issued by Mobius Motors. From the innovation challenges, 68 students (63 Kenyans and 5 foreign) participated in the challenges with five (5) solutions developed and pitched to the participating corporates. From the innovation challenges designed and executed, one (1) innovation technology prototype was developed on geothermal powered egg incubator with brand name Geotto. The prototype has been tested and improvements made and exhibited in two conferences: Micro Manufacturing Conference in Stellenbosch, South Africa (and the African International Conference on Clean Energy, and Energy Storage in the University of Port Harcourt in Nigeria.

The brief description of the challenges presentation is outlined below:

- i. The Green and Digital Transition Challenge, posed by Kenya Power, was addressed with the EcoGrid System solution. This solution aimed to tackle the challenge of transitioning towards a greener and more digitalized power grid using smart meters;
- ii. The Transforming the Dairy Sector through the Micro Dairies Challenge, presented by Endless Africa Company, was met with the Micro Dairies solution. This solution focused on improving the dairy sector by introducing micro-dairies, which could increase efficiency and productivity;

- iii. Milly Fruits Processors posed the Sustainable Mangoes traceability Challenge, and the student team presented a Traceability System QR code solution. This solution aimed to enhance the traceability and sustainability of mango production, supply chains and quality assurance. This system also incorporated waste management components to convert waste to biogas and compost manure;
- iv. The Telephone Farming Opportunities Challenge, presented by Latia Resource Center, was addressed with the FarmTech App solution. This application aimed to leverage technology to provide remote farming assistance and support to farmers;
- v. Mobius Motors Company presented the Revolution from Oil to Hydrogen Challenge. The student team responded with the Hydrobuddy App solution. This application aimed to connect stakeholders in the hydrogen industry, facilitating the transition from traditional fossil fuels to hydrogen-based mobility solutions.

Component Two – Firms/SME Linkages and Upgrading

<http://250plus.kiep.go.ke/>

The SME Linkages and Upgrading (dubbed as KIEP 250+) aimed at increasing productivity and innovation within established Kenyan SMEs by supporting select firms to improve their managerial and technical skills and their access to and use of technology. The Consultancy Management firm, Niras OY Finland with Intellecap as Sub-consultants was boarded in August 2020.

Under this project component, 142 SMEs/Firms were awarded Performance Improvement Grants Contracts to implement identified interventions geared towards increasing the firms' capability on managerial and technical areas, upgrading of production technologies, development of new/improved products and services, and market expansion. The 142 SMEs contracted under KIEP 250+ used Kshs 864 million (of which Kshs 308 million as own contribution and Kshs 556 million as KIEP grant contribution) to implement the agreed upon Performance Improvement Plans (PIPs) interventions.

The SMEs developed 139 distinct innovations from 104 firms/SMEs with 69 innovations developed by female-led SMEs and 70 innovations developed by male-led SMEs. This promoted inclusive growth and ensured that the benefits of innovation are broadly distributed across the entrepreneurial landscape. Over seven manuals/documents developed and approved (Fund Operations Manual; Selection Committee Charter; Grant Administration Manual; Grant Approval Committee Charter; SME Application Guide; BDS Application Guide; and Grievance Redress Guide).

Three cohorts were conducted with: Cohort 1 launched on November 20, 2020 and closed on December 24, 2020 attracting 95 applications, Cohort 2 was launched on August 10, 2023, and closed on September 15, 2023, attracting 140 applications and Cohort 3 commenced on November

20, 2023, and concluded on January 16, 2024, with 101 applications submitted. One hundred and forty two SMES signed the contracts (24 Cohort 1 , 63 cohort 2, 55 cohort 3),

Summary of the cohorts by June 2025

Cohorts	Launched	Closed	Cfa	Long List Applications	Shortlisted	Due Diligence	Diagnoses	PIP	Grant Contract	Possible Fall out
Cohort 1	Nov 20, 2020	December 24th 2020	297	95	52	44	39	24	24	6
Cohort 2	August 10th 2023	September 15, 2023	504	140	80	67	67	63	63	11
Cohort 3	Nov 20 2023	January 16, 2024,	234	101	75	75	75	70	55	10
	Total		1,035	336	207	186	181	156	142	27

Source: Component Implementation Reports

The summary of reimbursement done to the SMEs is presented in the table below with each cohort. Overall the absorption of the allocated funds reached 79% indicating a far greater uptake of the grants by the contracted SMEs. The total grant amount was Kshs 811,011,298 of which 69% (Ksh 556,371,723) been paid.

Cohort	Total Grant Amount	Total Claims Submitted To Niras	% Submitted to Niras	Total Claims Submitted To PIU	% Submitted to PIU	Total Amount Paid to SMEs	Projections	% Paid
Cohort 1	147,192,454	100,791,678	68%	100,791,676	68%	94,687,536	100,791,678	68%
Cohort 2	462,222,273	310,235,427	67%	310,235,627	67%	292,610,850	312,178,942	68%
Cohort 3	201,596,571	145,344,618	72%	145,344,618	72%	136,921,521	144,699,060	72%
TOTAL contracted	811,011,298	556,371,723	69%	556,371,920	69%	524,219,907	557,669,679	69%
TOTAL committed by PIU	707,716,190	556,371,723	79%	556,371,920	79%	524,219,907	557,669,679	79%

Source: Component Implementation Reports

Cohort	No. of SMEs Contracted	SMEs accessing grants		Drop-outs	SMEs having submitted final claim	SMEs completed and paid
Cohort 1	24	17	71%	6	18	16
Cohort 2	63	50	79%	11	51	44
Cohort 3	55	43	78%	10	44	39
TOTAL	142	110	77%	27	113	99

Source: Component Implementation Reports

The 142 SMEs contracted under KIEP 250+ used KES 864 million (of which KES 308 million own contribution and KES 556 million grant contribution¹) to implement their Performance Improvement Plans (PIPs). KIEP 250+ has demonstrated that performance-based technical assistance – delivered through structured diagnostics, SME-owned improvement plans, and milestone-linked grants – can effectively build SME capacity. By focusing on the specific needs and growth potential of each enterprise, the project has enabled SMEs to overcome structural weaknesses and enhance their operational foundations. The SMEs in KIEP 250+ significantly improved their managerial and technical skills, and many made use of new technology to strengthen their productivity. The interventions led to gains in key performance metrics, including innovations and job creations, and had a particularly large effect on women-run SMEs.

- **Supporting SMEs:** KIEP 250+ successfully conducted business diagnostics for 258 SMEs which helped identify areas for improvement and tailored support for each enterprise.
- **Grant Contracts:** Out of the 258 diagnosed SMEs, 142 signed grant contracts, showcasing a strong commitment to enhancing their operational capabilities and achieving sustainable growth. 80% of the contracted SMEs completed their interventions, and KES 556 million (79% of the committed grant funds) were used.
- **Gender Inclusion:** The project surpassed its gender inclusion goal, with nearly half of the contracted SMEs being women-led. This achievement underscores the project's commitment to empowering female entrepreneurs and promoting gender equality in the business landscape.
- **Innovations:** The project fostered significant innovations within the SMEs, enabling them to explore new technologies and business models. This innovative drive not only enhanced their competitiveness but also positioned them as leaders in their respective industries. A total of 139 innovations were developed, by 103 SMEs, meaning that 73% of the 142 contracted SMEs developed at least one innovation.
- **Revenue increase:** Participating SMEs reported notable revenue increases as a result of the project interventions. By optimizing their operations and adopting best practices, these enterprises witnessed a substantial boost in their financial performance, confirmed by audited reports in the cases of 27 SMEs, but the actual number is expected to be higher and will be confirmed by PIU in the follow up monitoring during 2025 and 2026.

¹ The KIEP contribution includes both the disbursed (KES 524 million) and the approved but not yet disbursed (KES 32 million) amounts

- **Productivity:** The project significantly enhanced the productivity of participating SMEs by providing support to optimize their operations and achieve higher efficiency. 21 cases of increased productivity are verified, which is just above the target of 20, but with more time for follow up the number would most likely have been higher.
- **Job creation:** 235 full-time equivalent (FTE) jobs were created through KIEP 250+, with many SMEs expanding their workforce to meet the demands of their improved business operations. This job growth not only benefited the enterprises but also had a positive impact on the wider community by providing employment opportunities. As with revenue and productivity increase, this is an indicator that is likely to improve over time, as the impact of the KIEP 250+ intervention is being consolidated.

A total of 139 innovations were developed, by 104 SMEs / firms consisting of:

1. Stawi Foods and Fruits Limited (2 New Products Developed (I) Ready To Eat Breakfast Cereal And (ii) Pre-Cooked Maize Flours
2. SMEP- Develop A Mobile Application Compatible With Android And Apple Devices (Mobile Banking Software)
3. Takataka - Digitization Of Multiple Business Processes (Waste Management Software)
4. Goshen Farm - Business Integration System
5. Moiben :Design And Installation Of An Automation System – Supply Chain & Erp System – Odoo
6. Prodigy- Procurement And Installation Of A Dialysis Powdermachine
7. Instaveg: Marketing Plan And Interactive E-Commerce Platform
8. Paem: Business Information System - Eprod (Farmer Management System With Traceability Component)
9. Admi: Installation of A Comprehensive College Management System (My Class Board) To Integrate All School Activities.
10. Camino Luiz Agencies Ltd: Process Innovation - Automated Supply Chain And Cold Chain System
11. Kenlinks Limited: Commercialization Of Dairy Extension Services Through The Dairy Farming Information Management System (Dfims)
12. Chartered Engineering Ltd - Stud And Track Forming Machine & Iso 9001:2015 Certification
13. Metco Ltd :Automation of Manufacturing Processes (Solid Works Software)
14. Water For The World:Digitizing Internal Processes And Service
15. Mr Green :Clerk App & Kaizen Transformation And Operational Excellence
16. Animix:Digitization- Design And Installation Of Supply Chain Management System
17. Afrimac : Automation And Integration Of All Processes Through Installation Of An Erp System That Is Scalable
18. Bottle Logistics:Digitization And Automation Of Business Processes
19. Aromakare:Automation Of The Manufacturing Process & Development Of A Marketing Strategy

20. Food And Us Ltd:Supply Chain Integration: Incorporating Consumer Engagement Through B2c Channels And Micro- Enterprises
21. Polucon:Provision Of Innovative And Advanced Mycotoxin Analysis Services As Required By International Trade Standards (Its)
22. Enchantment:Automation And Increased Efficiency Of Production Processes &Business Model Refinement
23. Glerian:Procure & Install Of Automated Production Line & Digitization Via Off-The-Shelf Management Information System (Mis) Software System, (Odo)
24. Anchor Apex:Continous Improvement Projects By Achieving Iso Standards And Kaizen Training
25. Sheath Naturals:Development Of Comprehensive Marketing Strategy And Plan
26. Kananahu Contractors:Upgrading Of Water And Irrigation Engineering Systems With Modern Computer Aided Design (Cad) Software And Its Accessorie
27. Twiva Media Group Limited - Ai Software Programming For Digital Marketing
28. Seven Twenty Holdings Ltd - Implementation Of Business Integration System
29. Raaro Leather And Accessories - Automation Of The Shoe/Leather Production
30. Juanco Sps Limited - Purchase And Installation Of A Batch-Printing And Cream Filling Machines And Cocert & Pcpb Audit And Certification Renewal For 2 New Products
31. Sahihi Interior Designers Limited :Market Awareness And Activation
32. Jeilo Leather Collection Limited - Automation Of Management Systems Through Installation Of Odo Management System ,Automation Of Production Through Integration Of Ai Technology And Purchase Of Richpeace Laser Engraving Cutting Machine And Desktop
33. Anchor Apex Ch Limited - Continous Improvement Projects By Achieving Iso Standards And Kaizen Training And Streamlining Human Resources Processes Through Automation And Function Integration.
34. Ndalani Farm Produce Limited - Improved Competitiveness Through Product Diversification Brand Propping And Processes
35. Eris Industries:Iso And Haccp Certification Preparation, Training, Internal Audit And Certification Acquisistion.
36. Ferrasol Suppliers : Product Development And Production Optimization And Delivery Of Integrated Training Program And Optimization Of Financial System
37. Mutsimoto Motor Company Limited :Operational Efficiency And Effectiveness Through The Kaizen Modular Operation Excellence Training
38. Standardize Workflow Processes And Improving Brand Visibility
39. Bee-Care Apiaries International Limited :Business Process Improvement And Business Modeling And Product Innovation,Sales And Marketing
40. Rift Grain Logistics Limited : Digitization And Automation Of Business Processes

41. Proteq Automation Limited :Installation And Implementation Of Automated Manufacturing System And Process Optimization And Acquisition Of Iso Certification And Quality Assurance
42. Southlake Dairies Limited :Operational Efficiency , Effectiveness And Quality Assurance Enhancements
43. Ainabkoi Farmers Cooperative Society:Digitization Of Milk Collection And Automation Of All Business Processes
44. Sopa Supplies :Automation Of Manufacturing Processes Through Acquisition Of Equipment And Upgrading Of The Existing Busy System, Iso Certification and Revision Of Fundamentals
45. AR Films Production Limited :Leverage Pre-Production As A Strategic Marketing Tool By Developing Comprehensive Pitch Packages.
46. JilIndustries Limited -Improve Production Capacity Through Process Mapping And Documentation And Implementation Of Quality Control Measures And Upgrading Efficiency And Output Rate Machine.
47. Whales Enginnering Company Limited - Market Expansion And Digital Integration Strategy
48. Tibu Health - Iso 15189:2022 Accreditation Training And Installing A Sample Scanning, Barcoding And Tracking Platform
49. Signum:Integration Of Cold Room Facility And Sops And Implementation Of Integrated Supply Chain Management Solutions
50. Crove Unique Limited;Implement A Business Integration System Automating Crove Unique's Processes For Inventory Management And Finance Functions ; And Develop A Marketing Strategy And Launch Product In The Domestic Market
51. Lean Energy Solutions Limited :Digitization Of The Lean Boiler Monitoring Systems (Lbms) And Implementation Of Kaizen Principles To Enhance Staff Skills In Effectively Operating And Optimizing The Digitized Boiler Monitoring Systems
52. Batian Nuts Limited: Supply Chain Intergration Through Digitization Of Multiple Business Processes For Visibility And Traceability Of Raw Material Suppliers And Inventory Management Through Digital Solutions.Energy Use Re-Calibration And Source Diversification To Clean Energy Through Modular Solar Equipment Installation.
53. Swift Hygiene & Safety Limited: Website Upgrade And New Product Launch
54. Talinda East Africa Limited: Iso 9001 Certification and Alignment And Busines Fundamentals
55. Simpet Global Logistics Limited: Mechanization Of Cargo Collection Centre,Software Procurement And Installation And Development Of New Business Strategies.
56. Atlantis Life Science Limited; Automation Of Packaging Line And An Effluent Treatment Plant,New Product Development And Developing Gmp Manuals, Process Flows And Training

57. Saipei Foods Limited: Product Diversification With The Development Of A New Innovative Product - Export Grade, Diced, Ready To Eat Frozen Avocados And Guacamole And Rrocessing Equipment Line- Up For The Decided, Ready To Eat, Frozen Avocado
58. Gallant Coprporate Services Limited: Implementation Of Kaizen
59. Taimba Limited;Purchase And Installation Of Cold Chain Unit And Upgrade Of Current App
60. Tropical Mac Epz Limited :Purchase Of De-Husking Equipments And Technical Support For Production Of Pharmaceutical- Based Macadamia Oil And Products Certifications
61. Barke Enterprise Limited :Diversify Avocado Export Product Portfolio Through Development And Launch Of New, Unique And Innovative Frozen Avocado And Guacamole Products For Export
62. Tai Farm Limited :Business Canvas Improvement And Establishment Of A Franchise Model And 7 Franchise Outlets
63. Merulands Poultry Centre Limited :Procure And Install Chicken Meat Refrigeration System In The Transporting Truck
64. PTG Travel Limited :Enhancement Of Existing Tech Infrastructure And Systems
65. Deevabits Green Energy Limited :Technological Integration And Development
66. Smart Logistics Solution Limited :Product Standardization And Market Expansion Initiative And Sustainable Production Optimization: Boosting Energy Capacity And Boiler Expertise
67. Power Governors Limited :Telematics Enhancement And Digitization Of Order Management System
68. Nairobi Realnet Investments Limited :Development Of E-Commerce Platform, Revamping The Digital Presence To Enhance Visibility And Ensuring A User-Friendly User Experience Across Platforms And Developing A Digital Marketing Strategy.Implementing A Production Data Acquisition Smart Factory System To Streamline Business Processes And Enhance Efficiency In The Manufacturing Of Roofing Materials
69. Medserv Africa Limited:Upply Chain Management Through Procurement And Implementation Of An Operations Management System And Market Access And Pricing Through B2b Ehub Integration
70. Premier Frisch Epz Limited :Reduce Post-Harvest Losses, Enhance Product Freshness And Quality During Transit By Improving Cold-Chain Management And Evelopment Of A Comprehensive Marketing Strategies
71. Waste Electrical And Electronic Equipment Centre:Digitization Of Business Processes
72. Easafric Holdings Limited - Digitization Of Workflow Processes And Developing A Business Strategy And Marketing Plan
73. mpact Chemicals Limited :Installation And Commissioning Of The Automatic Liquid Filling,Capping And Labelling Line And Training Of Staff And New Product Label Development And Origination
74. Angaza Foods Limited :Products Diversification Into Crude Avocado Oil And Armer Management And Traceability System Integrated With Accounting And Hr System

75. Organic Fields:Strengthening Of The Village Based Agent Model Of Distribution
76. Panel Millers : Implementing Business Automation To Optimize Supply
77. Pinnacle Systems Ltd: Automation Of The Business Processes Using Odoo Erp
78. Safi Organics Limited :Development Of New Farmer Outreach Model
79. Sagoo Holdings Limited: Development Of Comprehensive Workflow And Soft Skills Strategy With Capacity Building
80. Zana Africa Ltd: Development Of Hygiene Products -Hybrid Diaper & Panty Liner
81. Poa Internet: Improving Efficiency Through It Systems Upgrading.
82. Nutri Nuts And Fruits Ltd:Installation Of Biogas
83. Morani Limited: Erp System
84. Lusoi Green Limited: Agri-Certification (Organic,Smeta,Global Gap Etc)
85. Friendship Container Limited: Kaizen And Erp System
86. Waterbuck Fresh Foods Limited:Implement An Automated Traceability System That Allows Farm-To-Market Visibility, Forward And Backward Traceability, Improved Operational Efficiency And Real Time Oversight
87. Avepo Enterprises Limited: Erp System
88. Kensam Millers Limited:Erp System
89. Hudson Agencies: Automation(Erp System)
90. Grow Tech Nurseries Limited: Propagation Unit
91. Love Artisan: Automation Erp
92. Mt. Kenya Sprout :Increased Market Penetration Through Certification And Training To Open Doors To New Markets.
93. Mace Foods: Automation (Erp System)
94. Royal Dental Clinic Kisumu Ltd :Automation – Hmis
95. Fair Trade Enterprises Limited: Sustainability Cert (E.G. Fairtrade, Bcorp, Sedex), Automation(Erp System) And New Product.
96. Ktl: Avocado Cold Chain System,Agri-Certification (Organic,Smeta,Global Gap Etc) And Development Of New Product (Frozen Avocado Pulp)
97. Westmainland Distributors Limited -Automation Thorough Erp Installation
98. Jade Fresh Limited -Brcgs Issue 9 And Globalg.Ap
99. Merutex Outfitters And Uniforms: Knitting Machines And Erp System
100. Mt. Kenya Sprouts Ltd : Automation(Erp System)
101. Zebra Productions Limited- New Product
102. Kentaste Products Limited - Iso Certification
103. Maxicare Sunrise Limited - Installation Of Solar Pannels & Water Heater
104. Vivo Fashion Group Kenya Ltd –Marketing Strategy and Embroidery Machine

Some of this SMES that went through the diagnosis are listed below

The KIEP250+ companies



The KIEP250+ companies



The KIEP250+ companies



- (i) The project budget (donor and counterpart) compared with the expenditure to date this financial year is 95% compared to 84% previous financial year as tabulated per year below;

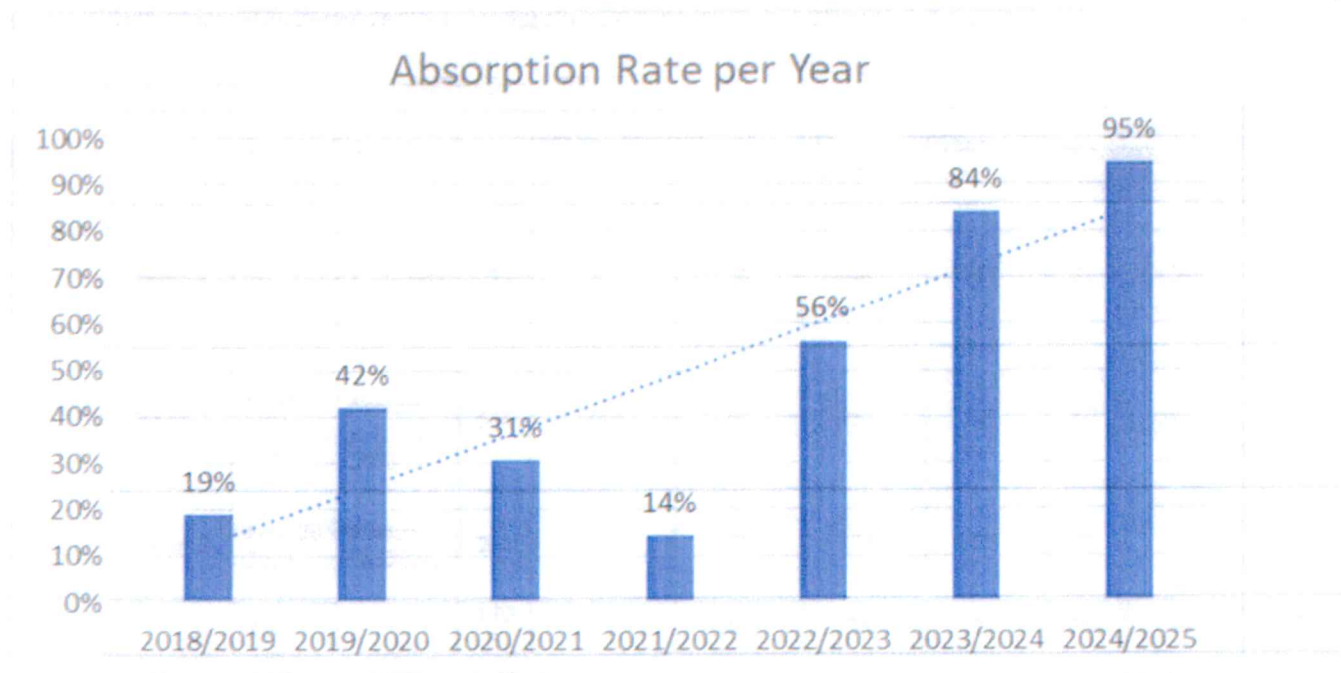
Budget Details – Donor & Counterpart

	KIEP Financial Year							Total
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	
Donor	24,977,348	180,000,000	498,267,183	912,000,000	400,000,000	600,000,000	1,260,000,000	3,872,996,899
Counterpart	100,000,000	50,000,000	16,168,878	56,500,000	38,383,000	36,390,000	164,570,000	462,011,878
Budget	124,977,348	230,000,000	514,436,061	968,500,000	438,383,000	636,390,000	1,424,570,000	4,335,008,777

Budget Vs Expenditure to date

Year	KIEP Financial Year							Total
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	
Budget	124,977,348	230,000,000	514,436,061	968,500,000	438,383,000	636,390,000	1,424,570,000	4,337,256,409
Expenditure	23,877,144	96,412,037	158,436,061	139,713,236	246,990,190	534,620,569	1,348,271,271	2,548,320,508
Absorption	19%	42%	31%	14%	56%	84%	95%	59%

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Amount Received to date

Fund Received	KIEP Financial Year							Total
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	
IDA	-	177,492,638	102,500,266	63,687,757	162,459,347	511,579,713	1,257,752,368	2,275,472,081
GOK	25,000,000	50,000,000	19,657,450	35,865,304	38,383,800	36,380,717	164,570,000	369,857,271
Total	25,000,000	227,492,638	122,157,716	99,553,061	200,843,147	547,960,430	1,422,322,368	2,645,329,360

iii) *List the implementation challenges and recommend the next steps.*

- a. The project experienced implementation lag from July 2021 to December 2022, which subsequently affected the ability to deliver the two phases of the project earlier planned.
- b. The Covid-19 restrictions coincided with the initiation of the project component's management firms' work of setting the inception reports, structures and rolling out. The pace of project planning meetings, roll out of call for applications and shortlisting of beneficiaries slowed down due to the pandemic.
- c. The project experienced budget restructuring through partial cancellation of funds to the tune of Euros 19.5 million, nearly half of the project budget, through the National Treasury. This

necessitated the review of project result framework, indicators and targets levels downwards to fit within the remaining project funds, and phase II of the project was untenable

2.9 Summary of Project Compliance:

- i) The KIEP project has routinely monitored the below mitigation measures to alleviate the adverse effects of actual or potential consequences of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants;
- The Project Procurement process was carried out in accordance with the World Bank Procurement Regulations for IPF Borrowers (Regulations): Procurement in Investment Project Financing Goods, Works, Non-Consulting and Consulting Services (Fourth Edition November 2020);
 - Followed strict the World Bank FM procedures and adhered to the provision of PFM Act 2012 and its regulations in administering the performance based grants.
 - Prepared Interim Financial Statement and Annual Financial Statements for the project.
 - Adhered to internal financial controls
 - Periodic Project Implementation Unit (PIU) and Contract Implementation Team Implementation Arrangements.
- Close monitoring of project work plan and budget, and regular obtaining 'No Objection' from World Bank team for designated activities.

- ii) The slowdown of activities to allow for the restructuring/review process and non-payment of the already completed tasks to management firms had posed a compliance red flag in terms of time overruns, contract obligations, objective achievements however with the restarting of the project all management firms payment dues up to June 2021 were cleared and contract addendum agreed upon. Project targets were not realised as expected and the project may negotiate with World Bank for the time extension for the lost time.
- iii) The mitigation measures taken to alleviate the adverse effect include:
- Buying from the key stakeholders: Engaged key stakeholders in the implementation processes – At the design of the project, 4 Call for Application for selection of beneficiaries, 4 Launches and communication of progress periodically.
 - Stakeholder consultation for buy in and feedback provision.
 - Conducted the Project Mid Term Review (MTR) to assess the progress on the implementation of project activities and achievement of results since the Project Restarting after an 18-month delay.
 - Negotiated with World Bank for project life time extension so as to realise the project objectives as envisaged.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government Project's performance against predetermined objectives at the end of each financial year.

The key development objectives of the *project's agreement/* plan are to:

The KIEP Project Development Objective (PDO) was to increase innovation and productivity in select private sector firms. The project supports the Government Agenda of increasing the Manufacturing Sector contribution to the Gross Domestic Product (GDP), creating more jobs, attracting more investments and creating export ready firms.

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

Below, we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Kenya Industry and Entrepreneurship Project (KIEP)	To increase innovation and productivity in select private sector firms.”	Increased Innovation	Number of select firms with a developed innovation	<ul style="list-style-type: none"> Innovation Development by SMEs/Firms/Start-ups – 164 SMEs, firms, and startups against a target of 60 developed a total of 266 innovations. These innovations spanned new product development and enhancement, service offering improvements, managerial and operational process upgrades, as well as the acquisition, installation, and modernization of production technologies. This performance reflects a strong and widespread uptake of innovation initiatives among participating enterprises.
		To increase productivity	Number of select firms experiencing an increase in productivity	<ul style="list-style-type: none"> 22 SMEs and firms against a target of 11 reported measurable productivity improvements driven by increased revenue levels. These gains underscore the tangible business benefits realized through the KIEP project interventions, demonstrating their direct impact on enhancing operational efficiency and fostering sustainable revenue growth.
		Cross Cutting indicators	Firms benefiting from private sector initiatives.	<ul style="list-style-type: none"> Achieved 1,737 firms directly supported, surpassing the planned target of 1,457 (achieved 119.22% of the target). The interventions placed strong emphasis on women’s inclusion, reaching 745 women-owned or women-led SMEs/firms, thereby underscoring a robust commitment to inclusivity.

Project	Objective	Outcome	Indicator	Performance
			<i>Of which are female-owned</i>	<ul style="list-style-type: none"> This has fostered private sector-driven implementation partnerships, advanced innovation efforts, boosted productivity levels, and strengthened market linkages.
			Beneficiary satisfaction with the incubator and accelerator services (client engagement indicator)	<ul style="list-style-type: none"> Achieved 84% against a target of 70% satisfaction levels for incubators, accelerators and bootcamp providers' services. Survey results showed that the 13 contracted intermediaries enhanced their individual business models to achieve greater operational sustainability, expanded their reach to serve more startups, broadened training offerings, and improved service quality. These outcomes underscored the high relevance, effectiveness, and impact of the support provided.
			Percentage of technology bootcamp graduates who are women	<ul style="list-style-type: none"> Achieved 58% against a target of 35%. Women represented 58% of the total 329 bootcamp graduates supported. This success was driven by deliberate, gender-focused strategies in the call for applications, coupled with targeted recruitment and retention measures. These interventions effectively promoted women's participation in technology fields, ensuring greater gender inclusivity and empowerment within the project's implementation.

Project	Objective	Outcome	Indicator	Performance
			Number of individuals trained <i>Of which female</i>	<ul style="list-style-type: none"> Trained 6,714 against a target of 2,891 (achieved 232.24% of the target). Post-training surveys revealed high satisfaction rates and strong application of acquired skills. This strengthened Kenya’s innovation and entrepreneurship ecosystem by building human capital. The training focused on rapid tech-skills development, technology talent cultivation, business growth and scaling, market access strategies, innovation management, and knowledge-sharing networks to drive productivity and innovation in SMEs, firms, and start-ups. Notably, women represented 43% of trainees (2,885 vs. 517 target), surpassing the gender target of 20%, thus underscoring the project’s success in promoting gender inclusion.
			Number of beneficiary SMEs with above average revenue growth	<ul style="list-style-type: none"> Achieved 40 SMEs/firms against a target of 11 SMEs/firms, who have reported significant revenue improvements. This underscores the effectiveness of performance improvement grants combined with broad-based capacity building, business upgrading, and enhanced market linkages. The interventions strengthened the SMEs’ commercial viability, enabling them to achieve sustained revenue growth and improved competitiveness.

4. Environmental and Sustainability Reporting

KIEP strives to transform lives by changing the business mind-set, and entrepreneurial culture through strengthening the innovation and entrepreneurship ecosystem, linking industry with academia, linking startups with industry, opening access to local and international partnerships through International acceleration process, upgrading SMEs, increasing innovation and productivity of select private firms. This is our purpose; the driving force behind everything we do. The compass that guides us to deliver our strategy.

The KIEP Project Development Objective (PDO) was to increase innovation and productivity in select private sector firms. The project embedded the principles of the Environmental and Social Management Framework (ESMF) and Grievance Redress Mechanism (GRM) in all components including State Corporations and Association. This ensured that the project activities/interventions were compliant with the relevant requirements of Kenyan policies, regulations and legislations as well as the World Bank Safeguards Policies and Procedures.

Inclusivity remained a key focus for the subcomponent with 623 Women Owned startups/female benefiting from private sector initiatives, 734 females trained and 27 PLWDs trained, contributing to the project's commitment to inclusive economic participation. Geographical reach was also prioritized with the Rapid Tech Skills Program students drawn from 41 out of 47 counties in Cohort 1 and 43 counties in Cohort 2; with 80% of the students aged between 18 and 35 years. This ensured a broad national footprint and equitable access for all the beneficiaries.

The project subcomponent implemented participatory stakeholders' engagement that enhance transparency, accountability, visibility and alignment among all actors involved.

1. Sustainability strategy and profile

In summary the implementation of KIEP project is aligned with the Kenya vision 2030, Medium Term Plan (MTP IV, 2023-2027), National Industrialization Policy (2012-2030), and Bottom-up Economic Transformation Agenda (BETA) , which envisages the transformation of the Kenyan economy, partially through a higher contribution of manufacturing industry,

and exporting sectors to GDP and accords priority to enhancing enablers including Industrial Research, Technology and Innovation as well as Green Manufacturing. MTP4 strives to raise productivity in all sectors of the economy, including manufacturing and agriculture, which require modernization and higher levels of technology absorption.

KIEP sustainability measures include;

Participation of Incubators, Accelerators, Boot camp providers, Startups, Students, Universities, SMEs - The innovation ecosystem players were involvement in design and implementation of the project. These players were direct beneficiaries with establishments that are going concerns. The Stakeholders prudently agreed upon the beneficiary's selection criteria based on market competitiveness.

KIEP Management & Organization- KIEP Project Implementation Unit composed of Ministry staff as project Implementation unit (PIU) who ensured quality delivery and replicability of lessons learnt in their day-to-day running of the directorates. The PIU also received targeted training on area of grants administration and management, monitoring of SMIs and intermediaries among others.

Creation of database for local business advisors/ boot-camp providers to train and mentor SMEs/ startups- The registration of business advisors created a vetted database for Business Service Providers who will continue supporting SMEs and Intermediaries post the end of the project.

SMEs Technology Upgrading and Intermediaries strengthening—The project supported the SMEs to acquire /install appropriate production technologies; trained staff and management; and supported Intermediaries (incubators, accelerators, bootcamp providers and Universities) in acquiring modern equipment for training & common manufacturing facilities. This will continue being utilized by the SMEs/institutions in production, management and training post the project closure.

Gender and Geographical Inclusivity - KIEP Targeted 30% of project beneficiaries to be women owned & led startups/SMEs. Inclusion of women owned & led startups/SMEs in implementation and benefitting from the project is one of the key approaches of the project. Additionally, all the project beneficiaries were drawn from the 47 counties will not perpetuate exploitation of the vulnerable and poor women and young girls.

Project Anchored on the Medium Term Plans - KIEP project objective has been anchored in the Government development policies (MTP IV & III), Plans & Manifestos.

2. Environmental performance

KIEP developed the Environmental Social Safeguard Management plan that provided guidance to project beneficiaries in the selection, preparation and implementation of activities in order to avoid or minimize environmental and social risks and negative impacts and enhance the environmental and social benefits and performance under the project.

The project embedded the principles of the Environmental and Social Management Framework (ESMF) and Grievance Redress Mechanism (GRM) in all components including State Corporations and Association. This ensured that the project activities/interventions were compliant with the relevant requirements of Kenyan policies, regulations and legislations as well as the World Bank Safeguards Policies and Procedures. The Project Implementation Unit reviewed and appraised interventions of potential beneficiary firms and ecosystem intermediaries and guided in environment and social safeguard requirements. Clauses on environment and social safeguard requirements were captured in the MOUs of KIRDI, KIPI, KIE, KEBS and ASSEK.

PIU and selected beneficiaries were trained on Environmental Social Safeguards skills. This included ensuring beneficiaries firm use the Environmental and Social Screening Form (ESSF), develop requisite supplementary environmental safeguard instruments; Environment and Social Impact Assessment (ESIA), Environment and Social Management Plan (ESMP) and Grievance Redress Mechanism (GRM) for participating institutions / organisations/ beneficiaries which included: KIRDI, KIPI, KIE, KEBS, ASSEK, Growth

Africa, MSM and NIRAS. All Grievance Redress Mechanism (GRM) for KIEP and sub components remained accessible for use throughout the project period.

ESMPs for SMEs and Intermediaries were prepared, guided by requirements and applicable national laws, legislations and regulations, the World Bank environment and social safeguard policies, WBG EHS guidelines and GBV Directives and, Prevention of Sexual Exploitation and Abuse (PSEA) including Child Labour and Employment act. Implementation and reporting was supervised by the management firms and the PIU.

Furthermore, the project beneficiaries including SMEs/firms, intermediaries, universities were all screened and Environmental and Social Management Plans (ESMPs) prepared and implemented where applicable, to ensure that any adverse environmental and social impacts were avoided or appropriately mitigated. Key ESS risks such as exclusion of marginalized groups, limited accessibility for Persons Living with Disabilities (PLWDs), Sexual Exploitation & Abuse (SEA) and non-compliance with labour laws and environmental laws among others were scoped and appropriate mitigation measures instituted. On Environmental and Social Responsibility, the project promoted the implementation of green technologies, waste management and sustainable industrial practices by the contracted SMEs and avoided funding of project interventions that had a potential to cause harm to communities or the environment.

3. Employee welfare

The KIEP Project been implemented under the State Department for Industry complied to the provisions of Occupational Safety and Health Act of 2007, employee welfare on remuneration and capacity building of the PIU/CIT officers. In addition, the hiring of the consultant firms and Individual consultant followed the World Bank's Procurement Framework, which promotes openness to competitiveness, quality, and value for public spending

4. Marketplace practices-

a) Responsible Supply chain and supplier relations-

The project maintained good business practices, treated its own suppliers responsibly by honouring contracts and cleared all their approved payments for milestones delivered which were due. The project had signed six consultancy contracts with management consultant firms for the delivery of different sub components of the contracts. The contracts are binding for the project period. All milestones planned for project period were delivered, cleared by the Contract Implementation Teams and approved for payment.

b) Responsible ethical practices

The **Kenya Industry and Entrepreneurship Project (KIEP)** upheld high standards of ethics to ensure that all interventions were transparent, inclusive, and aligned with both national integrity principles. On Transparency and Accountability, project conducted open procurement processes with clear evaluation criteria; communicated all and disclosed all funding decisions and grant awards; and held regular stakeholders engagement. Confidentiality was maintained for all business information shared across with SMEs and Intermediaries.

On Fairness and Equity, all potential beneficiaries were accorded equal opportunity for participation regardless of gender, region, or social background, with prioritization of women-owned businesses and marginalized groups. **On Integrity in Partnerships**, the PIU and CIT maintained zero tolerance for corruption, bribery, or undue influence in all its decisions; and ensured declaration of conflict-of-interest declarations for all project staff and implementing management consultancy firms.

The PIU ensured continuous ethical oversight, through compliance monitoring for all the contracted SMEs and Intermediaries to ensure full implementation of the grant contracts and reporting. The project grievance redress mechanism and the state Department channels for whistleblowing remained open for access and utilization by any aggrieved party, stakeholders and beneficiaries.

The project makes all efforts to maintain ethical and anti- corruption practices and responsible political involvement. All the KIEP procurement activities were advertised in local dailies and United Nations Development Business (UNDB) website for global procurement market that facilitate successful bidding on international development projects and ensured fairness and ethical marketing practices.

c) Regulatory impact assessment

The project interventions aimed at enhancing innovation, productivity and competitiveness of Kenyan firms, strengthen the innovation ecosystem (incubators, accelerators, technology boot camps), and increase SME access to business development services, finance, and markets. It endeavored to promote inclusive growth with stronger participation by women and youth entrepreneurs/startups.

Through stakeholders consultation, the project ensures wide outreach, held consultation with key stakeholders including business associations and implemented a simplified grant processes with full accountability and transparency in all processes.

KIEP conducted environmental and social assessment to all the SMES and intermediaries beneficiaries before contracting and implementation. All beneficiaries were required to prepare an environmental social management plan in compliant with the existing regulatory framework to achieve their intended outcomes efficiently and effectively, without imposing unnecessary burdens or causing unintended negative consequences to the environment, citizens and stakeholders.

5. Community Engagements

KIEP actively involved stakeholders (business member organizations like KAM, KEPISA, ASSEK, beneficiaries, and partners in shaping, implementing, and sustaining project outcomes building a concrete trust between the project and the communities more than 5,500 stakeholders were reached out for dissemination of the project design, mobilization and information sessions, calls for application launches, implementation and reporting of project progress and learnings.

5. Statement of Project Management Responsibilities

The *Principal Secretary* for the State Department for Industry, Ministry of Investments, Trade and Industry and the *Project Coordinator* for *Kenya Industry and Entrepreneurship Project (KIEP)* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

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 project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the State Department for Industry, Ministry of Investments, Trade and Industry and the *Project Coordinator* accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the State Department for Industry, Ministry of Investments, Trade and Industry and the *Project Coordinator* are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The *Principal Secretary* for the State Department for Industry, Ministry of Investments, Trade and Industry and the *Project Coordinator* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The *Principal Secretary* for the State Department for Industry, Ministry of Investments, Trade and Industry and the *Project Coordinator* confirm that the Project has complied fully with applicable

Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the *Principal Secretary* for the State Department for Industry, Ministry of Investments, Trade and Industry and the *Project Coordinator* on

19/9/ 2025 and signed by:



Juma Mukhwana, PhD, CBS

Principal Secretary



Philip Maitha

Project Coordinator

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KENYA INDUSTRY AND ENTREPRENEURSHIP PROJECT (IDA CREDIT NO. 6268-KE) FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR INDUSTRY

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Industry and Entrepreneurship Project set out on page 1 to 28, which comprise of the statement of

Report of the Auditor-General on Kenya Industry and Entrepreneurship Project (IDA Credit No. 6268-KE) for the year ended 30 June, 2025 – State Department for Industry

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Industry and Entrepreneurship Project as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement Credit No. IDA 6268-KE between the International Development Association (IDA) and the Republic of Kenya dated 3 August, 2018.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, one (1) issue was raised under the Report on Financial Statements, which was unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the other information set out on page iii to xlv which comprise of Project Information and Overall Performance, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting,

Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 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 controls, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association, I report, based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 September, 2025

7. Statement of Financial Performance for the Year Ended 30th June 2025

	Notes	2024/ 2025 Kshs
Revenue from non-exchange transactions		
Revenue Transfers	6	1,422,322,368
Total Revenue		1,422,322,368
Expenses		
Use of goods and services	7	397,266,754
Depreciation and amortization expense	8	574,098
Transfers to other Government Entities	9	89,885,855
Other Transfers/Subsidies/ Grants	10	839,203,863
Total expenses		1,326,930,569
Surplus/Deficit for the year		95,391,799

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



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Juma Mukhwana, PhD, CBS
Principal Secretary



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Philip Maitha
Project Coordinator



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Ruth M. Wanyonyi
Project Accountant
ICPAK Member No:13147

8. Statement of Financial Position as at 30th June 2025

	Note	2024/2025	1st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	11	97,104,732	23,053,635
Total Current Assets		97,104,732	23,053,635
Non-Current Assets			
Property, Plant and Equipment	12	1,730,803	-
Total Non- Current Assets		1,730,803	-
Total Assets (a)		98,835,535	23,053,635
Liabilities			
Current Liabilities			
Trade and Other Payables	13	150,000	19,759,899
Total Current Liabilities(b)		150,000	19,759,899
Total Liabilities		150,000	19,759,899
Net Assets		98,685,535	3,293,736
Represented By:			
Accumulated Surplus		98,685,535	3,293,736
Total Net Assets		98,685,535	3,293,736

The financial statements were approved on 19/9/2025 2025 and signed by:



.....
Juma Mukhwana, PhD, CBS
Principal Secretary



.....
Philip Maitha
Project Coordinator



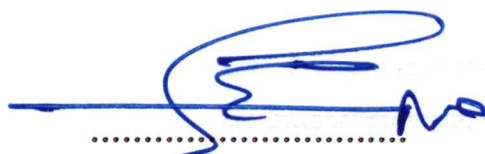
.....
Ruth M. Wanyonyi
Project Accountant
ICPAK Member No.13147

9. Statement of Changes in Net Assets

Description	Accumulated Surplus Kshs
As at 30th June 2024 (Cash Basis)	23,053,635
Adjustments: (to recognize assets and liabilities) -	19,759,899
As at 1st July 2024	3,293,736
Surplus/(Deficit) for the year	95,391,799
As at 30th June 2025	98,685,535

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on 19/9/ 2025 and signed by:



.....
Juma Mukhwana, PhD, CBS
Principal Secretary



.....
Philip Maitha
Project Coordinator



.....
Ruth M. Wanyonyi
Project Accountant
ICPAK Member No.

10. Statement of Cashflow for the year ended 30th June 2025

Description	Note	2024/2025
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		1,422,322,368
Total receipts		1,422,322,368
Payments		
Use of goods and services		416,876,653
Transfer to other Government Entities		89,885,855
Other Transfers/Subsidies/Grants		839,203,863
Total payments		1,345,966,371
Net cash flow from operating activities	14	76,355,997
Cashflow from investing activities		
Acquisition of non-financial assets		(2,304,900)
Net cash flows from investing activities		(2,304,900)
Net increase/Decrease in cash and cash equivalents		74,051,097
Cash and cash equivalent at 1st July 2024	11	23,053,635
Cash and cash equivalent at end of Period 2025	11	97,104,732

11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods				23,053,635	-23,053,635	
Receipts						
Revenue Transfers	1,343,870,000	80,700,000	1,424,570,000	1,422,322,368	2,247,632	100%
Total Revenue	1,343,870,000	80,700,000	1,424,570,000	1,445,376,003	- 20,806,003	101%
Payments						
Use of goods and services	411,470,000	80,700,000	492,170,000	416,876,653	75,293,347	85%
Transfer to other Government Entities	90,000,000	-	90,000,000	89,885,855	114,145	100%
Other Transfers/Subsidies/Grants	840,000,000	-	840,000,000	839,203,863	796,137	100%
Property, Plant and Equipment	2,400,000	-	2,400,000	2,304,900	95,100	96%
Total Payments	1,343,870,000	80,700,000	1,424,570,000	1,348,271,271	76,298,729	95%
Surplus or Deficit				97,104,732	(97,104,732)	

Budget notes

1. The variance of 15% under the Use of goods and services was due to non-payment of consultancy fee for management firms whose closure reports had not been cleared by Contract Implementation Teams as at 30th June 2025. This could not be captured as Trade payables since the invoices had not been submitted for payment. This will be cleared in the Financial Year 2025/2026 as provided for in the budget and per the provision of World Bank Financial Regulations on payment during the grace period.

2. The difference between the original and final budget was due to the additional funding of ksh.80,000,000 that the Project received during supplementary 2 and ksh.700,000 during supplementary 3.

12. Notes to the Financial Statements

1. General Information

The State Department for Industry (SDI) derives its mandate from Executive Order No. 2 of 2023 as well as Executive Order No 1 of 2025. The State Department is placed under the Ministry of Investments, Trade and Industry with two other State Departments namely: State Department for Investment Promotion and State Department for Trade.

The Project is wholly owned by the Government of Kenya and is domiciled in State Department for Industry, Kenya. The Project Development Object is to increase innovation and productivity in select private sector firms.

2. Statement of Compliance and Basis of Preparation

The Financial Statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

The Project is a first-time adopter of accrual- basis IPSAS and has elected to apply the transitional provisions provided **under IPSAS 33- First-time Adoption of Accrual Basis IPSASs**.

As such, these financial statements represent the Project's first year of transitional financial reporting. In accordance with IPSAS 33, the Project has taken advantage of the permitted three-year transitional period, during which certain assets and liabilities may not be recognized and/or measured in full compliance with accrual IPSAS.

Specifically, the Project has partly implemented Property, Plant and Equipment but has not yet recognized inventories and provisions in the financial statements

This is due to challenges in obtaining reliable historical cost data and developing necessary accounting systems and controls. The Project continues to apply previous accounting policies for these elements on a temporary basis, as permitted by IPSAS 33.

The following steps are being taken to achieve full compliance by the end of the transitional period:

- Conducting comprehensive asset verification and valuation exercises
- Developing asset registers and inventory systems
- Implementing system upgrades to support accrual accounting
- Continuous Training of staff in IPSAS-compliant recognition and measurement principles

The Project expects to progressively recognize all outstanding elements in accordance with applicable IPSAS and to fully comply with accrual-basis IPSAS by end of third-year from initial adoption.

These financial statements were authorized for issue by the accounting officer on 25th August 2025

3. Adoption of New and Revised Standards

i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>These changes have been assessed and the Project's assets will be impacted upon application of this standard.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The Project is Not holding any ASSET for sale.</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application</p>

*Kenya Industry & Entrepreneurship Project (KIEP)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Standard	Effective date and impact:
	<p>guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>These changes will be assessed at the State Department Level and the project will be impacted upon application of the standard.</i></p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>These changes have been assessed and the Project assets and liabilities will be impacted upon application of this standard.</i></p>

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The project will not be affected by this standard.</i></p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer</p>

Standard	Effective date and impact:
	expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>The project will not be affected by this standard.</i>
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>The project will not be affected by this standard.</i>

iii) Early adoption of standards

The Project did not early – adopt any new or amended standards.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Project and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Principal Secretary on *15th August 2024*. 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 Project upon receiving the respective approvals to conclude the final budget. Accordingly, the Project recorded additional appropriations of Kshs 80,700,000 on the FY 2024/2025 budget following the Council/ Board's approval. The Project'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 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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page xx under section xxx of these financial statements.

c) Property, plant and equipment

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

Notes to the financial statements

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Project. 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 Project 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 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 Project 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.

e) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- 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.

Notes to the financial statements

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Project does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The Project classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the Project's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Project classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the financial statements

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Project manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The Project assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Project recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The Project classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) 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:

- Raw materials: purchase cost using the weighted average cost method.
- 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.

Notes to the financial statements

Inventories (Continued)

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 *Project*.

i) Provisions

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

Contingent liabilities

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

Contingent assets

The *Project* 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 *Project* 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.

j) Nature and purpose of reserves

The *Project* does not create and maintain reserves in terms of specific requirements. (*Project to state the reserves maintained and appropriate policies adopted*).

k) Changes in accounting policies and estimates

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

Notes to the financial statements

l) Employee benefits

Retirement benefit plans

The *Project* does not provide retirement benefits for its employees and directors. 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 a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) 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.

n) 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.

o) Related parties

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

Notes to the financial statements

p) Service concession arrangements

The *Entity* 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 *Entity* 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 *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

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

r) 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, 2025.

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Project* 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 Project 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 Project. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to the financial statements

6. Revenue Transfers

Description	2024/2025
	KShs
Unconditional Transfers	
GoK CounterPart funding	164,570,000
Total Unconditional Transfers (a)	164,570,000
Conditional Transfers	
Transfers from Development partner	1,257,752,368
Total Conditional Transfers (b)	1,257,752,368
Total Transfers for the Period (a +b)	1,422,322,368

The purpose of funding was to provide resources for implementation of Performance Improvement Plans for Intermediaries, Universities and SMEs to strengthen the innovation, productivity and access to technology.

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount moved to Capital fund	Total transfers (2024-2025)
	Kshs	Kshs	Kshs	Kshs
GoK Funding	164,570,000	-	-	164,570,000
Development Partner	1,257,752,368	-	-	1,257,752,368
Total	1,422,322,368	-	-	1,422,322,368

Notes to the financial statements

7. Use of Goods and Services

Description	FY 2024/25 Kshs
Utilities, supplies and services	2,011,237
Domestic travel and subsistence	65,890,401
Foreign travel and subsistence	86,853,784
Fuel and lubricants	435,000
General office supplies	2,187,450
Stationery, Printing, advertising, and information supplies	170,000
Training payments	30,718,993
Hospitality supplies and services	3,990,600
Other operating payments -Consultancy services	204,619,289
Routine maintenance- other assets	180,000
Routine maintenance-vehicles and other transport equipment	210,000
Total	397,266,754

8. Depreciation and Amortization expense

Description	FY 2024/25 Kshs
Property, Plant and Equipment	574,098
Total	574,098

9. Transfer to Other Government Entities

Description	FY 2024/25 Kshs
Kenya Industrial Estate(KIE)	70,000,000
Kenya Industrial Research and Development Institute(KIRDI)	19,885,855
Total Transfers to Other Government Entities	89,885,855

Notes to the financial statements

10. Other Transfers/Subsidies/Grants

Description	FY 2024/25 Kshs
Grants for scholarships	60,883,913
Grants to small businesses, cooperatives, and self employed	778,319,950
Total	839,203,863

Note

The Grants for scholarships relates to the Tuition fee paid to the Eight Universities to train 552 rapid tech skills students on artificial intelligency,cybe security, software engineering and Data Science.

Grants to small businesses,cooperatives, self-employed relates to performance based grants issued to SMEs to enhance their operations capability and achieve sustainable growth and intermediaries(incubators,accerators and tech boot camp providers) to strengthen innovation ecosystem. (Appendix iv)

11. Cash and Cash Equivalentents

Description	2024/2025 Kshs	1st July 2024 Kshs
Cash in Bank	97,104,732	23,053,635
Total Cash and Cash Equivalentents	97,104,732	23,053,635

Project Bank Accounts

Details	2024/2025 Kshs	1st July 2024 Kshs
Local Currency Accounts		
Central Bank of Kenya [A/c No.1000397144]	97,104,732	23,053,635
Total bank account balances	97,104,732	23,053,635

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Notes to the financial statements

12. Property, Plant and Equipment

Cost	Buildings	Furniture and fittings	Motor vehicles	ICT Equipment	Other Assets (Air Conditioner)	Capital Work in progress	Total
	Kshs	Kshs		Kshs	Kshs	Kshs	Kshs
Depreciation Rate	2%	12.5%	12.5%	30.0%	12.50%		
As At 1 July 2024 (opening balances)	-	-	-	-	-	-	-
Additions	-	340,200	-	1,634,200	330,500	-	2,304,900
As At 30th June 2025	-	340,200	-	1,634,200	330,500	-	2,304,900
Depreciation And Impairment							
At 1 July 2025	-	-	-	-	-	-	-
Depreciation charge for the period	-	42,525	-	490,260	41,313	-	574,098
As At 30th June, 2025	-	42,525	-	490,260	41,313	-	574,098
Net Book Values							
As at 1st July 2024	-	-	-	-	-	-	-
As at 30th June 2025	-	297,675	-	1,143,940	289,188	-	1,730,803

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Notes to the financial statements

13. Trade and Other Payables

Description	2024/2025		1st July 2024	
	Kshs		Kshs	
Trade payables	150,000		19,759,899	
Total trade and other payables	150,000		19,759,899	-
Ageing analysis: (Trade and other payables)	2024/2025	% of the Total	Comparative 2023/2024	% of the Total
Under one year	150,000	100%	-	%
Total (tie to above total)	150,000		-	

The trade payables as at 1st July 2024 was Usd. 150,684 for the Management Consultancy Fee for Niras Oy was fully paid during the financial year at an exchange rate of 131.1321.

The Kshs.150,000 for routine maintenance of project photocopier remained outstanding as at 30th June 2025 due to the error generated by the IFMIS System during payment processing that the merchant had not updated their tax information in the i-Tax system.

Notes to the financial statements

14. Cash Generated from Operations

Description	2024/25 Kshs
Surplus/Deficit for the period	95,391,799
Adjusted for:	
Depreciation	574,098
Working capital adjustments	
Increase in payables	(19,609,899)
Decrease in prepayments	
Net cash flow from operating activities	76,355,997

15. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Notes to the financial statements

Special Deposit Accounts Movement Schedule

Description	2024/2025	1st July 2024
	EURO	EURO
(i) A/C Name [A/c No 1000395923]		
Opening balance	231,847	1,017,961
Total amount deposited in the account	9,496,949	2,484,271
Total amount withdrawn	9,224,716	3,270,384
Closing balance (as per SDA bank account reconciliation attached)	504,080	231,848

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix v support these closing balance.

16.Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Notes to the financial statements

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

17.Events after the Reporting Period

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

18.Ultimate And Holding Entity

The KIEP Project is a project under the Ministry of Investments, Trade and Industry, State Department for Industry. Its ultimate parent is the Government of Kenya.

19.Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

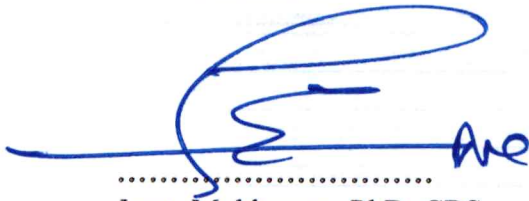
13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

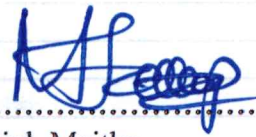
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1753	<p>Unmodified Opinion There were no material issues noted during the audit of the financial statements of the Project.</p>	N/A	N/A	N/A
1754	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects an approved final budget and actual on comparable basis receipts of Kshs.636,390,000 and Kshs.547,960,430 respectively resulting in an overall underfunding of Kshs.88,429,570 or 14% of the budget. In the circumstances, the under-funding affected the planned activities which may have a negative impact on service delivery to the public. My opinion is not modified in respect of this matter</p>	<p>The 14% was grants budgeted to be reimbursed to SMES selected through performance Improvement plan. The process of selection, shortlisting, due diligence and diagnosis of the 141 SMEs took longer than expected and performance Improvement plans were signed in November 2023 for Cohort 1 (24 PIPs), March 2024 for Cohort 2 (63 PIPs) and June 2024 for Cohort 3 (54 PIP s). Actual reimbursement of funds commenced end of June 2024. The PIU extended the SMEs granted extension of Grant Contract to 15th Feb 2025 and accelerated SMES reimbursements claims. So far 100</p>	<p>Waiting to appear before PAC</p> <p>Not resolved</p>	<p>PAC Calendar</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	There were no material issues relating to effectiveness of internal controls, risk management and governance.			



.....
Juma Mukhwana, PhD, CBS
Principal Secretary



.....
Philip Maitha
Project Coordinator

Kenya Industry & Entrepreneurship Project (KIEP)
Annual Report and Financial Statements for the financial year ended June 30, 2025

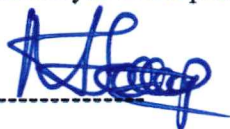
Annex 2: Reconciliation of inter-entity transfers

Project Name:		Kenya Industry & Entrepreneurship Project		
Break down of Transfers from the State Department for Industry				
a. Donor Funds		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
Kenya Industrial Estate Limited(KIE)			31,600,000	2020/2021
Kenya Industrial Estate Limited(KIE)		14/5/2024	32,876,440	2023/2024
Kenya Industrial Estate Limited(KIE)		30/6/2024	35,523,560	2023/2024
Kenya Industrial Research & Devt Institute(KIRD)		17/8/2023	35,063,978	2023/2024
Kenya Industrial Research & Devt Institute(KIRD)		14/5/2024	35,050,167	2023/2024
Kenya Industrial Research & Devt Institute(KIRD)		19/3/2025	19,885,855	2024/2025
Kenya Industrial Estate Limited(KIE)		11/4/2025	40,000,000	2024/2025
Kenya Industrial Estate Limited(KIE)		27/6/2025	30,000,000	2024/2025
		Total	260,000,000	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Coordinator
 Kenya Industry & Entrepreneurship Project

Sign



Head of Accounting Unit
 State Department for Industry

Sign



Kenya Industry & Entrepreneurship Project (KIEP)
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Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (KShs) 2023/2024	Additions during the year (KShs)	Disposal during the Year (KShs)	Transfer in/(out)during the year	Historical Cost c/f Kshs 2024/2025
	(a)	(b)	(c)	(d)	(d)
Office equipment, furniture and fittings	60,250	340,200			400,450
ICT Equipment,	11,055,009	1,634,200			12,689,209
Other Assets-Air Conditioner		330,500			330,500
Total	11,115,259	2,304,900	-		13,420,159

Annex 4: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report
- iv. Other Transfers/Subsidies/Grants
- v. Special Deposit Account(s) reconciliation statement(s)

STATE DEPARTMENT OF INDUSTRY			
KIEP PROJECT TRIAL BALANCE FOR THE YEAR ENDED 30TH JUNE 2025			
Sr. No	PARTICULARS	AMOUNT	
		DR	CR
1	Use of Goods and Services	397,266,754	-
2	Plant and equipment	2,304,900	-
3	GoK Counter Part funding		164,570,000
4	Transfers to Other Government Entities	89,885,855	
5	Other Transfers/Subsidies/Grants	839,203,863	
6	Transfers from Development partner	-	1,257,752,368
7	Bank balance	97,104,732.00	-
8	Trade Payables		150,000
9	Fund Balance as at 1st July 2024		3,293,736
	Total	1,425,766,104	1,425,766,104

