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THE AUDITOR-GENERAL

ON

KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT (IDA CREDIT NO.7450-KE)

FOR THE YEAR ENDED 30 JUNE, 2025

STATE DEPARTMENT FOR INVESTMENT PROMOTION



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

31 OCT 2025



**PROJECT NAME: KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT
(KJET)**

**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR INVESTMENT
PROMOTION**

PROJECT GRANT/CREDIT NUMBER: 7450-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)**

***Kenya Jobs and Economic Transformation Project – (KJET)
Annual Report and Financial Statements for the financial year ended June 30, 2025***

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Kenya Jobs and Economic Transformation Project (KJET)

Objective

To increase private sector investments, access to markets and sustainable finance to create and improve jobs

Address

The project Headquarters offices are in Nairobi City County, Kenya. The address of its registered office is Po Box 30057-00100, Nairobi.

Contacts: The following are the project contacts

P.O. Box: 30057-00100

Telephone: (254) 020-785-00-09/020-4407917

E-mail: ps@investmentpromotion.go.ke
psforinvestment@gmail.com

Website: <https://www.investmentpromotion.go.ke>

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	11 th December, 2023
Project End Date:	31 st December, 2028
Project Coordinator:	Mr. Luke Ezekiel Ombara
Project Development Partner:	International Development Association (IDA) – World Bank Group

2.3 Project Overview

Line Ministry or State department	Ministry of Investments, Trade and Industry/State Department for Investment Promotion
Project number	P179381
Strategic goals of the project	<p>The project development objective (PDO) is to increase private sector investments, enhance access to markets, and mobilize sustainable finance in order to create and improve jobs.</p> <p>i) Strategic Objectives (Project Components)</p> <p>Strengthening Business and Investment Enabling Reforms</p> <ul style="list-style-type: none"> (a) Streamline licensing processes (b) Improve investment-related laws, regulations, and strategies (c) Build government capacity for investor outreach and Service Delivery <p>Enhancing MSME Cluster Competitiveness</p> <ul style="list-style-type: none"> (a) Provide generalized and value-chain-specific Business Development Services (BDS) (b) Co-invest in viable MSME clusters to boost productivity and market access

	<p>Scaling Up Green Financing and Strengthening Climatic Resilience for SMEs</p> <ul style="list-style-type: none"> (a) Mobilize green private capital through agile, patient financing structures (b) Pilot instruments to help SMEs manage compound shocks, including climate risks <p>Project Management, Monitoring and Evaluation</p> <ul style="list-style-type: none"> (a) Strengthen M&E systems and capacity of national implementing agencies (b) Finance project management activities to build sustainable institutional frameworks beyond the project lifecycle <p>ii) Job Creation Target</p> <p>KJET aims to create or improve at least 45,000 jobs, including a minimum of 6,800 opportunities for women, by enhancing productivity across select MSME clusters under Kenya’s Bottom-Up Economic Transformation Agenda.</p>
<p>Summary of Project Strategies for achievement of strategic goals</p>	<p>KJET project aims to increase private sector investments and market access. It strengthens sustainable finance to boost job creation nationwide. To achieve these strategic goals, the project employs the following strategies:</p> <ul style="list-style-type: none"> (i) Strengthening Business and Investment Enabling Reforms (simplify regulations, improve transparency, and reduce business procedures and develop a unified digital platform will integrate investor services across agencies). (ii) Enhancing MSME Cluster Competitiveness (Tailored business services will address technical and market gaps. Co-financed upgrades and governance support will strengthen clusters). (iii) Market intelligence hubs to provide real-time demand and compliance data. (iv) Facilitating Access to Domestic and International Markets simplified trade processes and events will expand export opportunities.

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	<ul style="list-style-type: none"> (v) Expanding Sustainable Finance and Risk Mitigation Instruments (blended financing and matching grants to de-risk private investments plus an innovation fund and digital credit scoring to support entrepreneurs). (vi) Cross-Cutting Strategies (including (a) Artificial Intelligence (AI) analytics and Management Information System (MIS) integration to enhance monitoring and decision-making; (b). Gender, environmental, and security protocols to mainstream inclusion and compliance;(c) Finalise guidelines, pilot interventions, and launch the digital command center and (d) Continuous learning and adaptive management will drive project success).
<p>Other important background information of the project</p>	<p>KJET was approved December 12, 2023 with \$150 million financing. It runs for five years from 2024 to 2029. The project targets creation or improvement of 45,000 jobs, including at least 6,800 for women. It aligns with Kenya’s Vision 2030, the fourth Medium-Term Plan, and the Bottom-Up Economic Transformation Agenda. KJET is co-implemented by MCMSME and MITI via two dedicated PIUs under the State Department for MSMEs and the State Department for Investment Promotion. The SDMSME-anchored PIU manages MSME cluster activities through the Micro and Small Enterprises Authority. The SDIP-anchored PIU coordinates investment reforms via KenInvest and the Kenya Development Corporation. Overall coordination, fiduciary, safeguards, and M&E responsibilities reside in the Ministry of Cooperatives, MSME Development. The project expects to mobilize at least \$27 million in private capital to complement World Bank and government funding.</p>
<p>Areas that the project was formed to intervene</p>	<p>The KJET Project is structured around four core intervention areas designed to accelerate private investment, boost MSME productivity, and foster sustainable, climate-resilient growth.</p>

	<p style="text-align: center;">a. Business and Investment Enabling Environment</p> <ul style="list-style-type: none"> (i) Streamlining licensing, permitting, and registration processes (ii) Reviewing and modernizing investment-related laws, regulations, and strategies (iii) Digital transformation of government-to-business services (e.g., One Start One Stop digital platform, Business Registration Service portal) (iv) Institutional capacity building within the State Department for Investment Promotion and KenInvest <hr/> <p style="text-align: center;">b. MSME Cluster Competitiveness</p> <ul style="list-style-type: none"> (i) Provision of generalized and value-chain specific business development services (BDS) (ii) Matching/co-investment grants to scale up viable MSME clusters (iii) Facilitating market linkages, export readiness, and shared infrastructure (iv) Strengthening the Micro and Small Enterprises Authority (MSEA) to coordinate cluster interventions <hr/> <p style="text-align: center;">c. Green Financing and Climate Resilience</p> <ul style="list-style-type: none"> (i) Mobilizing patient, private green capital through agile financing structures (ii) Piloting innovative instruments for managing compound shocks, including climate risks (e.g., weather-indexed insurance) (iii) Supporting SMEs’ adoption of clean, eco-friendly technologies (iv) Collaboration with Kenya Development Corporation to channel green finance <p style="text-align: center;">d. Project Management, Monitoring & Evaluation</p> <ul style="list-style-type: none"> (i) Establishing robust M&E systems and real-time dashboards
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	<ul style="list-style-type: none"> (ii) Building fiduciary, safeguards, and reporting capacity within PIUs (iii) Knowledge management and adaptive learning to capture lessons for future reforms (iv) Ensuring sustainable institutional frameworks that endure beyond project closure <p style="text-align: center;">e. Cross-Cutting Themes</p> <ul style="list-style-type: none"> (i) Gender equity and inclusion in job creation targets (ii) Digital solutions for enhanced data capture and stakeholder engagement (iii) Alignment with environmental and social safeguards (World Bank ESS standards) (iv) Adaptive learning loops to refine interventions based on emerging evidence
Project duration	5 Years

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

- (i) CENTRAL BANK OF KENYA, A/C 1000742607 KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT, CURRENCY EUR, NAIROBI
- (ii) CENTRAL BANK OF KENYA A/C 1000742615 KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT, CURRENCY EUR, NAIROBI
- (iii) CENTRAL BANK OF KENYA A/C 1000746769 KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT, CURRENCY KSHS, NAIROBI

2.5 Independent Auditor

The Project is Audited by the Office of the Auditor General (OAG)
 3rd Floor, Anniversary Towers, University Way
 Po Box 30084-00100, Nairobi
 Phone: 020-3214000

2.6 Roles and Responsibilities

No	Names	Title designation	Key qualification	Responsibilities
1.	Mr. Abubakar H. Abubakar, CBS	Principal Secretary	MBA- Strategic Management Bachelor of Laws (LLB) CPAK, CIFA CPS(K), CFE	Accounting Officer of the State Department of Investment Promotion
2	Mr. Luke Ezekiel Ombara	Project Director	Bachelor of Arts (Econ, Maths), ICIFA, CISI, BSP	Overall Coordination and daily Management of the Project activities
3	Mrs. Esther Waweru	Head of Accounting, SDIP	MBA – Corporate Management Bachelor of Arts Finance and Accounts	Head of Accounting Unit and in charge of reporting to the World Bank and GOK

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No	Names	Title designation	Key qualification	Responsibilities
			CPA-K	
4	Mr. Nicholas Kamau	Senior Chief Finance Officer	Msc- Finance and Investments Bcom- Finance Option CPA-K	Heading Finance Department ensuring budget availability and proper utilization of the financial resources
5	Mr. Cosmus Mangale	Project Accountant	MBA- On going Bcom Finance Option CPA-K Diploma in ICT	Prepare Projects Accounting records and reports as per World bank and GOK guidelines.
6	Mrs. Diana Mkamburi	Assistant Accountant General	Masters-MBA Bcom – Finance Option CPA-K	Work together with the Project Accountant in preparing Project Accounting records and reports as per World Bank and GOK Guidelines
7	Mr. Dennis Deche	Finance Officer I	Bcom – Finance Option CPA Part II	Work together with the Project Accountant in preparing Project Accounting records and reports as per World Bank and GOK Guidelines
8	Nuru Amin Mohamed	Legal Specialist	Bachelor of Laws and Shariah	Support the project in drafting legal contracts and offering technical advices where applicable
9	Sofia Abdullahi Ibrahim	Procurement Specialist	Master of Science in Procurement and Logistics and A Degree in Business Administration majoring in Procurement	Support the Project through undertaking procurement processes with guidance from the World Bank and GOK regulations
10	Kibisu Kabatesi	Communication Specialist	MA in International Studies (Media and Conflict Resolution) and a Post Graduate Diploma in Mass Media	Support the Project through strategic communications and creation of awareness.

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No	Names	Title designation	Key qualification	Responsibilities
11	Tom Philip Okeyo	Monitoring and Evaluation Specialist	Masters in Monitoring and Evaluation and a Degree in Monitoring and Evaluation	Conducting Monitoring and Evaluation and control for the Project
12	Timothy Kiogora Murithi	Environment and Social Specialist	Master in Natural Resources Management, Bachelor's Degree in Natural Resources and Diploma in Environmental Governance	Ensuring Project Compliance with Environment and Social Safe guards during project activities implementation

2.7 Funding summary

The Project is for a duration of **5 years** from **2024 to 2029** with an approved budget of **Euro 140.7M** equivalent to **Kshs 20,387,430,000** as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	Development Partner currency Euro '000' (A)	Kshs '000' (A')	Development Partner currency Euro '000' (B)	Kshs '000' (B')	Development Partner currency Euro '000' (A)-(B)	Kshs '000' (A') - (B')
(i) Grant	-	-	-	-	-	-
(ii) Loan						
International Development Association (IDA)	140,700	20,387.430	976.563	141,504.061	139,723.436	20,245.925
(iii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	140,700	20,387.430	976.563	141,504.061	139,723.436	20,245.925

Exchange rate of Kshs 144.9/Euro

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 Euro '000'	Kshs '000'	Development Partner currency Euro '000'	Kshs '000'	Development Partner currency Euro '000'	Kshs '000'
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant	-	-	-	-	-	-
(i) Loan						
International Development Association (IDA)	976.563	141,504.061	974.69	141,233,792	1.865	270.269
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	976.563	141,504.061	974.69	141,233,792	1.865	270.269

Exchange rate of Kshs 144.9/Euro

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,*

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		-	-	-	-	-
Receipts						
Revenue Transfers	-	-	244,580,000	141,504,061	103,075,939	58%
Miscellaneous Revenue	-	-	-	-	-	-
Total Revenue	-	-	244,580,000	141,504,061	103,075,939	58%

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

The Project activities commenced last FY 2024/2025 with Component 1 and Component undertaken by both the State Department of Investment promotion and its implementation agencies. The Project has made some strides in form of working with its stakeholders and formidable ground has been made for achieving more mile stones.

iii) **Indicate the absorption rate for each year since the commencement of the project.**

Fig. 2.8 demonstrates the absorption for the Last FY 2024/2025

iv) **List the implementation challenges and recommend the next steps**

- Frequent budget cuts which slow down the Project Activities, next step is to engage the National Treasury and Parliament of the need for more funding.
- Lack of synergy between the implementing partners – next step is to organise for a capacity building workshop for all the agencies involved in the project implementation

2.9 Summary of Project Compliance:

Kenya enacted the Investment Promotion Act, 2004 to promote and facilitate investment by assisting investors in obtaining the licenses necessary to invest and by providing other assistance and incentives for related purposes. Regarding the execution of its mandate as per the **Executive Order No. 2 of 2023**, the State Department for Investment Promotion adhered to the Constitution of Kenya, 2010, Public Financial Management Act, 2012, Public Financial Management

Regulation, 2015 and The Public Service Commission (Performance Management) Regulations 2021.

The procurement processes within the State Department were in accordance with the Public Procurement and Disposal Act 2015 and the Public Procurement and Asset Disposal Regulations 2020.

The State Department also complied with Circulars from the Office of the President, The National Treasury and Economic Planning, Public Service Commission among others. There was no breach of law, misconduct nor non-adherence to the laws and regulations reported in the financial year under review.

3. Statement of Performance against Project's Predetermined Objectives

Kenya Jobs and Economic Transformation Project, Project ID Number P179381 has made a number of strides in the FY 2024/2025. Through its implementation partners coordination, it has implemented a number of activities spanning from development of Draft Investment Promotion and Facilitation Bill 2025; the County (Uniform Licensing) Regulations 2025, procurement process for competitive selection of the f Green Invest Fund (GIF), procurement of consultant for a comprehensive sector scan and segmentation of various value chains withing the manufacturing sector, online documentation of Business Regulations, Rules and Procedures for Counties, multi-sector roundtables for diagnosis of gaps in the business environment and investment climate and many more. In attaining the objectives, the project has met some challenges which include but are not limited to delayed process of recruitment of the Project Implementation Unit (PIU)that led to budget lower absorption rates leading to budgets cuts and low synergy between the implementing partners. This will be l be improved through capacity building, sensitization, induction and team-building forums so that synergies can be built and for the project to progress the core objectives namely: - Strengthening Business and Investment Enabling Reforms, Enhancing MSME Cluster Competitiveness, Scaling Up Green Financing and Strengthening Climatic Resilience for SMEs and Project Management, Monitoring and Evaluation

Accounting Officer Statement

The State Department for Investment Promotion is mandated to implement investment policies and Strategies and coordinate promotion of private (foreign and domestic) investments into the Kenyan economy towards positioning Kenya as the preferred investment destination in Africa. The Department's strategic intent is to increase the level of private investments from the current GDP level of 15% to 20% of GDP by 2027 (investments valued at USD 10B) and by 24% of GDP by 2030. SDIP endeavors to accomplish this increase in the level of investment by using five tools. These are through the;

- i. Special Economic Zones (SEZA),
- ii. Export Processing Zones (EPZA),
- iii. Kenya Investment Authority (KenInvest),
- iv. Kenya Development Corporation (KDC) and

v. The Directorate of Business Reforms Transformation (DBRT)

The strategic goals of the State Department include; enhancing competitiveness of the investment climate and business environment; improving investment products, targeting and positioning; upholding an investor-centric culture development and deepening stakeholder engagements; optimizing institutional capacity and operational efficiency. To achieve these goals, the Department executed its mandate through a three-pronged strategy comprising of investment attraction, investment facilitation and investment enabling. These pillars of strategy were budgeted for and activities implemented under one (1) programme; Investment Development and Promotion and three (3) sub programmes; Business Environment and Investments Promotion; Investments Profiling and Development and General Administration, Planning and Support Services.

The State Department budget utilization for the FY was a total gross current expenditure of Kshs. 1,850,329,087.55 against an approved budget of Kshs. 1,862,928,308.00. This represents an absorption rate of 99 per cent while the development budget was allocated Kshs. 944,580,000.00 as a Capital grant to SAGA's and KJET Project against capital expenditures of Kshs. 838,148,860.30 represents an absorption rate of 89 per cent. The recurrent budget for the State Department alone was Kshs. 248,649,360.00 of which the absorption was 100%.

During the year under review, the State Department Committed to: Participate in 12 local and international business and investment forums to market Kenya as the preferred investment destination in Africa; onboard 40 enterprises into the SEZ or EPZ programs; Fastrack the linkage of Nairobi International Financial Centre Authority (NIFCA) with Special Economic Zones for enhanced competitiveness; Co-ordinate the signing of 10 national, Regional and international investment MoUs; develop the County Competitiveness Index; develop 10 reforms aimed at improving the investment climate; Develop the county licensing (Uniform Procedures), 2024 Regulations ; complete and operationalize the four flagship Export Processing Zones in Kirinyaga, Murang'a, Busia and Uasin Gishu counties and to De-risk private investments through co-investment mechanisms through Kenya Development Corporation (KDC).

There were a number of notable achievements during the period which included: development of four (4) Flagship EPZ projects the average completion rate for the three projects is at 63% for the Phase one (1) stage of the Project. The four flagship EPZs are in Busia, Uasin Gishu, Murang'a and Kirinyaga Counties. The Nasewa, Busia County project is currently at 72%, Eldoret Uasin Gishu project is at 70%, Kabati Murang'a project is at 55% and the Sagana, Kirinyaga County project is at 55%. All these projects are scheduled to end by the end of the FY 2025/2026.



Nasewa Flagship EPZ in Busia County

On other notable achievements, the Department was able to attract Foreign Direct Investments (FDI) valued at USD 1503 Million and Domestic Direct Investments (DDI) valued at Kshs. 1,433 billion. EPZA onboarded 32 enterprises into their zones while SEZA onboarded 35 enterprises into their zones. 19 local and international forums were conducted to market investment projects. KDC de-risked Kshs. 3,561,889,035 to the priority value chains and strategic sectors through concessional loans and co-investments. Kenya Development Corporation (KDC) also mobilized Wholesale Funding through SACCOs to MSMEs through SAFER: Supporting Access to Finance and Enterprise Recovery and mobilized funds to DRIVE: De-Risking, Inclusion and Value Enhancement to communities with the objective to intervene to protect pastoral communities against drought shocks by Increasing financial inclusion and connecting them better to the market. The value of Exports from the EPZ programs was Kshs 126.45 billion. 6 Special Economic Zones

and 5 Economic Processing Zones were gazetted. A total of 19,677 jobs were created by our SAGAs during the year.

The challenges that were faced during the implementation period were delayed exchequer releases and none or minimal development budget allocations, multiplicity of licenses (an investor concern), and limited investment spaces. These challenges can be overcome by mobilizing external resources and developing the County Licensing (Uniform Procedures) Amendment Bill and submitting it to Cabinet for approval, prioritizing investor concerns to resolve or undertake the needed reforms and Finalizing the Development of the flagship EPZs to provide more industrial sheds to investors. There are a few other risks which could threaten the implementation of the commitments for the FY 2025/26 which include: political interference, which will be mitigated by strict adherence to the legal provisions or by having constructive stakeholder engagements and Litigation issues which will be mitigated by strict adherence to the legal provisions or alternative dispute resolution mechanisms.

The year saw Kenya, through SDIP, make significant strides in investment promotion, with notable achievements in both Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI). FDI Intelligence ranked Kenya as the Number 1 Country in Africa in 2024 with the Greatest Investment Momentum, underscoring the country's appeal to international investors. This reflects Kenya's robust strategy to position itself as a leading investment destination in Africa.

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

- a) Strengthening Business and Investment Enabling Reforms
- b) Enhancing MSME Cluster Competitiveness
- c) Scaling Up Green Financing and Strengthening Climatic Resilience for SMEs
- d) Project Management, Monitoring and Evaluation

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: (the entity to provide this information as per the table below or in a more applicable format to its operations)

Project	Objective	Outcome	Indicator	Performance
<i>Investments, Trade and Industry</i>	To increase private sector investments, access to markets and sustainable finance to create and improve jobs	<i>Creation of Direct and indirect jobs for Small Micro and Medium Enterprises</i>	<i>Sector Scans in progress/GIF registration and GIF Fund Manager recruitment</i>	<i>In FY 2024/2025 the PIU was full constituted and foundation laid for the Project to kick off. The procurement process for consultants for the sector scan analysis & segmentation; individual climate and green finance expert; and selective recruitment of the GIF Fund Manager ongoing</i>

4. Environmental and Sustainability Reporting

For the year ending 30 June 2025, the KJET Project continued to advance its development objective of increasing private-sector investments, improving market access, and mobilizing sustainable finance to create jobs for youth and women. Guided by the KJET Environmental and Social Commitment Plan (ESCP), the KJET and KDC Environmental and Social Management Frameworks (ESMFs), and by the Kenya Development Corporation's (KDC) standalone Environmental and Social Management System (ESMS), this report assesses progress under Component 1 (Strengthening Business and Investment Enabling Reforms), Component 3 (Scaling Up Green Financing and Strengthening Climatic Resilience for SMEs), and Subcomponent 4.1 (Project Management, Monitoring and Evaluation).

Sustainability strategy and profile

The State Department for Investment Promotion (SDIP), in collaboration with Kenya Investment Authority launched the development of a streamlined digital licensing portal known as the One Start One Stop (OSS) platform.

KJET's sustainability strategy is anchored on three foundational pillars. First, by institutionalizing digital platforms, the enhanced OSS portal promotes efficient, transparent, and paperless processes that extend beyond the project's lifespan, significantly reducing administrative burdens for both investors and firms. Second, the initiative builds regulatory capacity through targeted training and secondment programs for government personnel, ensuring that newly developed laws and reforms—such as updates to the Business Registration Service (BRS) and the e-Regulations portal—are effectively implemented and maintained across national and county levels. Third, a performance-based monitoring approach ties disbursements to the achievement of key regulatory milestones, thereby incentivizing ongoing reform and cultivating a culture of accountability within regulatory institutions.

The sustainability strategy also centres on mobilizing private capital into climate-smart ventures while equipping micro, small, and medium enterprises with the tools to adapt to evolving climate risks. Guided by Kenya Vision 2030, the National Climate Change Action Plan, and international commitments under the Paris Agreement and Sustainable Development Goals, the Kenya Development Corporation (KDC), was in the process of operationalizing two complementary facilities through implementation of the performance-based conditions. For sustainability, an

Environmental and Social Management System (ESMS) underpins both facilities. Every project proposal is set to undergo an environmental screening and due diligence process aligned with World Bank safeguards and national regulations. Site-specific Environmental and Social Management Plans (ESMPs), legal covenants, and “chance finds” protocols safeguard biodiversity, cultural heritage, and community livelihoods from potential adverse impacts.

Environmental performance

To strengthen environmental performance, the State Department appointed an Environmental and Social Risks Specialist to the Project Implementation Unit in May 2025. This specialist was tasked with leading the execution of the Project’s Environmental and Social Commitment Plan (ESCP), ensuring that all activities align with global sustainability standards.

A key milestone in the project’s sustainability strategy was the development and public disclosure of the Environmental and Social Management Framework (ESMF). This framework serves as a comprehensive guide for identifying, assessing, and managing potential environmental and social risks associated with KJET interventions. In essence, it acts as the blueprint for safeguarding the project’s environmental and social integrity.

Among the specific sustainability measures introduced, the project promotes Green Financing for Micro, Small, and Medium Enterprises (MSMEs). By mobilizing private capital, it supports these businesses in adopting eco-friendly technologies. The financing model is designed to be patient and flexible, offering long-term funding that attracts private investors while focusing on clean energy solutions, waste reduction, and sustainable production practices.

To bolster climate resilience, the project also pilots’ innovative tools that help MSMEs navigate compound shocks, including climate-related events such as droughts and floods. These efforts aim to enhance the adaptive capacity of businesses, enabling them to withstand and recover from environmental disruptions.

The Environmental and Social Commitment Plan further ensures that all project activities comply with the World Bank’s Environmental and Social Standards. As part of this commitment, several safeguards were developed and disclosed, including a Grievance Redress Mechanism, a Stakeholder Engagement Plan, a Labour Management Plan, and robust monitoring and reporting framework which is under review. Together, these instruments form the foundation of the project’s responsible and inclusive approach to development.

In the year under review no implementation of ESMF was undertaken by the project.

1. Employee welfare

The Project follows the Government of Kenya's Human Resource Management Guidelines and World Bank Requirements on Fair Labour Practices. Recruitment and hiring processes are guided by merit, transparency, and equal opportunity principles, with deliberate efforts made to ensure gender balance and inclusivity in staffing. In line with project objectives, staff development is prioritized through continuous training, skills enhancement programs, and career management initiatives aimed at building capacity for effective service delivery. Employee performance is evaluated through a structured appraisal system, which informs both professional growth opportunities and recognition mechanisms. Rewards and motivation strategies are aligned to performance outputs, ensuring accountability and productivity.

In addition, the Project upholds high standards of workplace safety and employee well-being. It complies fully with the Occupational Safety and Health Act (OSHA) 2007 by maintaining a safe and healthy working environment, providing the necessary safety information, and implementing measures to prevent workplace hazards. Policies on occupational health, staff welfare, and compliance are integrated into project operations to safeguard employees against risks while promoting a culture of safety awareness and responsibility. These measures demonstrate the Project's commitment to protecting staff welfare, enhancing productivity, and aligning with both national and international labour and safety standards

2. Marketplace practices-

a) Responsible Supply chain and supplier relations/Ethical practises and Regulatory impact assessment

The State Department developed a Service Charter focused on providing satisfactory services to its clients with six main areas of services as follows: Facilitate the Private sector with information about investment upon request; Support the Private Sector to resolve emerging business concerns; Provide information to support Private sector development and facilitate engagements with development partners and other stakeholders; Coordinate, organize and participate in investment promotion forums with local and international partners; Guide on labour, capital and technological productivity for enterprise and Providing Regulatory and Investment Information to investors both local and foreign investors

The State Department ensured responsible supply chain and supplier relations through maintaining good business practices, treating its own suppliers responsibly by honouring contracts and respecting payment practices. In addition, the following were conducted in

transparent and accountable manner: Pre-qualification of suppliers; Invitation of diverse pre-qualified suppliers for Request for quotations; Timely forwarding of supplier documents to the accounts for on-time payments and Adherence to public procurement and disposal act 2015 and public procurement and disposal regulation 2020.

Regulatory Impact Assessment is systematic review and assessment of regulatory and legal reforms under Component 1 to identify their environmental and social risks. In the year under review, no regulatory impact assessment was undertaken for any sub project.

3. Community Engagements

The Project Implementation Unit (PIU) during the FY 2024/2025 did not participate in Corporate Social Responsibility (CSR) since it was not full constituted.

5. Statement of Project Management Responsibilities

The Principal Secretary for the State Department for Investment Promotion and the **Project Director** 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.

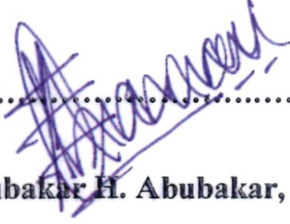
The Principal Secretary for the **State Department of Investment Promotion** and the **Project Director** accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with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

The Principal Secretary for the **State Department of Investment Promotion** and the **Project Director** 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 of Investment Promotion** and the **Project Director** 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 of Investment Promotion** and the **Project Director** 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 State Department of Investment Promotion* and the **Project Director** on 30th October, 2025 and signed by:



.....
Abubakar H. Abubakar, CBS
Principal Secretary



.....
Luke E. Ombara
Project Director

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT (IDA CREDIT NO. 7450-KE) FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR INVESTMENT PROMOTION

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 Jobs and Economic Transformation Project set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

Report of the Auditor-General on Kenya Jobs and Economic Transformation Project (IDA Credit No.7450-KE) for the year ended 30 June, 2025 – State Department for Investment Promotion

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 Jobs and Economic Transformation 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 IDA Credit No.7450-KE between the International Development Association (IDA) and the Republic of Kenya dated 28 February, 2024.

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 of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Jobs and Economic Transformation 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.

Emphasis of Matter

1. Amount Withdrawn but Not Claimed

Part B of the statement of Special (designed) Account No 1000472615 reconciliation for the Program reflects EUR.162,000.00 (Kshs.23,510,622.60 - at an exchange rate of 1 EUR at Kshs.145.1273) as withdrawn but unclaimed as at 30 June, 2025. This represents cumulative funds' transfers to the local Program bank account but whose expenditure returns had not been submitted to The National Treasury by the close of the financial year.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year reflects final receipts budget and actual on comparable basis amounting to Kshs.244,580,000 against actual of Kshs.141,504,061 resulting to an under-funding of Kshs.103,075,939 or 42% of the budget. Similarly, the Project spent Kshs.153,647,545 against actual receipts of Kshs.141,504,061 resulting to an over-expenditure of Kshs.12,143,484 of actual receipts.

The under-funding and over-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

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 Information

The Management is responsible for the Other Information set out on page iv to xxvi 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, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delay in Project Implementation

The financing agreement for the Project was signed on 28 February, 2024 and the expected commencement date was 29 May, 2024, ninety (90) days after the signing of the agreement. However, the Project commenced on 16 May, 2025 which was fifteen (15) months after signing of the agreement. This was contrary to paragraph 5.02 of Article V - Effectiveness; Termination of the Financing Agreement, which sets the effectiveness deadline as the date ninety (90) days after the signature date.

In the circumstances, the Project Management was in breach of the provisions of the Financing Agreement.

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 of 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

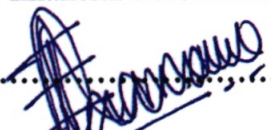
Nairobi

04 November, 2025

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

	Notes	Insert Current FY
		Kshs
Revenue		
Revenue Transfers	6	141,504,061
Miscellaneous Revenue	7	-
Total revenue		141,504,061
Expenses		
Employee costs	8	6,114,954
Use of goods and services	9	39,207,071
Depreciation and amortization expense	10	1,636,424
Transfer to other Government Entities	11	100,000,000
Other Transfers/Subsidies/Grants	12	-
Certified Works	13	-
Total expenses		146,958,450
Other gains/(losses)		
Gain/Loss on sale of assets	14	-
Gain/Loss on foreign exchange transactions	15	-
Impairment loss	16	-
Surplus/ (deficit)		-5,454,388

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



Abubakar H. Abubakar,
 CBS.
Principal Secretary



Luke E. Ombara
Project Director

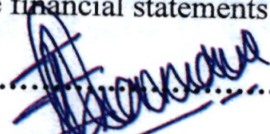



CPA Cosmus Mangale
Project Accountant
 ICPAK Member No: 20914


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

	Note	30 th June 2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	520,264	-
Receivables	18	23,840,001	-
Inventories	19	-	-
Prepayment	20	-	-
Total Current Assets		24,360,265	-
Non-Current Assets			
Property, Plant and Equipment	21	6,689,096	-
Intangible Assets	22	-	-
Total Non- Current Assets		6,689,096	-
Total Assets (a)		31,049,361	-
Liabilities			
Current Liabilities			
Trade and Other Payables	23	12,413,754	-
Third Party Deposits/Retention	24	249,995	-
Deferred Revenue	25	23,840,001	-
Total Current Liabilities		36,503,750	-
Total Liabilities (b)			-
Net Assets (a-b)		-5,454,389	
Represented By:			
Accumulated Surplus		-5,454,389	-
Total Net Assets		-5,454,389	-

The financial statements were approved on 30th October, 2025 and signed by:


.....
Abubakar H. Abubakar,
CBS.
Principal Secretary


.....
Luke E. Ombara
Project Director

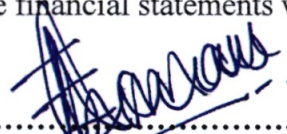

.....
CPA Cosmus Mangale
Project Accountant

9. Statement of Changes in Net Assets


Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	-
Adjustments:	
Asset Recognition	-
Liabilities recognition	-
As at 1st July 2024	-
Surplus/(Deficit) for the year	-5,454,389
As at 30th June 2025	-5,454,389

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


The financial statements were approved on **30th October, 2025** and signed by:



Abubakar H. Abubakar,
CBS
Principal Secretary



Luke E. Ombara
Project Director



Cosmus Mangale
Project Accountant
 ICPAK Member No. 20914

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

Description	Note	Insert Current FY
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		141,504,061.05
Miscellaneous Revenue		-
Total receipts		141,504,061.05
Payments		
Employee costs		6,114,954.40
Use of goods and services		26,793,317
Transfer to other Government Entities		100,000,000
Other Transfers/Subsidies/Grants		-
Certified Works		-
Total payments		132,908,271
Net cash flow from operating activities	26	8,595,790.05
Cashflow from investing activities		
Acquisition of non-financial assets		8,325,520
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
Net cash flows from investing activities		8,325,520
Cash flow from financing activities		-
<i>Specify the activity</i>		-
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		520,264
Cash and cash equivalent at 1st July 2024	17	-
Cash and cash equivalent at end June 2025	17	520,264

*(Kenya Jobs and Economic Transformation Project) - KJET
Annual Report and Financial Statements for the financial year ended June 30, 2025*

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		-	-	-	-	-
Receipts						
Revenue Transfers	700,000,000	455,420,000	244,580,000	141,504,061.05	103,075,938.95	57.8%
Miscellaneous Revenue	-	-	-	-	-	-
Total Revenue	700,000,000	455,420,000	244,580,000	141,504,061.05	103,075,938.95	57.8%
Payments						
Employee costs	42,000,000	-	42,000,000	6,114,954.40	35,885,045.60	14.56%
Use of goods and services	145,966,000	55,420,000	90,546,000	39,207,071	51,338,929	43.3%
Transfer to other Government Entities	500,000,000	400,000,000	100,000,000	100,000,000	-	-
PPE	12,034,000	-	12,034,000	8,325,520	3,708,480	69.2%
Total Payments		-	-	153,647,545.40	90,932,454.60	-
Surplus/Deficit	-	-	-	-12,143,484.35	12,143,484.35	-

BUDGET NOTES

1. KJET had an original approved Budget of Kshs. 700,000,000 as per approved Work Plan 2024/2025
2. National Treasury Revised the Budget to Kshs. 244,580,000. During the FY the Project received exchequer of Kshs. 141,504,061.05, comprised of KDC transfer of Kshs 100,000,000 and Kshs. 41,504,061.05 for Activities. However, Kshs. 94,580,000 could not be accessed since it was captured as a grant instead of a Loan Revenue.
2. The Budget of Employee costs was per Approved Work Plan and World Bank Project Procurement Strategy for Development. The employee costs covered only two months since the Project Implementation Unit reported in May, 2025.
3. As per approved Workplan FY 2024/2025. The use of Goods budget was Kshs. 145,966,000 and a Final Budget of Kshs. 90,546,000. However, only Kshs. 39,207,071 was utilised. This is as result of Kshs. 94,580,000 was could not be accessed and the PIU reported official on duty in May 2025 where most of the project activities started.

Kenya Jobs and Economic Transformation Project (KJET)
Annual Report and Financial Statements for the financial year ended June 30, 2025

4. Transfers to other Government Entities (KDC) of Kshs. 100,000,000 was as per the approved work plan and Budget of FY 2024/2025
5. Property, Plant and Equipment (PPE) had a budget of Kshs. 12,034,000 as per approved workplan, however only Kshs. 8,325,520 was spent due to the fact that most of the procurement process was done in May and June 2025 when the Project Implementation Unit members had reported on duty

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	270,269
	Cash and Cash equivalents at the start of the period	-
	Increase in Payables (Refundable Deposits)	249,995
	Closing Cash and Cash Equivalent as per the statement of Cash flows	520,263

12. Notes to the Financial Statements

1. General Information

xxx entity is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is xxx.

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).

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

These financial statements were authorized for issue by the accounting officer on 6th October, 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>Applicable 1st January 2025</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>N/A</p>
IPSAS 44: Non- Current Assets Held for	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p>

Standard	Effective date and impact:
Sale and Discontinued Operations	<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>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</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 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>It ascertains the value of assets during its useful life</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"> <li data-bbox="502 1189 1412 1317">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. <li data-bbox="502 1328 1412 1406">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; <li data-bbox="502 1417 1412 1545">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>N/A</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>It improves on reporting and disclosures</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 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.</p> <p>N/A</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>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.</p> <p>N/A</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>N/A</p>

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

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 entity 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 of Ksh.700 million as Loan Revenue was approved by the National Treasury during FY2024/25 Supplementary II Estimates. Subsequent revisions were made to the approved budget in accordance with specific approvals from the National Treasury and the National Assembly. In the FY2024/25 Supplementary III estimates, the budget was revised downwards from Ksh.700 million to Ksh.244.58 million being Ksh.144.58 for component 1 and Ksh.100 million for component 3. However, of the Ksh.144.58 million for component 1, Ksh.94.58 million was erroneously captured as grant revenue instead of Loan revenue. Consequently, we communicated this to the National Treasury for corrective action but this had not been rectified by closure of FY2024/25. We were therefore only able to access Ksh.50 million for component 1.

Accordingly, the State Department recorded reduction appropriations of Ksh. 455.42 being the budget cut from the original Ksh.700million on the FY 2024/2025. The entity's budget is prepared on the 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. 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 1 under section vii 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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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 Entity. 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 Entity 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 Entity 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 Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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 entity 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 entity 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 entity'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 entity 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 entity 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 entity 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 entity 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 entity 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 *Entity*.

i) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* 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 *Entity* 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 *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Entity* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

The *Entity* 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 *Entity* provides 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 proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

m) 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.

n) Related parties

The *Entity* 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

o) 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.

p) 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.

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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Notes to the financial statements

6. Revenue Transfers

Description	2024/2025
	Kshs.
Unconditional Transfers	
GoK Counter Part funding	-
Transfers from Development partners	-
<i>Other unconditional transfers (Specify)</i>	-
Total Unconditional Transfers (a)	-
Conditional Transfers	
International Development Association (IDA)	141,504,061.05
Total Conditional Transfers (b)	141,504,061.05
Total Transfers for the Year (a + b)	141,504,061.05

To facilitate KJET Activities for component 1 and Component 3 as per the approved workplan for FY 2024/2025.

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 (Current FY)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	-	-	-
International Development Association (IDA)	141,504,061.05	-	-	141,504,061.05
Subtotal	141,504,061.05	-	-	141,504,061.05
Deferred Income realized	-	-	-	-
Transfers in Kind	-	-	-	-
Total	141,504,061.05	-	-	141,504,061.05

Notes to the financial statements

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	-
Others (specify)	-
Total	-

8. Employees Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	-
Basic wages of temporary employees	4,031,896.24
Personal allowances paid as part of salary	-
Personal allowances paid as reimbursements	-
Personal allowances provided in kind	-
Net Salaries for Temporary Employees	-
Compulsory national social security schemes	120,960.00
Compulsory national health insurance schemes	164,037.50
Housing Levy Contributions	178,950.00
PAYE	1,619,111.26
Total	6,114,955.00

9. Use of Goods and Services

Description	FY 2024/25
	Kshs
Utilities, supplies and services	-
Bank charges	-
Communication, supplies and services	-
Domestic travel and subsistence	20,845,839
Foreign travel and subsistence	8,963,975
Fuel and lubricants	-
General office supplies	1,537,110.
Stationery, Printing, advertising, and information supplies	2,204,853.80
Office rent	-
Training payments	-
Hospitality supplies and services	5,655,293
Insurance costs	-
Specialized materials and services	-
Other operating payments(specify)	-
Routine maintenance – vehicles and other transport equipment	-
Routine maintenance- other assets	-

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Description	FY 2024/25
	Kshs
Total	39,207,071

Notes to the financial statements

10. Depreciation and Amortization expense

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	1,636,424
Intangible Assets	-
Total	1,636,424

11. Transfer to Other Government Entities

Description	FY 204/2025
	Kshs
Kenya Development Corporation (KDC)	100,000,000
Total	100,000,000

12. Other Transfers/Subsidies/Grants

Description	FY 20xx/xx
	Kshs
Transfers to Non-Government Organizations	-
Subsidies	-
<i>Others Specify</i>	-
Total	-

13. Certified Works

Description	FY 2024/2025
	Kshs
Road Works	-
Water Works	-
Energy Infrastructure	-
<i>Partitioning of SDIP -PIU Offices</i>	-
Total	-

Notes to the financial statements

14. Gain/Loss on Sale of Assets

Description	FY 2024/2025
	Kshs
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain/loss on sale of assets	x/(x)

Provide brief explanation on gains on sale of fixed assets)

15. Gain/Loss on foreign exchange transactions

Description	FY 20xx/xx
	Kshs
Gain on foreign exchange transactions	x
Loss on foreign exchange transactions	(x)
Total Gain/Loss	x

16. Impairment Loss

Description	FY 20xx/xx
	Kshs
Property, Plant and Equipment	x
Intangible Assets	x
<i>Others specify</i>	x
Total Impairment Loss	x

17. Cash and Cash Equivalents

Description	30 th June 2025	1 st July 2024
	Kshs	Kshs
Cash in Bank	270,269	-
Deposits	249,995	-
<i>Others (Specify)</i>	-	-
Total Cash and Cash Equivalents	520,264	-

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Notes to the financial statements

Project Bank Accounts

Details	30th June 2025	1st July 2024
	EURO	EURO
Foreign Currency Accounts		
Central Bank of Kenya A/C No. 1000742607 (DA-A)	-	-
Central Bank of Kenya A/C No. 1000742615 (DA-B)	4,869,252	-
Total Foreign Currency balances	4,869,252	-
Local Currency Accounts		
Central Bank of Kenya A/C No. 1000746769 (Project A/C (Kshs))	270,269	-
Total bank account balances	270,269	-

Notes to the Financial Statements (Continued)

18. Receivables

Description	30 th June 2025	1 st July 2024
	Kshs	Kshs
Counter Part Funding	-	-
Contractor's Advance payments	-	-
SDIP Development Account	23,840,001	-
Total Receivables	23,840,001	-

Explanation notes

The Project had receivables as at 30th June 2025 since SDIP Development Account has not paid the Project Kshs. 23,840,001.

Ageing analysis for Receivables

Description	30 th June 2025		1 st July 2024	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

19. Inventories

Description	30 th June 2025	1 st July 2024
	Kshs	Kshs
Consumable stores	-	-
Construction stores	-	-
<i>Others consumables (specify)</i>	-	-
Less: allowance for impairment	-	-
Total inventories	-	-

(Provide brief explanation on inventories)

20. Prepayments

Description	30 th June 2025	1 st July 2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
<i>Others specify</i>	-	-
Total inventories	-	-

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Notes to the financial statements

21. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	12.50%	12.5%	30%?	12.5%		
As At 1 July 2024 (opening balances)	-	-	-	-	-	-
Additions	-	4,921,325	3,404,195	-	-	8,325,520
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
As At 1 July 2024	-	4,921,325	3,404,195	-	-	8,325,520
Depreciation And Impairment						
As At 1 July 2024	-	-	-	-	-	-
Depreciation charge for the year	-	615,165	1,021,258	-	-	1,636,424
Impairment loss	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-
As At 30th June 2025	-	615,165	1,021,258	-	-	1,636,424
Net Book Values						
As at 1st July 2024	-	-	-	-	-	-
As at 30th June 2025	-	4,306,159	2,382,937	-	-	6,689,095

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Notes to the financial statements

22. Intangible Assets

Description	1 st July 2024
	Kshs
Cost	
As at 1 st July 2024	-
Additions	-
As At 30 th June 2025	-
Amortization and impairment	
As at 1 st July 2024	-
Amortization	-
Impairment loss	-
As At 30 th June 2025	-
NBV as at 1 st July 2024	-
NBV as at 30 th June 2025	-

23. Trade and Other Payables

Description	30 June 2025		1 st July 2024	
	Kshs		Kshs	
Trade payables	12,413,754		-	
Employee payables	-		-	
Other payables (specify)	-		-	
Total trade and other payables	12,413,754		-	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	12,413,754	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	12,413,754		-	

These are commitments in the FY 2024/2025 which were not paid as at 30th June 2025

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Notes to the financial statements

24. Third-Party Deposits

Description	30 th June 2025		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention	249,995		-	
Gratuity	-		-	
Other deposits (specify)	-		-	
Total deposits	249,995		-	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	249,995	100%	-	%
1-2 years	-	-	-	%
2-3 years	-	-	-	%
Over 3 years	-	-	-	%
Total	249,995		-	

This is retention funds during partitioning of SDIP-PIU Offices. It's refundable to the Vendor once the works is complete and Completion Certificate issued to SDIP- KJET

25. Deferred Revenue

Description	30 th June 2025		1 st July 2024	
	Kshs		Kshs	
Development partner 1	xxx		xxx	
Development partner 2	xxx		xxx	
SDIP Development account	23,840,001		xxx	
Total Deferred Income Revenue .	23,840,001		xxx	

Kshs 23,840,001 has been treated as receivables as at 30th June, 2025 since the project had not received the funds that had erroneously been transferred to KJET MSEA and at the same time a deferred revenue since it was funds due to the project as at 30th June 2025 however it was received on 3rd July 2025

Deferred Income Movement Schedule

	IDA- World Bank	Development Partner 2	Others specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 st July 2024	-	-	-	-

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Additions	-	-	-	-
Transfers To Performance Statement as Revenue	(xxx)	(xxx)	(xxx)	(xxx)
Balance as at 30 th June 2025	xxx	xxx	xxx	xxx

Notes to the financial statements

26. Cash Generated from Operations

Description	FY 2024/205
	Kshs
Surplus/Deficit for the year	-5,454,389
Adjusted for:	
Depreciation	1,636,424
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	12,413,754
Increase in payments received in advance	-
Net cash flow from operating activities	8,595,789

27. 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.

Kenya Jobs and Economic Transformation Project (KJET)

Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

Special Deposit Accounts Movement Schedule

Description KJET – Project Account	30 th June 2025	1 st July 2024
	Kshs	Kshs
(i) A/C Name [A/c No. 1000746769] - CBK		
Opening balance	-	-
Total amount deposited in the account	141,504,061	-
Total amount withdrawn	141,233,792	-
Closing balance (as per bank account reconciliation attached)	270,269	-

The Project Account reconciliation statement has been attached as Appendix IV to support these closing balance.

28.Related Party Disclosures

Nature of related party relationships

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

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Notes to the financial statements

Other related parties include:

- i) The Parent Ministry.
- ii) KDC
- iii) Kenya Investment Authority
- iv) EPZA

Description	30 th June 2025
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	-
Rent income from govt. Agencies	-
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Others (specify)	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	-
Payments for goods and services for xxx	-
Total	
d) Key management compensation	
Directors' emoluments	-
Compensation to key management	-
Total	-

Notes to the financial statements

29.Events after the Reporting Period

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

30.Ultimate And Holding Entity

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

31.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)
N/A	N/A			
N/A	N/A			
N/A	N/A			
N/A	N/A			



.....
Abubakar H. Abubakar, CBS
Principal Secretary



.....
Luke E. Ombara
Project Director

Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land	-	-	-	-	-
Buildings and structures	-	-	-	-	-
Transport equipment	-	-	-	-	-
Office equipment, furniture and fittings	-	4,306,159	-	-	4,306,159
ICT Equipment	-	2,382,937	-	-	2,382,937
Machinery and Equipment	-	-	-	-	-
Biological assets	-	-	-	-	-
Infrastructure Assets- Roads, Rails	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work in Progress	-	-	-	-	-
Total		6,689,096		-	6,689,096

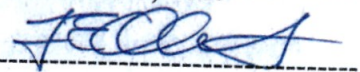
Kenya Jobs and Economic Transformation Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Annex 2: Reconciliation of inter-entity transfers

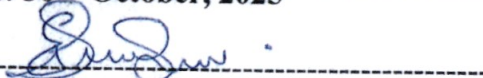
Project Name:			
Breakdown of transfers from the State Department for Investment Promotion (SDIP)			
a. Government Counterpart funding			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
		-	
	Total	-	
B. Direct payments			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
	Total	-	
C. Others			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
		-	
	Total	-	
	Total (A+B+C)	-	

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

Luke E. Ombara
 Project Director
 SDIP- Project Implementing Unit
 Date 30th October, 2025

Sign 

CPA Esther Waweru – ICPAK No. 5658
 Head of Accounting Unit
 State Department for Investment Promotion (SDIP)
 Date: 30th October, 2025

Sign 

Annex 4: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities*
- ii. Board of Survey Report*
- iii. Project Account Bank reconciliation statement as at 30th June 2025*
- iv. Special Bank Accounts reconciliations as at 30th June, 2025 (DA-A and DA-B)*

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