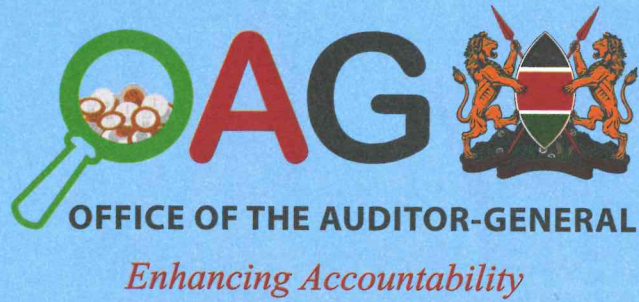


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA NATIONAL INNOVATION AGENCY

FOR THE YEAR ENDED

30 JUNE, 2023

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

29 SEP 2023

~~RECEIVED~~



KENYA NATIONAL INNOVATION AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Kenya National Innovation Agency
Annual Reports and Financial Statements
for the year ended June 30, 2023.

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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

| | |
|-----------|--|
| IPSAS | International Public Sector Accounting Standards |
| NT | National Treasury |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| KENIA | Kenya National Innovation Agency |
| KIW | Kenya Innovation Week |
| CEIL | Commercialisation and Entrepreneurial Institutions Leaders |
| R2C | Research to Commercialisation |
| IS | Institutional Support |
| KNEIL | Kenya Network of Entrepreneurial Institutions Leaders |
| UF | Universities Fund |
| NRF | National Research Fund |
| CUE | Commission for University Education |
| ARIN | Africa Research and Impact Network. |
| IP | Intellectual Property |
| HEI | Higher Education Institutions |
| NGO | Non-Governmental Organisations |
| TVET | Technical and Vocational Education and Training |
| KIB | Kenya Innovation Bridge |
| GII | Global Innovation Index |
| BETA | Bottom-Up Economic Transformation Agenda |
| 4IR | Fourth Industrial Revolution |
| WFP | World Food Program |
| KIRDI | Kenya Industrial Research and Development Institute |
| KALRO | Kenya Agricultural and Livestock Research Organization |
| SDHER | State Department for Higher Education and Research |
| OACPS R&I | Organisation of African, Caribbean and Pacific States |
| R&D | Research and Development |

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year- Means the prior period.

Startup - A newly established business venture with innovative ideas aiming for growth and success.

Commercialisation - The process of bringing a new product, service, or technology to the market for commercial use and profitability.

Research – Systematic investigation and study to gain knowledge, solve problems, or create new insights and discoveries.

Innovation - Novel idea, product, process, or service that brings significant improvements or advancements.

Masterplan - A comprehensive and strategic outline or blueprint detailing the goals and actions to achieve a specific vision or objective.

Innovation Hub - A physical or virtual space that fosters collaboration, creativity, and networking among entrepreneurs, researchers, and innovators.

Incubator - A supportive environment that nurtures and assists early-stage startups by providing resource mentorship, and guidance.

Accelerator - A program designed to accelerate the growth of startups by offering intensive support, mentorship and access to resources and investors.

Intellectual Property - Legal rights that protect creations of the mind, such as inventions, designs, symbols, name and artistic works.

Global Innovation Index - A ranking system that evaluates and compares the innovation capabilities and performance of countries worldwide.

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

The Kenya National Innovation Agency (KeNIA) is a State Corporation established under the Science, Technology and Innovation (STI) Act, No. 28 of 2013 under the Ministry of Education. The entity is currently domiciled in the Ministry of Youth Affairs, the Arts and Sports. Working with partners, the Agency strengthens interrelationships between actors to promote innovative ideas, enterprise development out of research and ideas. From supporting the identification, recording and protection of appropriate policies, standards and implementation of appropriate policies, the Agency also works with partners to coordinate the establishment and implementation of appropriate policies, standards and implementation of appropriate policies, processes, infrastructure, and partnerships to nurture the innovative ideas. The Agency also works with partners to ensure appropriate prioritisation, relevant capacity development, innovation recognition and publication of innovative ideas. Currently, the Agency has one office which serves as the headquarters, based in Nairobi. KeNIA has operational offices in other parts of the country.

(b) Principal Activities

The core mandate of the Agency is to develop and manage the National Innovation System. The Agency is therefore responsible for co-ordination, promotion and regulation of the National Innovation Ecosystem. **Vision:** A key enabler of socio-economic development through innovation. **Mission:** To develop and manage a dynamic national innovation system that facilitates taking ideas to the market.

The Agency has 21 functions according to the ST&I Act. They are as follows:

| S. N | Function |
|------|--|
| 1 | Institutionalise linkages between universities, research institutions, the private sector, the Government, and other actors in that System; |
| 2 | Cause the creation of science and innovation parks, institutes or schools or designate existing institutions as centres of excellence in priority sectors; |
| 3 | Develop and continuously benchmark national innovation standards based on international best practices; |
| 4 | Scout for and nurture innovative ideas from individuals, training institutions, the private sector and similar institutions; |
| 5 | Establish and regularly update a database on innovation in collaboration with other relevant institutions; |
| 6 | Monitor, forecast and maintain a database of the latest and future global technology; |
| 7 | Increase awareness of intellectual property rights among innovators; |
| 8 | Ensure the inclusion of science, technology and innovation in the country's programmes and policies at all levels; |
| 9 | Establish and maintain a Presidential or other award system for novel innovations, subject to prescribed conditions; |
| 10 | Implement the national innovation and commercialisation policy; |
| 11 | Disseminate scientific knowledge or technology through any medium; |
| 12 | Recommend provision of financial and any other assistance to any person, for the purpose of enabling that person to develop any technological innovation; |

| | |
|----|---|
| 13 | Acquire rights or interests in or to any technological innovation supported by the Agency from any person or assign any person any rights in or to such technological innovation; |
| 14 | Create synergies among different technological innovations, incubations initiatives for diffusion of technology in Kenya; |
| 15 | Develop the national capacity and infrastructure to protect and exploit intellectual property derived from research or financed by the Agency; |
| 16 | Facilitate the application for grant or revocation of patents and institution of legal action for infringement of any intellectual property rights; |
| 17 | Recommend the provision of financial and any other assistance to any person for the purpose of encouraging the person to develop any technological innovation; |
| 18 | Identify strategic fields of innovation; and |
| 19 | Provide incubators for innovative ideas; |
| 20 | Perform other functions incidental to the above. |
| 21 | The Agency may for the purpose of its functions establish offices in the counties as it may deem necessary for the purpose of its function under the Act. |

Strategic Priorities: The Agency has six strategic priority areas that capture the different facets of the core mandate. The six strategic priority areas are:

- i. **Capacity Development:** Innovative mindsets and skills are necessary to spur creation of products and services that are truly problem based and have the potential to impact society. KeNIA builds capacity at National, Institutional and Individual levels through programmes such as the KeNIA Academic Research to Commercialisation (R2C) Accelerator, and Institutional Support (IS) Programme. The Agency strives to support the inculcation of relevant skills such as human-centred design, design thinking, problem-based learning, intellectual property management, innovation leadership, 21st century skills, value proposition development, business modelling among others.

The Agency is also growing capacity of competent persons to support the implementation of its core mandate.

- ii. **Dissemination & Awareness:** Innovation takes place in all sectors and levels of society. There is need for coordinated innovation information sharing and dissemination. The Agency endeavours to keep stakeholders informed and updated on the state and development of our national innovation system. Using events such as the Kenya Innovation Week (KIW), the Agency convenes the innovation ecosystem to launch programmes, disseminate reports, and engage stakeholders in exhibitions and summits. By enhancing awareness, it hopes to inspire more people to get more involved in transforming the nation through innovation.

Key Entity Information and Management (continued)

- iii. **Commercialisation:** Commercialisation is a necessary step for business success of startup and public and private research efforts. The Agency works with academic institutions and partners to improve the level of uptake and commercialisation of intellectually protected products and services. Initiatives include enhancing awareness of the commercialisation process and strengthening operational linkages among the academia, industry and government; organising forums for exchange of knowledge and experiences such as the CEIL Summit; supporting research frameworks and the infrastructure to enhance innovation, incubation and commercialisation. This priority area requires working very closely with institutions of higher learning, research and private sector including manufacturing companies, development partners and the international community.
- iv. **Policies & Legal Frameworks:** KeNIA works with a variety of stakeholders to ensure the inclusion of science, technology and innovation in the country's programmes and policies at all levels. The Agency is also mandated to coordinate the implementation of national innovation and commercialisation policy. KeNIA is working with other ministries and agencies to set up legal instruments which create an enabling environment for innovation.
- v. **Partnerships & Linkages:** KeNIA strives to institutionalise linkages between Higher Education Institutions (HEIs), research institutions, the private sector, the government, and other actors. In collaboration with various partners, KeNIA is establishing a database of innovations, investing in institutions, innovators, enablers among other relevant elements of the ecosystem. KeNIA supports the establishment and maintenance of strategic international and regional innovation cooperation platforms that would foster the sharing of information and expertise between institutions.
- vi. **Funding:** KeNIA recommends the provision of financial and any other assistance to any person or institution, for the purpose of enabling that person or institution to develop technological innovations. Working with other enablers, the Agency aims to nurture innovative ideas from individuals, training institutions, the private sector, and similar institutions. Other forms of support include facilitation of applications for grants, development of strategies for resource mobilisation for strategic innovation programmes, and the development of schemes to fund and support innovative platforms and programmes.
- As a mechanism of encouragement and motivation, the Agency establishes and maintains a variety of award systems for novel innovations subject to prescribed conditions

Key Management

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

- Board of Directors
- Chief Executive Officer
- Management

Key Entity Information and Management (continued)

| No. | Designation | Name |
|-----|---------------------------------------|--|
| 1. | Board of Directors | Prof. Tom P. Migun Ogada Prof. Collins Odote Oloo Dr. Robert Muhia Karanja Mr. Robert Kipkirui Mutai Ms. Sheena M. Raikundalia Mr. Jacob Njagih Prof. Walter O. Oyawa Prof. Dickson Andala Dr. Tonny Omwansa |
| 2. | CEO | Dr. Tonny Omwansa |
| 3 | Assistant Director, Research | Dr. Joyce Ngunjiri |
| 4 | Assistant Director, HRM&D | Ms. Jane Obare |
| 5. | Manager, Innovation Commercialisation | Ms. Agnes Tsuma |

(c) Fiduciary Management

The management and day-to-day operations of KeNIA is headed by the CEO and a mix of KeNIA employees together with those deployed from the State Department of Higher Education and Research.

The key management personnel who held office during the period ended 30th June 2023 and who had direct fiduciary responsibility were: -

| No. | Designation | Name |
|-----|---|------------------------|
| 1. | Chief Executive Officer | Dr. Tonny Omwansa |
| 2. | Assistant Director, Research | Dr. Joyce Ngunjiri |
| 3. | Assistant Director, Human Resource Management & Development | Ms. Jane Obare |
| 4. | Manager, Innovation Commercialisation | Ms. Agnes Tsuma |
| 5. | Principal Education Officer | Mr. Samuel Njehu |
| 6. | Senior Accountant | Ms. Mary Maina |
| 7. | Senior Supply Chain Management Officer | Mr. Kevin Okubo |
| 8. | Senior ICT officer | Ms. Okun Shelmith Anne |
| 9. | Senior Corporate Communication Officer | Mr. George Masila |
| 10. | Senior Planning Officer | Ms. Elizabeth Wahome |

Key Entity Information and Management (continued)
(d) Fiduciary Oversight Arrangements

The Board plays an Oversight role to ensure the core mandate and strategic plan of the Agency is achieved. Board members are as follows with fiduciary oversight arrangement as detailed below:

Finance & Administration Committee

| Name | Role |
|--------------------------|-----------------|
| Prof. Collins Odote Oloo | Committee Chair |
| Prof. Dickson Andala | Member |
| Mr. Jacob Njagih | Member |

Technical Committee

| Name | Role |
|--------------------------|-----------------|
| Dr. Robert Muhia Karanja | Committee Chair |
| Ms. Sheena Raikundalia | Member |
| Prof. Collins Odote Oloo | Member |

Audit Risk & Compliance Committee

| Name | Role |
|---------------------------|-----------------|
| Mr. Robert Kipkirui Mutai | Committee Chair |
| Prof. Walter Oyawa | Member |
| Mr. Jacob Njagih | Member |

Resource Mobilisation & Partnerships Committee

| Name | Role |
|---------------------------|-----------------|
| Ms. Sheena M. Raikundalia | Committee Chair |
| Dr. Robert Muhia Karanja | Member |
| Mr. Robert Kipkirui Mutai | Member |

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for the year ended June 30, 2023.

Key Entity Information and Management (continued)

(e) KeNIA Headquarters

P.O Box 22269-00100
Ground Floor, NACOSTI Building
Off Waiyaki Way
Nairobi- Kenya

(f) KeNIA Contacts

Telephone: +254-792 446 976

E-mail : info@innovationagency.go.ke

Website: innovationagency.go.ke

Socials

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

Facebook, LinkedIn, YouTube: **Kenya National Innovation Agency**

(g) Bankers

Kenya Commercial Bank
Kipande House Branch
P.O. Box 48400-00100
Nairobi-Kenya

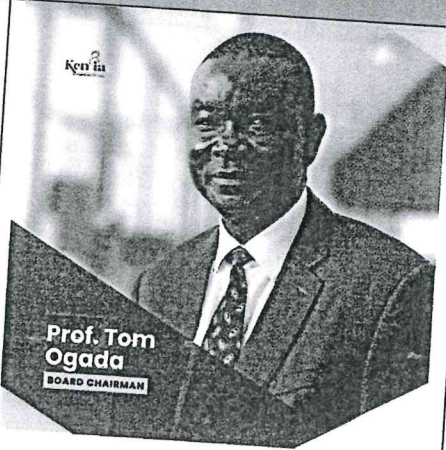
(h) Independent Auditor


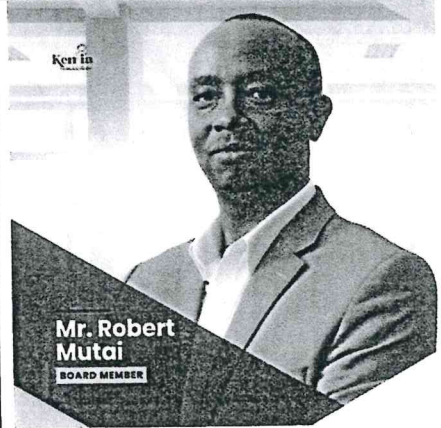
Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya



(i) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112-00200
Nairobi, Kenya


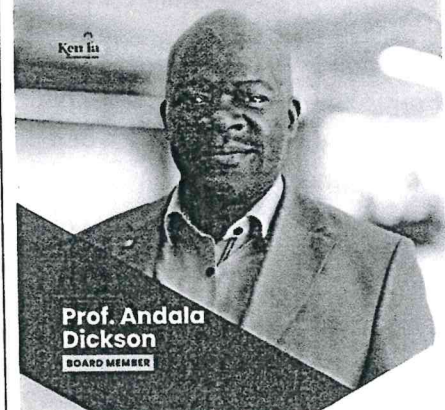
3. THE BOARD OF DIRECTORS

| Ref | Directors | Details |
|-----|--|---|
| 1. |  <p>Prof. Tom Ogada BOARD CHAIRMAN</p> <p>PROF. TOM PETER OGADA MIGUN Chair of the Board DoB: 06.02.1959.</p> | <p>Prof. Ogada has enormous experience from senior management in research, university, public and private sector. He holds a BSc in Mechanical Engineering from the Belarusian Polytechnic Institute (1987), PhD in Chemical Engineering from the Technical University of Hamburg-Harburg, Germany (1995) and MBA in Strategic Management from Moi University, Kenya (2005).</p> <p>He started his career in Moi University, where he worked and rose to the position of Associate Professor of Environmental Engineering in 2000 where he helped to develop and PhD programmes in Energy Studies.</p> <p>He was Head of the Department of production engineering (1996-2003) and founder Managing Director of Moi University Limited, a technology transfer arm of the University (2003-2006 to 2009, he was the Managing Director of the Kenya Research and Development Institute. Between 2009 and 2013 he was the National Economic and Social Council, a Kenya government advisory body, as an UNDP funded research fellow who was responsible for the manufacturing sector and the development of Science, technology and Innovation policy. Parallel to this as a Knowledge Transfer Partnership-. Between 2013 and 2017 he was also Advisor to the British Council on a DFID funded project in Homa Bay County. Previously, he served as the Chair of the County Minister responsible for Trade, Industrialization and Innovation in Homa Bay County. Previously, he served as the Chair of the National Commission for Science, Technology and Innovation (NACOSTI).</p> |

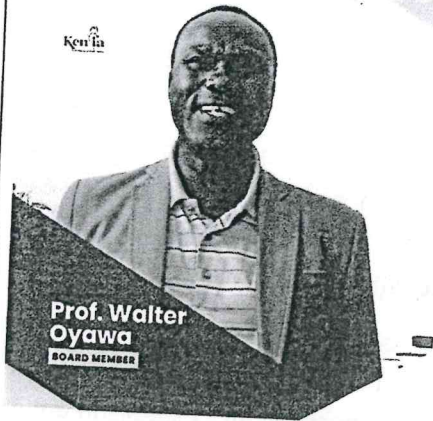
| | | |
|----------|---|--|
| <p>2</p> |  <p>Prof. Collins Odote BOARD MEMBER</p> <p>PROF. COLLINS ODOTE OLOO</p> <p>Chairman, Finance & Administration Committee & Independent Board Member</p> <p>DoB: 14.05.1975</p> | <p>Professor Odote is an Advocate of the High Court of Kenya with a Doctorate of Philosophy in Law from the University of Nairobi. He is currently an Associate Professor of Law and the Associate Dean at the Faculty of Law and Research Director of the Centre for Advanced Studies in Environmental Law and Policy (CASELAP) both at the University of Nairobi. He is also an arbitrator and a Fellow of the Chartered Institute of Arbitrators and a member of the Law Society of Kenya.</p> <p>His teaching and research interests include land law, environmental law, natural resource management, research and governance. He has widely published on his areas of expertise. He links his academic work to practice and governance influence and in this regard is an accomplished consultant, facilitator and public speaker and intellectual. He has consulted for and facilitated high-level meetings for all arms of Government at the national and county level and non-state actors and international organisations.</p> <p>Professor Odote is a weekly columnist with the Business Daily Newspaper.</p> |
| <p>3</p> |  <p>Mr. Robert Mutai BOARD MEMBER</p> <p>MR. ROBERT KIPKIRUI MUTAI</p> <p>Chairman, Audit and Compliance Committee & Independent Board Member</p> <p>DoB :11.01.1977</p> | <p>Robert Mutai has Executive Education- Advance Management: Advanced Management Programme, from Strathmore Business School (in conjunction with IESE Barcelona and Lagos Business School), Executive Education- Technology Excellence: Technology Excellence from Imperial College London, MBA: Strategic management, from Jomo Kenyatta University and BSC. Electrical and Electronics: Telecoms Option from Jomo Kenyatta University.</p> <p>He is an accomplished Technology leader with over 15 Years' experience in ICT Management for Mobile, Fixed, IT & Mobile Payment Services. A broad Skilled Strategic leader with vast experience on Tech Strategy formulation, Product Development & deployment, an Design & Implementation. He has record of success in development, delivery of key transformational programmes, designs, Strong Tech Financial & Investment Planning/Analysis. Proven Process Governance & Partner Management experience.</p> |

| | | |
|----------|--|--|
| <p>4</p> |  <p>Dr. Robert Karanja BOARD MEMBER</p> <p>DR. ROBERT MUHIA KARANJA Chairperson, Technical Committee & Independent Board Member DoB :15.12.1977</p> | <p>Dr. Robert Muhia Karanja has PhD, in Parasitology and Entomology from Jomo Kenyatta University of Agriculture & Technology, Master of Science, Medical Parasitology and Entomology from Jomo Kenyatta University of Agriculture & Technology and Bachelor of Science, Biology from North Park University, Chicago, IL USA.</p> <p>He has over 20 years working experience in academia (research, development, technology innovation) and social entrepreneurship in global health across East Africa and beyond. Key skill sets include bioeconomy, innovation systems, biotech/MedTech commercialisation, startup incubation/acceleration, impact investment.</p> |
| <p>5</p> |  <p>Ms. Sheena Raikundalia BOARD MEMBER</p> <p>MS. SHEENA MUKESH RAIKUNDALIA Chairperson, Resource Mobilisation and Partnership Committee & Independent Board Member DoB :23.04.1984</p> | <p>Sheena Raikundalia has MBA, from Lord Ashcroft International Business School and LLB (Hons) Law, from University of Bristol.</p> <p>She has over 15 years of experience in legal, private, public, startup and investment sectors in Europe and Africa. She is a UK qualified solicitor specialising in financial services in London for 8 years before moving to Kenya to join a leading impact investing group.</p> <p>She is currently working with the British Government (Digital, Culture, Media and Sports Department -DCMS) in Kenya as the Country Director of the UK-Kenya Tech Hub.</p> <p>She has seven years of Board experience and currently co-chair the IC Donor Group with the Ministry of ICT.</p> |

Kenya National Innovation Agency
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| | | |
|----------|---|--|
| <p>6</p> |  <p>Mr. Jacob Njagih BOARD MEMBER</p> <p>MR. JACOB KAMWARIA NJAGIH Board Member (Representative to the PS University Education & Research) DoB :28.01.1971</p> | <p>Member of the Board of Directors and Representative, PS, S Department for University Education and Research. Mr. Jacob Kamv Njagih is an Assistant Director Research at the State Department University Education and Research.</p> <p>He holds a master's degree in Geo-Information Science and E Observation. He has a wealth of experience in the area of Research Development, especially in establishment and management collaborations and linkages in Science, Technology and Innovation.</p> |
| <p>7</p> |  <p>Prof. Andala Dickson BOARD MEMBER</p> <p>Prof. Dickson Andala Board Member (CEO NRF) DoB:02.04.1979</p> | <p>Prof. Dickson Andala is currently the Chief Executive Officer c National Research Fund (NRF). He is an Associate Professor of Mat / Inorganic Chemistry, Multimedia University of Kenya, PhD in Mat Chemistry from Binghamton University and Postdoctoral Fello Pennsylvania State University, USA. He is Lead Expert with NEMA; and CBRN and a reviewer of several local and international journa Prof. Andala has served in various senior leadership/manag positions including having been the Director to the Kenya N Regulatory Authority (KNRA), African Materials Research Society (Boards, Executive Committee Member to Africa Crystallog Association (AfCA), Chairman Chemistry Department, Multi University of Kenya. Membership to various Professional Assoc including African Academies of Science (AAS), Kenya National Ac of Sciences (KNAS); Materials Research Society of Kenya, Chemical Society (KCS). He is endowed with vast experie research/scholarly work, as evidenced by extensive publications reviewed journals, several awards and research grants mobili keynote lectures and conference papers, and supervision of nur postgraduate students. His research interests lie in the a nanoscience and nanotechnology and its applications in remex sensors, catalysis.</p> |

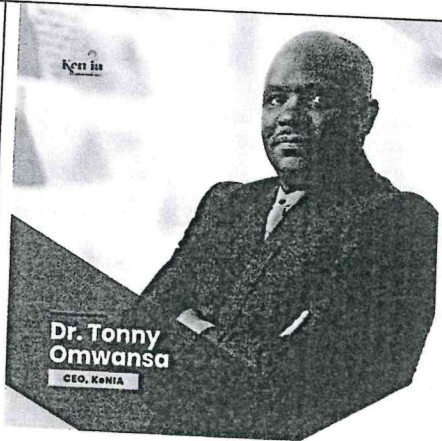
8



PROF. WALTER O. OYAWA
 Board Member
 (DG NACOSTI)
 DoB :23.08.1965

Prof. Walter O. Oyawa, is the member of the Board by virtue of b the is currently the Director General of the National Commission Science, Technology & Innovation (NACOSTI). He is a Professor of Engineering, a holder of a PhD in Civil Engineering, and a holder Executive MBA. He is a Registered Professional Engineer, a Lead Expe NEMA and a reviewer of several international journals. In addition to his current position as Director General of NACOSTI, Pr Oyawa has served in various senior leadership/management position including having been the Principal/CEO of Multimedia Universi College, Deputy Commission Secretary at the Commission for Universi Education (CUE), pioneering Ag. Principal of the College of Engineerin & Technology at JKUAT, Director of a Research Centre-SMARTEC a JKUAT, Chairman of the Department of Civil Engineering at JKUAT, Boar member of several Boards, among others. He is endowed with vas experience in research/scholarly work, as evidenced by, extensiv publications in peer reviewed journals, several awards and resear grants, keynote lectures and conference papers, and supervision o numerous postgraduate students. His research interest is in the area o sustainable construction materials and technologies.

9



Dr. TONNY K. OMWANSA
 CEO/ Secretary to the Board
 DoB: 01.09.1977

Dr. Tonny Omwansa is the Chief Executive Officer of Kenya Nation Innovation Agency (KENIA). He is the co-author of "Money, Real Quick: Kenya's disruptive mobile money innovation". He holds a PhD in Information Systems in which he researched on the adoption of mobile financial services at the base of the pyramid in Kenya. Besides consultancy in technology issues, he has conducted extensive research in mobile transactions in Africa and published various reports including use of airtime transfers, mobile banking, virtual currencies as well as regulation of mobile transactions. His research interests are in the design, adoption and impact of low-cost technologies in developing countries. His various research assignments have been commissioned by organisations like the GSMA, Bill and Melinda Gates foundation Rockefeller Foundation and Economic Commission of Africa. He is a recipient of the prestigious Bellagio Fellowship from the Rockefeller Foundation where he worked on the book on mobile money, published in 2012. He is a recipient of the prestigious Bellagio Fellowship from the Rockefeller Foundation and a member of ISACA, IEEE and has served a member of the Presidential Taskforce on Digitization of Kenya Government. He serves as Secretary to the Board

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for the year ended June 30, 2023.

4. KEY MANAGEMENT TEAM

The following members of staff served as KeNIA Management team during the reporting period.



1. Dr. Tonny Omwansa, Chief Executive Officer
PhD Information Systems, (UON), MSc Computer Science, (USA)
BSc. Computer Science (UON) Member ISACA & IEEE



2. Dr. Joyce Ngure, Assistant Director Research
PhD Horticulture Nanjing Agriculture University, MSc Horticulture
(EGERTON) University, BSc Horticulture (EGERTON)



3. Ms Agnes Tsuma Manager, Innovation
Commercialisation.
Pursuing PhD BA, MBA - Finance (JKUAT), BBA – Accounting (UEAB)



4. Ms. Jane Obare, Assistant Director, Human Resource
Management & Development
MBA Strategic Management (UON), BA (KU) Higher Diploma
Human Resource Management, SLDP (KSG) Electronic data
Management (Shanghai China) (UON), Practising Member IHRM



5. Mr. Samuel Njehu, Principal Education Officer
MBA Strategic Management (KU), BEd (Arts) Moi University,
Diploma Human Resource Management (KIM), Diploma Education
Management (KEMI)



6. Mr. Kevin N. Okubo, Senior Supply Chain Management
Officer
MBA Procurement and Supply Chain Management (UON), BSC.
Resource Management (KU) Dip Procurement & Supply (CIPS-UK),
Member of CIPS & KISM. Senior Management Course (SMC)



7. Mary Maina, Senior Accountant
Bachelor of Commerce. (JKUAT), Certified Public Accountant (CPA-
K), Senior Management Course (SMC)
Member of ICPAK



8. Ms Okun Shelmith Anne, Senior ICT Officer
Bachelor of Science, Computer Science (UON)

5. CHAIRMAN'S STATEMENT

The Kenya National Innovation Agency has the national mandate of managing and developing the National Innovation system. Innovation is key to a country's economic growth. KeNIA seeks to promote a culture of research, development, and innovation in all public and private institutions of learning, research, industry as well as governmental organizations. No country has industrialized without exploiting their innovations potential and exploring means of creating a conducive ecosystem for innovation to reach the market as goods and services.

To realise its mandate, KeNIA implemented several programs in 2022. These included organising Kenya Innovation Week, establishing Commercialization and Entrepreneurial Institutions Leader Summit, operationalising Innovation Academy, conducting National Innovation Award, establishing Kenya Innovation Bridge, piloting Institutional Support Program, as well as Research to Commercialization Program.

KeNIA, in its bid to promote, disseminate and create awareness for innovation held the Kenya Innovation Week 2022 that was opened by The President of the Republic of Kenya His Excellency Dr. William Samoei Ruto. The event brought together innovators, entrepreneurs, investors, and government officials. The innovation ecosystem players shared ideas and showcased their innovations through formal conferences and exhibitions. The premier innovation forum brought together local, regional and international diverse groups to celebrate the innovative spirit of Kenyans and showcase commercialized innovations with positive impact on society.

To foster innovation, and buy-in from top leadership, KeNIA organized the Commercialization and Entrepreneurial Institutions Leaders (CEIL) Summit that converged various institutional leaders from key sectors with an intention of advancing the national commercialization infrastructure. The CEIL summit sought to strengthen the commercialization processes at the national, institutional and individual levels. The leaders shared and articulated the different successful business models for commercialization that they have applied in their respective institutions. They sought means of empowering Kenyan leaders to influence efforts, initiatives and outcomes of commercialization in Kenya.

The Innovation Academy seeks to sensitize, train, and create awareness to build innovative capacities for the innovation ecosystem. The academy trains innovators from Universities, TVETs, Research institutions, NGOs as well as the National and County government. The Academy has structured courses that are run during the year and customized programmes are done on a need basis for individual groups.

Through the National Innovation Award (NIA), the Agency competitively scouts and recognizes the best innovations. This year, the awards were undertaken for the categories of food security, healthcare, affordable housing, and manufacturing.

Through the Kenya Innovation Bridge (KIB) platform, innovators, inventors, researchers and startups introduce their solutions to partners, funders, customers and users. The goal is to provide a networking system where all the players can meet virtually, attract appropriate funding and partnerships for innovation commercialization.

The Foreign, Commonwealth & Development Office (FCDO) through the KeNIA Institutional Support Program is supporting five institutions to develop commercialization strategies in their institutions.

KeNIA has partnered with ViKtoria Ventures an enterprise support organization to implement the Research to Commercialization (R2C) accelerator programme that is aimed at taking individual innovators through coaching, mentorship and training on how to take their innovations to the marketplace.

The Agency is mandated with the monumental task of developing Kenya economically through the development and institutionalization of structures that promote commercialization of innovative products and services into enterprises. Despite this weighty and significant mandate, the Agency has been largely hampered by insufficient human and monetary resources.

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The Agency has tried to overcome the financial challenges by partnering with funding partners to support the programs. This is good in implementing short term gains. However, KeNIA requires a dedicated Innovation fund to sustainably run its programmes to support Kenyan innovators translate all their innovations into commercial enterprises.

The Human resources shortage has been temporarily bridged by contracting short term staff and deployed staff from Ministries. This arrangement has seen the Agency experience a high staff turnover and there is an urgent need to have permanent employees for proper staff establishment. This can only be achieved by getting more funding from government to ensure effective and efficient service delivery to Kenyans.

Prof. Tom Peter Migun Ogada:

Signature: _____



6. REPORT OF THE CHIEF EXECUTIVE OFFICER

Globally Innovation has made the difference between developing and developed nations. Economically empowered Countries have exploited their technological innovations for higher productivity saving on time and money meaning a small input generates massive outputs. Increased productivity translates to more goods and services thus the economy grows. Promotion of innovations globally is linked to increased start-up companies and an improved Global Innovation Index (GII).

KeNIA is tasked with improving Kenya's GI by ensuring that the indicators such as developing innovation capacity in Kenyan institutions, human resources, research, infrastructure, market sophistication, business sophistication, knowledge and technology outputs and creative outputs.

To harness and showcase the innovativeness of Kenyans, KeNIA has been organising forums that help develop and nurture Kenyan innovators. This is all in a bid to advance the national priorities of Vision 2030 in line with the Bottom-Up Economic Transformation Agenda (BETA).

KeNIA has organized formal conferences where conversations on skills and talent for innovation have been emphasized and promoted. Skills and talent are vital, basic inputs to the national innovation system. The inputs consist of skills through the competence-based curriculum, problem-based approaches, design thinking, digital skills, innovation leadership, talent development, futuristic skills, the future of work and talent mobility.

The world is moving towards the Fourth Industrial Revolution (4IR) and the Digital Transformation era. KeNIA as an innovation Agency is holding discussions on how Kenya can flip the tables during this revolution to be producers of innovative technologies other than consumers as has been the case in the past. Harnessing emerging innovative technologies through research and commercialization of products and services for revenue creation will increase startup companies. Prospective investors and funders will partner with innovators to build sustainable enterprises for job creation and income provision.

Innovation in the public sector is an area KeNIA holds close since this will reduce costs and save on time and enhance government service delivery. Innovation will revolutionize how government services are delivered to the public effectively and efficiently case in point the e-Citizen portal.

The British Council has supported KeNIA initiatives and sponsored Universities and TVETs to exhibit at exhibitions during the Kenya innovation week 2022. Support for student innovations will go a long way in solving community challenges. During exhibitions, large and small companies exhibit their innovative products ranging from electronics, cosmetics, agriculture systems and equipment, artifacts, to mention but a few. There were also innovative technological applications on deliveries, security, food storage, beauty, travel, farming, irrigation, education amongst others. Development of this innovations as viable sustainable enterprises will improve the country's Global Innovation Index.

Through the Commercialization and Entrepreneurial Institutions Leaders (CEIL) Summit, that converged international, regional and local institutional leaders from key sectors, leaders shared experiences on commercialization success and challenges. They also discussed tried and tested business models to enhance commercialization in HEIs and research centres. They also discussed strengthening of linkages between key sectors that influence commercialization of innovations and research. The institutional leaders looked at ways they could engage on the progress of institution support mechanisms championed by KeNIA. Included were interactions on how best to influence policy and regulation to fast-track Commercialization.

The Innovation Academy rolled out a course on the basics in Innovation and commercialization which was customized for a group of religious sisters for two days. A three-day course on proposal writing and grant management was also carried out in two workshops. KeNIA in collaboration with World Food Program (WFP) carried

out a course on innovation for effective service delivery enhancing impact and scale of government program for five days. This targeted Isiolo County government officials. The Academy also conducted three-day trainings on foundations of intellectual property management, fundamentals of commercialization for early career researchers innovation in the digital economy and designing effective innovation strategies for organisations targeting institution top management.

The National Innovation Award is a programme run by KeNIA and is designed to support ambitious innovative ideas that have potential of being commercialised. In the year 2022 KeNIA held the National Innovation Award Studentpreneur Edition, that was designed to competitively scout and award the most promising student innovative ideas. Innovations awarded were in:

Health Care: Bag Valve medical ventilator from Baraton university and Kiwa Cosmetics a Medicinal lip balm from Riara University. In the Food Security category awarded was a solar pendulum irrigation pump from Sigalaga National Polytechnic, Manual Fodder baler from Kisiwa Technical Training Institute and a Small-scale Maize crop mapping with Artificial Intelligence and Machine Learning from Taita Taveta University.

In the Manufacturing category the recipients were HyaPak biodegradable polythene wrap made of water hyacinth from Egerton University and a Multi-Purpose Modern Stove from Kisiwa Technical Training Institute. In the affordable housing there were few applications that did not meet the criteria for evaluation.

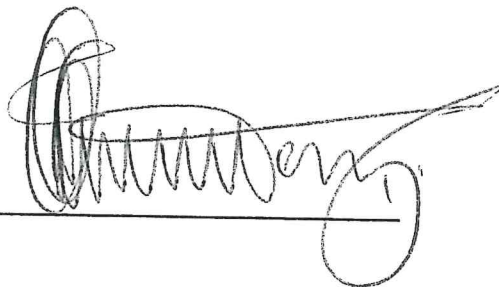
The Kenya Innovation Bridge platform marketplace enables innovators, inventors, researchers and startups to introduce their solutions to partners, funders, customers and users. This helps innovators to get help from academia on research and funding from investors so that innovations don't lie dormant in library bookshelves.

To improve the innovation space, the Institutional Support Program assists institutions put structures and develop policies that enable innovation for their researchers as well as students. Institutions need to develop innovative policies, strategies and guidelines that support innovation commercialization. In line with this technology transfer desks, hubs and incubators are essential for innovation development. KeNIA is currently supporting, Moi University KALRO, Jaramogi Oginga Odinga University, KIRDI and University of Kabanga. The institutions are working closely with the funder and consulting firm and have developed their work plans for a 6-month period and are implementing their individual plans.

The Research to Commercialization (R2C) accelerator programme targets researchers with innovative products in Kenya. Most research undertaken in our institutions ends up in libraries and databases as publications, rather than getting to the market where it can be utilized to solve society needs. The R2C program is designed to help researchers, academics, and entrepreneurs bridge the gap between innovative research ideas and commercial success. It involves collaboration between researchers, industry partners, and investors to create a viable commercial product or service. The competitively selected innovators are taken through a series of training, coaching, and mentorship, in a bid to nurture the innovators to become successful entrepreneurs and support the commercialization efforts. The R2C accelerator is being implemented in two cohorts of eight and twelve innovators respectively.

Dr. Tonny K. Omwansa

Signature: _____



7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023
KeNIA has 6 strategic pillars and objectives within the current Strategic Plan.

These strategic pillars are Capacity Development, Dissemination & Awareness, Commercialisation, Policies & Legal Framework, Partnerships & Linkages, and Funding.

KeNIA develops its annual work plans based on the above 6 pillars which is also translated in the annual performance contract. Assessment of the board's performance against its annual work plan is done on a quarterly basis. The agency achieved its performance targets set for the FY 2022-2023 period for its 6 strategic pillars, as indicated in the table below:

| Strategic priority | Objective | Key performance indicators | Activities | Achievements |
|----------------------|---|--|---|---|
| Capacity Development | To strengthen Institutional and National Capacity | KPI 1: Agency's human resource capacity | Activity 1: Recruitment of staff. | Output 1: 5 staff were recruited in the financial year 2022-2023. |
| | | KPI 2: National capacity on Intellectual property rights and commercialisation | Activity 1: Design three curricula and train innovation champions | Output 1: KeNIA Innovation Academy designed and rolled out seven curricula as listed below: 1. Basics in Innovation and Commercialisation 2. Proposal writing and grant Management 3. Innovation for effective service delivery enhancing impact and scale of Government Programmes 4. Foundations of IP Management 5. Fundamentals of commercialisation for early career researchers. 6. Designing effective innovation strategies for organisations. 7. Innovation in the digital economy 229 innovation champions trained. |

| | | | | |
|---------------------------|---|--|---|--|
| Dissemination & Awareness | To Create awareness and disseminate information on innovation | KPI 1: KeNIA Annual Report, 2022 | Activity 1: Design and compile information for the KeNIA Annual Report, 2022 | Output 1: KeNIA Annual report, 2022 prepared. |
| | | KPI 2: Stakeholder Engagement | Activity 1: Organize and host Kenya Innovation Week, 2022 | Output 1: Kenya Innovation Week, 2022 organised and hosted. The event which took place in December 2022 was officially opened by H.E President William Ruto |
| | | | Activity 2: Hold stakeholder meetings to disseminate information on innovation | Output 1: (CEIL) Summit organised and hosted Output 2: Kenya Innovation Week organised and hosted Output 3: Range of Training workshops held and Webinars hosted. |
| | | KPI 3: Kenya Innovation Bridge Portal | Activity 1: Design, develop and onboard innovation bridge portal users | Output 1: The Agency has developed and launched an online platform called the Kenya Innovation Bridge. 266 innovations, 250 institutions, 16 organisations and 1767 users onboarded. |
| Commercialisation | To support 4 institutions to enhance innovation and commercialisation | KPI 4: Kenya Innovation Outlook report | Activity 1: Conduct a study to consolidate the innovation indicators | Output 1: Study conducted, and report published as The Kenya Innovation Outlook report 2022. The report was also disseminated. |
| | | KPI 1: Institution supported | Activity 1: A call for expression of interest for the institutional commercialisation support programme | Output 1: Received expression of interest from 17 institutions. |
| | | | Activity 2: Shortlisting and selection of institutions | Output 2: 5 institutions were selected (two research centres and three universities). |

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| | | | | | |
|----------------------------|--|---|--|--|---|
| | | | | | Output 3: Established the Kenya Network of Entrepreneurial Institutions Leaders, with a council and roadmap for enhancing entrepreneurial capacities. |
| | To Support development and commercialisation of innovations | KPI 1: No of innovators supported | Activity 1: Training, coaching and mentoring innovators on the development of their innovations. | Output 1: 8 innovators trained, coached and mentored on the development of their innovations through the Research to Commercialisation accelerator | |
| Partnership & Linkages | To strengthen and coordinate the innovation system through partnerships & Linkages | KPI 1: Establish international collaborations and partnerships | Activity 1: Engage Development partners to support commercialisation of innovations | Output 1: Collaborated with 3 development partners namely the FCDO, the British Council and the Lemelson Foundation to support commercialisation of innovations. | |
| | | | Activity 2: Engage Private sector partners to support commercialisation of innovations | Output 2: Collaborated with three private sector namely Villgro Africa, Viktoria Ventures and ARIN to support commercialisation of innovations. | |
| Policies & Legal Framework | To develop and review policy and legal framework | KPI 2: National toolkit | Activity 1: Developing of the National Commercialisation toolkit | Output 1: The Commercialisation guidelines toolkit developed and launched during the KIW 2022. | |
| | | KPI 3: Guidelines for coordinating innovation and incubation hubs | Activity 1: Developing of guidelines for coordinating innovation and incubation hubs | Output 1: The guidelines were developed and launched during the Kenya innovation week | |

8. CORPORATE GOVERNANCE STATEMENT

The second KeNIA board was gazetted by the Cabinet Secretary for Education on 10th June 2022 for a term of three years.

Composition and Appointment to the Board

The Agency is governed by a Board which consists of nine members appointed by the Cabinet Secretary responsible for Science, Technology and Innovation as follows

- a. A chairperson, being a person with knowledge and experience in matters related to science, technology or innovation.
- b. The Principal Secretary in the Ministry for the time being responsible for matters related to research, science and technology.
- c. The Director General, National Commission for Science Technology and Innovation (NACOSTI)
- d. The Director of the National Research Fund.
- e. Four persons appointed by virtue of their knowledge and experience in science, technology and innovation; and
- f. One person nominated by the body currently responsible for linking the industry with institutions for higher learning.

The details of the board members is follows.

| No: | Name of the Board Member | Role | Term Status/Remarks |
|-----|-------------------------------|-----------|--|
| 1. | Prof. Tom Peter Migun Ogada | Chairman | 10 th June 2022 to 10 th June 2025 |
| 2. | Prof. Collins Odote Oloo | Member | 10 th June 2022 to 10 th June 2025 |
| 3. | Mr. Robert Kipkirui Mutai | Member | 10 th June 2022 to 10 th June 2025 |
| 4. | Dr. Robert Muhia Karanja | Member | 10 th June 2022 to 10 th June 2025 |
| 5. | Ms. Sheena Mukesh Raikundalia | Member | 10 th June 2022 to 10 th June 2025 |
| 6. | Prof. Walter O. Oyawa | Member | The Director General NACOSTI |
| 7. | Prof. Dickson Andala | Member | The CEO National Research Fund |
| 8. | Mr. Jacob Njagih | Member | Principal Secretary Representative SDHER |
| 9. | Dr. Tonny Omwansa | Secretary | CEO KeNIA |

Board diversity

The Board constitutes members who have experience in science, technology, innovation and public finance. Further the Board members all have diverse skill sets, work experiences which they all bring to the table

Roles and Responsibilities of directors

The roles and responsibilities of members are outlined in Science, Technology, and Innovation Act of 2013, Mwingozo code and the board charter. The Board's mandate is to prescribe accounting, internal audit standards and provide the strategic direction of the agency.

Corporate Governance Statement (Continued)

There are four committees of the Board. Each committee has at least three members.

1. **Finance and Administration Committee:** This Committee deals with promotion of good governance, enhancing capacity, and giving strategic direction to the board and the secretariat.
2. **Technical Committee:** This Committee deals with promotion of good governance, enhancing capacity, and giving strategic direction to the board and the secretariat
3. **Audit and Risk Management Committee:** is responsible for monitoring the overall risk management framework, the financial reporting processes, the compliance processes, the performance of auditors and overseeing the audit program.
4. **Resource Mobilisation Committee:** This Committee is constituted to develop resource mobilisation strategies for the Agency.

The table below shows the chairpersons and members of each committee of the Board.

| No: | Name of the Board Member | Full Board | Finance and Administration Committee | Technical Committee | Audit and Risk Management Committee | Resource Mobilisation |
|-----|---------------------------|------------|--------------------------------------|---------------------|-------------------------------------|-----------------------|
| 1 | Prof. Tom Ogada | v* | | | | |
| 2 | Prof. Collins Odote Oloo | v | v* | v | | |
| 3 | Mr. Robert Kipkirui Mutai | v | | v | v* | v |
| 4 | Dr. Robert Karanja | v | | v* | | v |
| 5 | Ms. Sheena Raikundalia | v | | | | v* |
| 6 | Prof. Walter O. Oyawa | v | | | v | |
| 7 | Prof. Dickson Andala | v | v | | | |
| 8 | Mr. Jacob Njagih | v | v | | v | |
| 9 | Dr. Tonny Omwansa | v | v | v | | v |

NB *Chairman of the Board/Committee

Corporate Governance Statement (Continued)**Board Attendance**

Best practice requires that every board member attends a minimum of 75% of all board meetings. Below is an extract from the attendance register for the Board meetings held in the period from 1st July 2022 to 30th June 2023.

i. Full Board:

| No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|-----|-------------------------------|---|-----------------------------|------------|
| 1. | Prof. Tom Peter Migun Ogada | 4 | 4 | 4 of 4 |
| 2. | Prof. Collins Odote Oloo | 4 | 4 | 4 of 4 |
| 3. | Mr. Robert Kipkirui Mutai | 4 | 4 | 4 of 4 |
| 4. | Dr. Robert Muhia Karanja | 4 | 2 | 2 of 4 |
| 5. | Ms. Sheena Mukesh Raikundalia | 4 | 4 | 4 of 4 |
| 6. | Prof. Walter O. Oyawa | 4 | 2 | 2 of 4 |
| 7. | Prof. Dickson Andala | 4 | 4 | 4 of 4 |
| 8. | Mr. Jacob Njagih | 4 | 4 | 4 of 4 |
| 9. | Dr. Tonny Omwansa | 4 | 4 | 4 of 4 |

ii. Finance and Administration Committee:

| No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|-----|--------------------------|---|-----------------------------|------------|
| 1. | Prof. Collins Odote Oloo | 5 | 5 | 5 of 5 |
| 2. | Prof. Dickson Andala | 5 | 5 | 5 of 5 |
| 3. | Mr. Jacob Njagih | 5 | 5 | 5 of 5 |
| 4. | Dr. Tonny Omwansa | 5 | 5 | 5 of 5 |

iv. Technical Committee:

| S. No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|--------|-------------------------------|---|-----------------------------|------------|
| 1. | Dr. Robert Muhia Karanja | 3 | 3 | 3 of 3 |
| 2. | Prof. Collins Odote Oloo | 3 | 3 | 3 of 3 |
| 3. | Ms. Sheena Mukesh Raikundalia | 3 | 3 | 3 of 3 |
| 4. | Dr. Tonny Omwansa | 3 | 3 | 3 of 3 |

v. Audit and Risk Management Committee

| No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|-----|---------------------------|---|-----------------------------|------------|
| 1. | Mr. Robert Kipkirui Mutai | 3 | 3 | 3 of 3 |
| 2. | Prof. Walter O. Oyawa | 3 | 3 | 3 of 3 |
| 3. | Mr. Jacob Njagih | 3 | 3 | 3 of 3 |

vi. Resource Mobilisation Committee:

| No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|-----|-------------------------------|---|-----------------------------|------------|
| 1 | Ms. Sheena Mukesh Raikundalia | 3 | 3 | 3 of 3 |
| 2 | Mr. Robert Kipkirui Mutai | 3 | 3 | 3 of 3 |
| 3 | Dr. Robert Muhia Karanja | 3 | 3 | 3 of 3 |
| 4 | Dr. Tonny Omwansa | 3 | 3 | 3 of 3 |

Term of Board Members

The term of the board is outlined in the STI Act, 2013. Independent members shall be appointed by the Cabinet Secretary responsible for Science, Technology and Innovation and serve for a term of not more than three (3) years renewable once for a further term of three years.

9. MANAGEMENT DISCUSSION AND ANALYSIS

9.1 Financial Performance

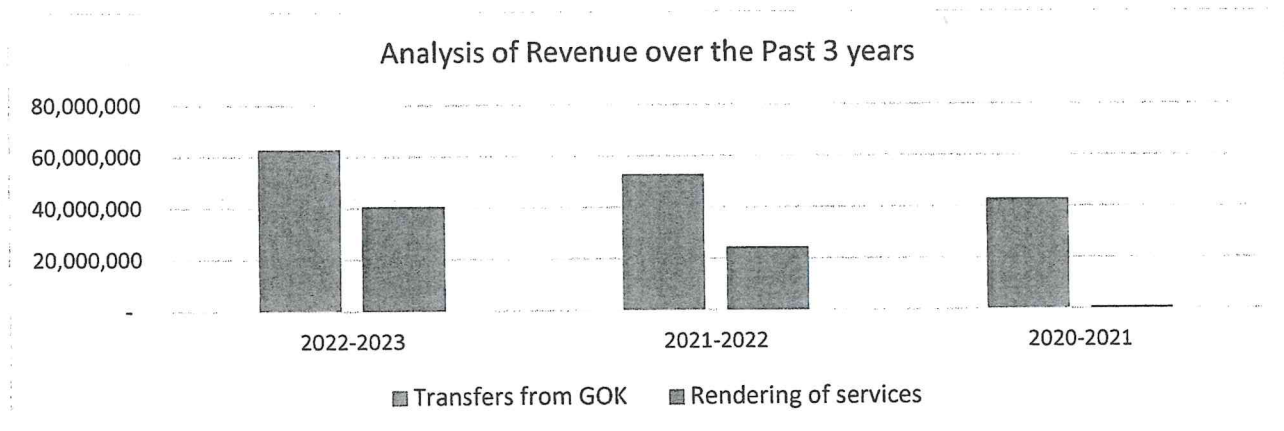


FIGURE 1 ANALYSIS OF REVENUE FOR THE PAST THREE YEARS

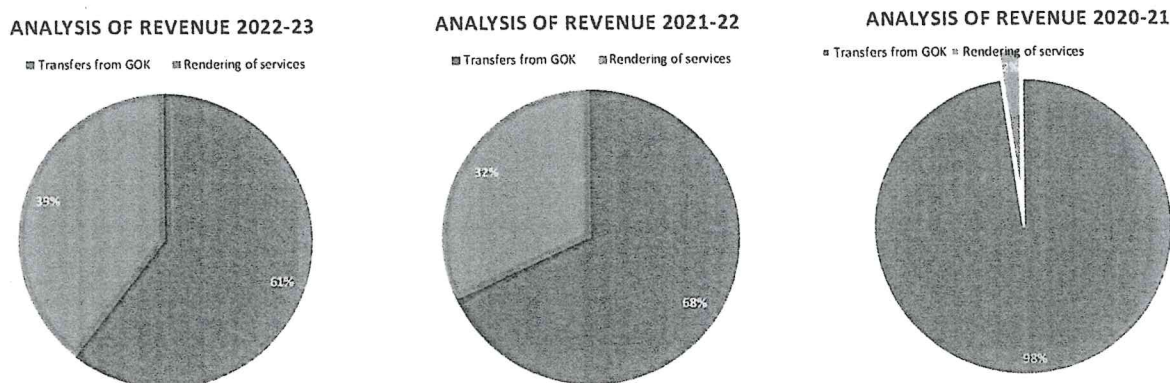


FIGURE 2 PIE CHART SHOWING THE PERCENTAGE OF GOVERNMENT FUNDING VIS A VIS INTERNALLY GENERATED REVENUE OVER THE THREE YEARS.

Revenue

Transfers from other government entities: There has been a steady increase in this revenue source over the past three years. It grew from Ksh 42,875,963 in FY 2020/2021 to Ksh 52,875,963 in FY 2021/2022, and further to Ksh 62,875,963 in FY2022/2023. This indicates a growing support from the government which is a positive sign for the Agency.

Rendering of services income: This revenue source saw a significant rise over the past three years. It started with Ksh 1,000,000 in FY2020/2021, jumped to Ksh 24,676,000 in FY2021/2022, and nearly doubled to Ksh 40,827,840 in FY 2022/2023. The increase in the income can be attributed to the resource mobilisation efforts the Agency has put in place.

Overall, the Agency's total revenue has been on an upward trend, growing from **43,875,963** in FY2020/2021 to Ksh 77,551,963 in FY2021/2022, and further to Ksh 103,703,803 in FY2022/2023.

Management Discussion and Analysis (continued)
 Financial Performance (continued)

Expenses

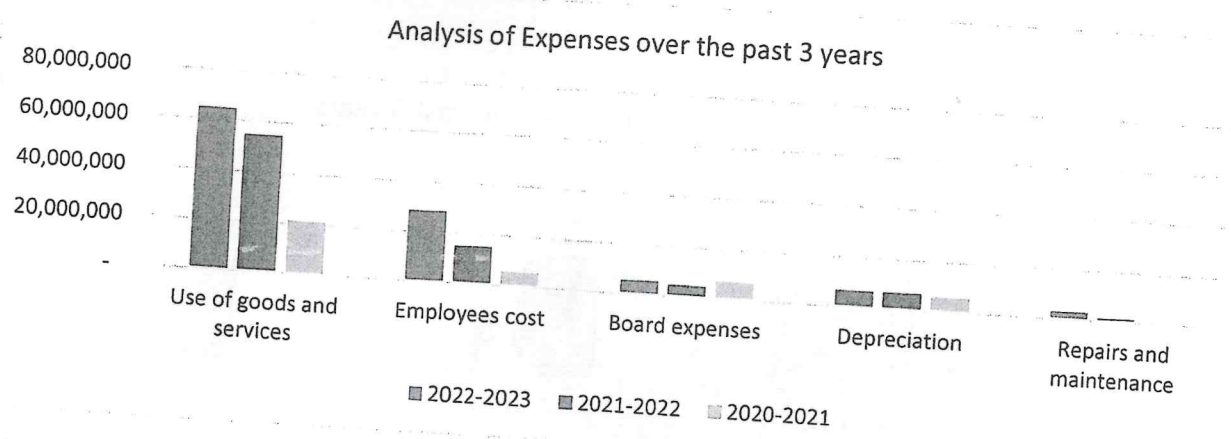


FIGURE 3 TABLE SHOWING ANALYSIS OF EXPENDITURE OVER THE PAST THREE YEARS.

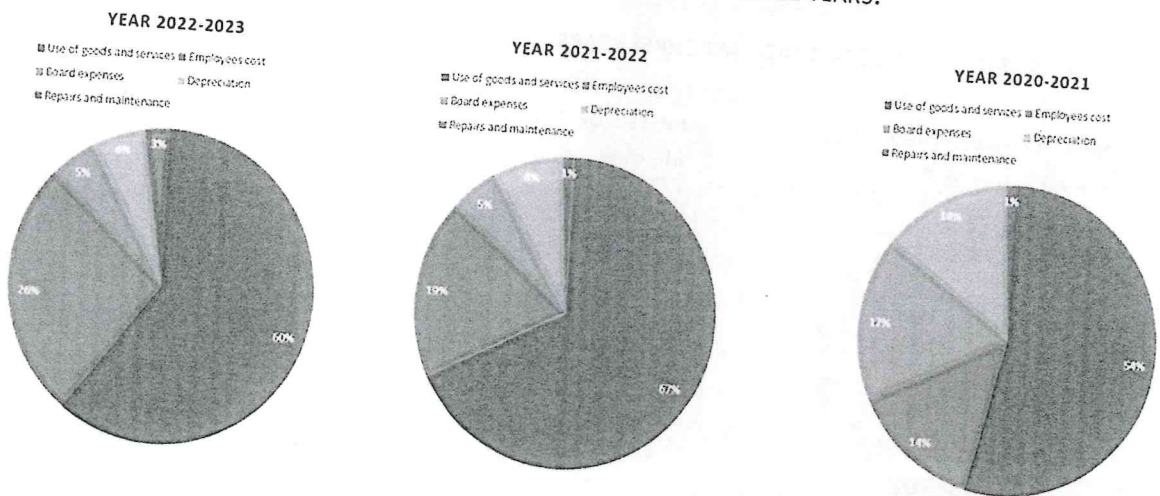


FIGURE 4 PIE CHART SHOWING THE PERCENTAGE DISTRIBUTION ACCORDING TO CLASSIFICATION OF EXPENDITURE AS PER EACH FINANCIAL YEAR.

Use of goods and services: There has been a consistent rise in this expense category. It was Ksh 20,963,396 in FY2020/2021, grew to Ksh 54,767,436 in FY2021/2022, and further to 64,612,922 in FY2022/2023. This increase is informed by the number of activities and programmes being run by the Agency. Further, the increase in number of employees has also led to the increase in operational costs.

Employee costs: This expense has more than quadrupled over the three years. It increased from Ksh 5,414,205 in FY2020/2021 to Ksh 15,127,414 in FY2021/2022, and then nearly doubled to Ksh 28,583,726 in FY2022/2023. The increase can be attributed to the number of employees in the Agency which has increased from 1 (one) substantive employee in FY 2020/2021 to 13 (thirteen) employees currently.

Management Discussion and Analysis (continued)
Financial Performance (continued)

Board expenses: This expense category has fluctuated over the years. It was Ksh 6,685,671 in FY2020/2021, then dropped to Ksh 4,137,991 in FY2021/2022 and increased again to Ksh 5,239,513 in FY2022/2023. The fluctuation can be attributed to different activities and programmes for each specific year for the board. There was a change of the board in the FY 2021/2022

Depreciation: This expense remained relatively stable, with a slight increase from Ksh 5,453,372 in FY2020/2021 to Ksh 6,219,600 in FY2021/2022 and Ksh 6,095,280 in FY2022/2023. The fixed assets have remained relatively the same over the years with no substantial movement. The Agency uses the straight-line depreciation method of depreciation which spreads the depreciation evenly over an asset's useful life, resulting in relatively consistent depreciation expenses.

Repairs and maintenance: This expense saw a significant rise over the three years, growing from Ksh 398,294 in FY2020/2021 to Ksh 847,724 in FY2021/2022, and further to Ksh 2,695,404 in FY2022/2023. The increase in the expense can be attributed to the increase in need for repairs, Software and Maintenance which is relative to the increase in operational activities.

Overall, Agency's total expenses have been increasing, going from Ksh 38,914,938 in FY2020/2021 to Ksh 81,100,164 in FY2021/2022, and further to Ksh 107,358,231 in FY2022/2023 due to the expansion of the institution.

9.2 Agency key projects

The 6 strategic pillars of the strategic plan formed the basis of all the activities carried out by the Agency during the period. The activities include:

9.2.1 National Innovation Database (Kenya Innovation Bridge)

This is an online interactive platform that aims to create linkages and networks between regional, national, and international innovators, academia, public and private sector, commercialization funding partners, and other relevant innovation ecosystem players. The platform, called the Kenya Innovation Bridge (<https://bridge.innovationagency.go.ke/>) has been in operation since 2021. With support from UKAid a programme to expand and scale it, was run and supervised by KeNIA.

KeNIA in collaboration with FCDO officially launched the Kenya Innovation Bridge in Nairobi, Nakuru, Kisumu and Mombasa Counties. This attracted various ecosystem stakeholders who include investors, enterprise support organizations, startups, academia, government, development partners and media coverage. With facilitation from the consultant Strathmore University, the Agency nominated officers who have been trained to fully manage the platform. The project has been completed and an official handover has been made to the Agency staff.

A total of 266 innovations, 250 institutions, 16 organizations and 1767 users have been onboarded.

Management Discussion and Analysis (continued)**Agency key projects (continued)**

The Kenya Innovation Bridge has enabled gathering of user feedback and insights to understand how the platform is being used, identify areas for improvement, and make informed decisions for future iterations and updates.

9.2.2 Capacity building of innovators

Capacity building of innovators is done through the innovation Academy program. A programme that is supported by several partners working to building innovative capacities of interested individuals and support integration of innovative practices into institutions. Through the academy, KeNIA aims to build an integrated community of passionate individuals interested in developing innovative and actionable solutions to existing challenges that would transform their organizations. Prepare to challenge the status quo and deliver new disruptive policies, products, services, and processes.

During the Financial year, the Agency trained 229 researchers and innovators. The participants were trained on the following programmes:

- Basics in innovation and commercialisation.
- Proposal writing and grant management.
- Innovation for effective service delivery enhancing impact and scale of government programmes
- Foundations of IP management
- Fundamentals of commercialisation for early career researchers
- Designing effective Innovation strategies for organisations
- Innovation in the digital economy.

Through the training conducted the Agency was able to support the innovation commercialization education among the institutional leaders, researchers, innovators, and the public users. The trainings also formed a good platform of increasing Intellectual Property (IP) awareness to all Kenyans. In addition, the training provided training materials on IP and innovation commercialization in relation to community development, public policy and institutional management and organisation.

9.2.3 Institutional Commercialisation Support Programme

Institutional Commercialisation Support Programme aims at strengthening and streamlining institutions system and processes towards successful commercialization of their research outputs.

This programme was done through the collaboration with the African Centre for Technology Studies and through the support of UKAid's Africa Technology and Innovation Partnership Program. An open expression of interest was sent out, the Agency received applications from Universities and Research Centres across the country who need support to strengthen their institutional commercialisation systems. Out of a total of 17 applications, five institutions were selected: Moi University, KALRO, Jaramogi Oginga Odinga University, KIRDI and University of Kabianga.

Management Discussion and Analysis (continued)
Agency key projects (continued)

The institutions working closely with the funder and consulting firm have developed their workplans for the six-month period and implemented the plans. The project team and funding organisation visited the five institutions to review the progress of the project in the month of March.

The institutional working groups had an opportunity to present their draft commercialisation strategy to the project team and received feedback. Thereafter they held stakeholder engagement meetings with their respective members of staff receiving feedback on the strategy. All institutions have now finalised their strategies and presented them to their respective heads of institutions. It is expected that the five institutions will get an opportunity to share their experiences and milestones during the CEIL Summit 2023.

Through the programme the following objectives were achieved

- Strengthened and streamlined the systems and processes of the selected universities and research institutions towards successful commercialization of their research outputs.
- Reviewed current/existing technology transfer offices, to define their mandate, realign their personnel to match the required skill set and establish standard operating procedures that ensure delivery of the mandate.
- Developed/reviewed of institutional policies and strategies.
- Prepared commercialization masterplan/ strategy, with clear milestones and targets.
-

9.2.4 Kenya Innovation Week (KIW) 2022

The Kenya Innovation Week (KIW) is an annual event organized and hosted by KeNIA to raise awareness and create synergies on the national innovation system. It brings together innovators, entrepreneurs, policymakers, entrepreneurs, investors, experts and other stakeholders from around the world to celebrate the innovative spirit of Kenyans and showcase practical skills that lead to innovations with a positive impact on people while advancing the national priorities of Kenya Vision 2030 .

The Agency hosted the second edition of the KIW in Nairobi from 6th to 8th December 2022. The theme of the event was connecting innovations Glocally .The event was part of the government's Jamhuri Day 2022 celebrations which was themed around Technology and Innovation.

The President of Kenya, H.E. Dr. William Ruto was the Chief Guest. The Keynote speaker of the KIW2022 was Patricia Scotland, the Secretary General of the Commonwealth Secretariat .Other key guests included Hon. Ababu Namwamba, Cabinet Secretary - Youth Affairs, Sports and the Arts; Hon. Eliud Owalo, Cabinet Secretary - ICT and Digital Economy; Amb. Meg Whitman, US Ambassador – Kenya; Prof. Charlotte Watts, Chief Scientific Advisor, Research and Evidence Directorate - Foreign, Commonwealth and Development Office; Mr. Hajime Iwama, Chief Representative - JICA Kenya; Will Meng, CEO - Huawei Kenya; Lauren Landis Representative and Country Director - World Food Programme, Kenya Country Office who were among the 140 speakers who graced the even.

There were several outputs out of the KIW 2022:

Management Discussion and Analysis (continued)

Agency key projects (continued)

- Launch of the Kenya Innovation Outlook Report 2022 by the Head of State .The report was developed to demystify and unpack the national innovation system and provide a broad overview of the successes, enablers, barriers, and opportunities in the Kenya innovation system
- Launch of the National Commercialization Guidelines
- Launch of the National Coordination framework for innovation and incubation hubs

During the forum these are a few of the partners also held their side events;

- Japan international Cooperation Agency (JICA) held a Masterclass on navigating a thriving and borderless Startup Ecosystem
- Finnish Development NGOs (FINGO) held discussions on Innovations through partnerships: NGOs and the private sector
- Heifer International held a side event on Agri-Tech Connect
- Kenya Space Agency (KSA) ran the Earth Observation Challenge
- Villgro Africa on Investment Engagement
- The African Centre for Technology Studies(Acts) Kenya/FCDO on Institutional Commercialisation support

During the event the Head of State also endorsed the sustaining of KIW as a national forum that would be supported and mainstreamed in government each year. As a follow up, the Government wrote to the Commonwealth Secretariat who confirmed that Kenya can host the Commonwealth Edition of KIW in 2023. In the budget allocation of financial year 2023/2024 the government has allocated funds towards funding of the Kenya Innovation Week 2023 Commonwealth Edition to be held in Nairobi in November 2023. The funding is under the Bottom-Up Economic Transformative Agenda.

In November 2023, KIW will host the Commonwealth edition, themed " Innovating to Unlock Our Common Wealth". This edition will focus on leveraging innovation to advance wealth creation for societal well-being.The forum will explore how disruptive innovations can drive socio-economic progress and transform industries. KIW will offer a unique opportunity to share knowledge, experiences, and best practices for building innovative ecosystems that create shared value. Through panel discussions, exhibitions, keynote speeches, fireside chats, workshops, and networking events, participants will learn from one another and build connections to support their innovation journeys.

The following are the objectives of the KIW 2023 Commonwealth edition

- To forge new inter-regional partnerships for the expansion of the Commonwealth innovation ecosystem
- To showcase the best of start-ups and innovations from Commonwealth countries to a range of curated investors
- To advance and diffuse the uptake of emerging technologies that can generate innovative solutions to the socio-economic and environmental challenges of today and tomorrow.
- To facilitate creation of new markets for inbound and outbound startups
- To launch a range of products and programmes meant to unlock our 'Common wealth'

Management Discussion and Analysis (continued)

Agency key projects (continued)

9.2.5 CEIL Summit

The Commercialisation and Entrepreneurial Institutions Leaders' (CEIL) Summit is an initiative of the Agency, that targets various institutional leaders from key sectors with an intention of advancing the national commercialisation infrastructure. The aim of the summit that is projected to run annually, is to strengthen the commercialisation processes at national, institutional, and individual levels, by articulating the business case for commercialisation, providing evidence and empowering the leadership to influence efforts, initiatives and outcomes of commercialisation in Kenya.

The annual event brings together aspiring entrepreneurs, business leaders, investors, institutional leaders, government representatives, and other stakeholders to exchange ideas, learn from experts, and explore opportunities for growth and collaboration in various industries.

During this financial year the CEIL Summit was held in December 2022 at Mombasa. The leaders present shared experiences on commercialisation success and challenges, tried and tested business models to enhance commercialisation in Higher Education Institutions and Research centres. They also discussed strengthening of linkages between key sectors that influence commercialisation of Innovations and research.

There were several outputs out of the CEIL 2022

- Creation of Kenya Network of Entrepreneurial Institutions Leaders (KNEIL) which is a platform for institutional leaders to discuss, co-design and drive solutions to challenges of entrepreneurial and innovation prospects of institutions.
- Pre -Launching of commercialization guidelines were also pre- launched during the summit and the delegates were given time to feedback on it before the official launch. One of the objectives of the guidelines is to address the challenges facing technology transfer and commercialisation in the country.

In addition, the following recommendations were made during the summit:

- The Kenya Innovation bridge will be a digital place marketplace for innovations and commercialisable projects with an integrated real time national innovation and commercialization information system
- The state department of Youth Affairs will champion the development of a policy to set up the Technology transfer offices (TTCOs) all round Kenya.
- An entrepreneurship Institutions' maturity framework (EIMF) will be established as a mechanism for self -evaluation and piloting of the same done in 2023.

CEIL summit 2023 was launched alongside KIW 2023 and will be held on 17th – 19th October 2023 at the Coast region.

Management Discussion and Analysis (continued)

Agency key projects (continued)

9.2.5 National Innovation Awards (NIA)

The National Innovation Award is a program designed to support ambitious innovative ideas that have a tremendous potential of being commercialised. The three fundamental principles of the National Innovation Award Program are: contemplate and long-term planning, pragmatic and the ability to adjust quickly to an ever-changing National Innovation ecosystem.

The Program aims to support the bold ideas of creative innovative thinkers who, unfettered by conventional wisdom and unafraid of failure, are able to think outside the box and take decisive action in order to create something.

The National Innovation Award solicits entries of innovations and traditional knowledge developed at grassroots by individuals or groups of farmers, artisans, fishermen and women, workshop mechanics, students, local communities etc. The innovations can be in the nation's focal and global concern areas such as food security, climate action, housing, healthcare, manufacturing etc. The innovations should have an outcome of one's own creativity, with or without any technical support from external and internal agencies. The National Innovation Award Program highly encourages innovations and outstanding traditional knowledge from women and marginalised communities. Creative ideas for innovative technologies, which may not have been developed into prototypes are also considered by the program. Young people are also encouraged to send their original ideas for consideration.

During the financial year 2022/2023, the Agency held its first National Innovation Award Studentpreneur Edition, that was designed to find and award twelve most promising student innovative ideas for financial year 2022/2023. The student teams were supposed to submit their innovations under the categories of Affordable Housing, Affordable Healthcare, Food Security and Manufacturing). Seven student teams who won, got varied cash awards (Winner: KES 500,000; 1st Runners Up: KES 200,000 and 2nd Runners Up: KES 100,000) to develop and scale up their innovations.

This award was aimed at supporting TVET and University students with existing innovative ideas through sharing knowledge, opportunities, and networks to uplift the young innovators in their entrepreneurial endeavours.

The intention of the studentpreneur edition was to give students an opportunity to be more innovative and successful economically during and after their tertiary education. Entrepreneurship during student years also introduces the youth to the realities of the business world and fast tracks the process of becoming economically active members of society. Upon graduation, students would be able to consider entrepreneurship as a career, either as a first choice, or as an alternative, especially if they have difficulty finding formal employment.

The 10 – Year National Innovation Masterplan

The purpose of the National Innovation Masterplan is to help Kenya transform the country's disruptive innovation ecosystem into a vibrant innovation ecosystem, catalysing the achievements of Vision 2030. National Innovation Masterplan will be used as foundation for future work on policy drafting. The Masterplan is intended to be aspirational, educational and informative, offering a shared vision to align actors across the Government of Kenya and the wider ecosystem.

Management Discussion and Analysis (continued)

Agency key projects (continued)

This vision will provide an anchoring guideline against which all actors, from ministries to development partners, can organise their research, innovation, funding, startup, talent, commercialisation and other efforts.

With the support of UKAid and BRINK, a project team was appointed, and a strategy developed for engagements with different stakeholders in the ecosystem. A visioning workshop was organised to develop the main framework that describes the roadmap. Through the workshop the key pillars were identified, sectors and main cross-cutting segments that would drive the implementation of the masterplan.

Development of the Incubation and Innovation Hubs guidelines

One of the key mandates of the Agency is to coordinate the startup ecosystem. To effectively achieve this, the Agency through the support from the OACPS R&I Policy Support Facility (PSF), a European Union institution, developed guidelines for coordination of the Innovation and incubation hubs. These hubs are the main platforms for startup support and development. These guidelines are envisioned to facilitate smooth operations and coordination of the national startup ecosystem. During the Kenya innovation week, the guidelines were launched. The Agency envisions to sensitize the startup ecosystem and engage all the relevant stakeholders to interact and contribute towards the operationalization of the guidelines.

The main objectives that the guidelines aims to achieve are:

- Assist KeNIA with the coordination and management of Innovation Hubs in Kenya.
- Encourage wider participation from women, youth, and people with disabilities in these hubs.
- Ensure that good practices evolve and are shared among the different organizations.
- Improve the quality and efficiency of the country's R&I policies and practices.
- To ensure that all the manifestations of Innovation Hubs can offer quality services to nascent business and are responsible agents for positive development.

Development of the commercialisation guidelines.

The Guidelines for Strengthening Commercialisation in Universities and Research Institutes in Kenya were prepared in the framework of the OACPS R&I Policy Support Facility (PSF).

The findings of several reports from studies undertaken on the Kenyan innovation ecosystem between 2021 and 2022 influenced the drafting of the commercialisation guidelines. The Commercialisation guidelines were launched during the KIW 2022.

The main objectives that the guidelines aims to achieve are:

- Address the challenges facing technology transfer and commercialisation in the country.
- Assist universities, research institutions and businesses get good returns from their investments in R&D
- Lay out a comprehensive set of reforms to boost collaboration between universities (academia) and industry.
- Offer practical advice and guidance on the issues facing commercialisation and facilitate the adoption of effective practices on how to tackle those issues

9.3 Agency Compliance with Statutory Requirements

a. Supply Chain Management

During the year under review, the Agency sustained its efficient procurement processes in acquisition of goods, works and services. The Agency strictly follows all laws, regulations and guidelines in procurement and follows the Public Procurement and Asset Disposal Act, 2015 and guidelines issued by the government.

b. Human Capital

The Human Resource function supports the achievement of the Agency's mandate as provided in Section 13 of the STI Act by attracting, training, and retaining highly qualified, skilled and motivated staff. At the start of the year under review the Agency had eight employees and thirteen deployed staff from the Ministry of Education. At the end of the year the Agency currently has thirteen employees and seven deployed staff. The Agency from time to time engages short term staff as well as interns and attachés. The Agency still requires more staff to enable it effectively and efficiently achieve its mandate.

c. Information and Communication Technology

The Agency has embraced innovation and has worked towards digitalisation of its processes. This includes an end-to-end digital award system for receiving and vetting applications for innovation awards, a recruitment system that has reduced use of paperwork and enabled real-time tracking of job applications made to the Agency and an online and interactive innovation database where innovation ecosystem stakeholders can engage and collaborate.

The Agency also has an interactive website and utilises social media platforms to enhance visibility, engage stakeholders and inform the public on its activities.

d. Standing Committee Activities

In compliance with statutory requirements and enhancing the welfare of internal and external stakeholders, the Agency continues to implement workplace policies championed by various committees as follows, human resource management advisory committee, finance, ICT steering committee, performance management committee, performance contracting committee, resolution of public complaints, HIV & AIDS, gender mainstreaming and national cohesion value & principles.

9.4 Major Risks Facing the Agency.

Risk management is important in the organization because without it the Agency the agency cannot possibly define its objective.

At KeNIA members of the audit board committee are committed to the process of enterprise risk management that guides in identification of potential events that may affect the Agency as well as manage the identified risk to reduce the negative effects and optimize the positive effects of the risk. The audit committee is supported by the management through appointment of Risk champion Officer.

Major Risks Facing the Agency (Continued)

The agency has classified risk under different categories that will guide the Agency to identify and deal with the risk.

- **Strategic risk**-these are risks stemming from the Agency's strategy and pose the greatest threat to the achievement of the strategy.
- **Financial risk**-relating to the financial operations of the Agency
- **Reputational risk**-this is damage to the Agency reputation as a result of failure to manage other risks.
- **Operational risk**-relating to activities carried out within the Agency, arising from structure, systems, people, products or processes.
- **Governance & Compliance risk**-Governance from the board and compliance with applicable laws and regulations.

To minimize threats or optimize opportunities brought about due to risk event occurring, the Agency will respond to risk as below. The response to be used will be guided by the risk assessment report.

- Risk avoidance-action is taken to halt the activities giving rise to risk.
- Risk reduction-action is taken to mitigate the risk of likelihood or impact or both, through internal controls.
- Risk sharing or transfer-action is taken to transfer a portion of the risk through insurance, outsourcing or hedging.
- Risk acceptance-no action is taken to affect likelihood or impact.

9.5 Material Arrears in Statutory and Other Financial Obligations

The Agency had no material arrears in statutory and other financial obligations at the close of the financial period under review.

The Agency has complied with its establishment Act and regulations, that is, the Constitution of Kenya 2010, the Science Technology and Innovation Act, 2013, Public Finance Management Act, 2012, The Public Procurement and Asset Disposal Act, 2015, Public Audit Act, 2015 and the State Corporation Act Cap 446 among others.

9.6 Review of the economy and sector

Government of Kenya appreciates the crucial role of innovation in economic development and today's demands for knowledge-based development. Technological development and Innovations are essential ingredients in the industrialization and sustainable development of nations. In a knowledge-based economy, the capacity to compete in the global marketplace is highly dependent on the ability to innovate and apply the relevant technology to industries and productive sectors. Investments in innovations and integration of the same into social, economic and governance policies can increase global market competitiveness, create employment, and increase productivity. All these initiatives contribute to the achievement of the Kenya Vision 2030 goal, which is 'a transformed nation that is globally competitive and prosperous with a high quality of life by the year 2030'. This can only be achieved through the utilization and application of innovation across all sectors of the economy, as well as promotion of innovation at all levels of Government.

Kenya must harness Science, Technology, and Innovation in all aspects of its social and economic development to foster national prosperity and global competitiveness. As per Vision 2030 projections the government aims to mainstream Science, Technology, and Innovation in all the sectors of the economy through carefully targeted investments.

The Agency appreciates the crucial role of innovation in economic development and today's demands for knowledge-based development. Thus, the Agency ensures that its strategic priorities are well aligned in advancement of the country's Innovation ecosystem both regionally and globally.

The Bottom-Up Economic Transformation Agenda under the financial year 2023-2024 is an agenda geared towards economic turnaround and inclusive growth aiming to reduce the cost of living, incentivize investment and production, enhance social security among others. The Agency contributes to the Bottom-Up Economic Transformation Agenda through providing a conducive platform for the innovations which will be geared towards accelerating value addition initiatives that the manifesto has highlighted.

The Fourth Mid Term plan for 2023-2027 of Kenya Vision 2030 is aimed at implementing the fourth and second-last phase of Kenya Vision 2030 whilst gearing towards setting the momentum for transition to the next long term agenda for the country. The Fourth Mid Term plan has been developed to fast track the implementation of the Five Sectors that form the core pillars of the Government's agenda which include Agriculture; Micro Small and Medium Enterprise Economy. The Agency contributes to the Fourth Mid Term plan by accelerating Superhighway and Creative Economy. The Agency contributes to the Fourth Mid Term plan by accelerating innovative solutions that will enhance the achievement of the core pillars.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

KeNIA is established under Science, Technology and Innovation (STI) Act, No. 28 of 2013. The core mandate of the Agency is to develop and manage the National Innovation System. This is the Agency's purpose and the driving force behind everything that the Agency does.

To achieve its mandate, the Agency is guided by six strategic priorities which include: Capacity Development, Dissemination & Awareness, Commercialisation, Policies & Legal Framework, Partnerships & Linkages and Funding, which is anchored on six core values: Fairness, professionalism, Integrity, Accountability and Transparency. Below is a brief highlight of the Agency achievements in the following five sustainability pillars:

i) Sustainability strategy and profile

KeNIA has a sustainable strategy that is largely borrowed from Bottom - Up Economic Transformation Agenda (BETA 2022-2027) and Kenya Vision 2030. It recognises science, technology and innovation (ST&I) as a key enabler and accelerator for national and global transformation towards a prosperous, inclusive and environmentally sustainable economy in developing and developed nations.

The Agency in keeping with global trends on sustainable development goals, it seeks to promote development of innovations to goods and services that can be commercialised through sustainable enterprises. Development of these innovative industries creates decent jobs, enhancing the national economic growth and infrastructure. This will help in eradicating hunger, promoting good health and well-being among Kenyans.

Economically empowered citizens will all access quality education and bring about equality and equity. The improved economic growth through industries will help the government get resources to provide clean water and sanitation, affordable and clean energy for all hence reducing inequality in the country.

The Agency has also partnered with other organisations from other countries such as Foreign, Commonwealth and Development Office (FCDO), British Council, Lemelson Foundation, and Thunderbird School of Global Management. The partnership components include funding and technical support that ensure the Agency achieves its mandate.

ii) Environmental performance

The Agency has an environmental policy that applies to all staff, stating that the organisation will offer safe and healthy working conditions in order to prevent work-related injuries or illnesses. The aim is to eliminate work environmental risks and conserve the environment. The Agency complied with all the requirements of current environmental legislation and codes of practice to prevent pollution.

The Agency has also undertaken effort to digitize its operations through implementing policies relating to disposal of electronic waste, pooling of water dispenser units, sharing of IT assets, sharing and circulation of soft copies of documents as opposed to hard copies, applying Just in time philosophy for the replenishment of store items (minimises storage of large stocks), and printing on both sides of paper documents.

Environmental and Sustainability Reporting(Continued)

The Agency has also implemented the use of digitised system e.g., installation of Microsoft 365. This has substantially reduced the use of paper-based processes.

The Agency also operates and maintains its vehicles through regular servicing to reduce air pollution caused by emissions of carbon to the environment. It encourages the use of alternative means of transport and vehicle sharing as appropriate.

The Agency applies the principles of continuous improvement in respect of air, water, noise, and light pollution from its premises and reduce any impacts from operations on the environment and local community.

The Agency endeavours to undertake its operation electronically thus to reduce or minimise paperwork which may be hazardous to the environment

iii) Employee welfare

The Agency recognises all its employees as the most valuable resource and their welfare is essential to ensure the achievement of its mandate. The Agency has provided a conducive and safe working environment through provision of open office layout which is clean and well ventilated. The Agency has complied with Occupational Safety and Health Act of 2007, (OSHA) which is largely guided by the Work environment policy.

Staff are subjected to a fair performance appraisal system whose output, amongst other aspects, is the identification of areas of improvement and training. To ensure staff work effectively, they are supported to undertake relevant professional development according to their needs. This has led to motivated staff who are more productive in their areas of speciality.

iv) Market place practices

a) Responsible competition practice.

The Agency ensures transparency and accountability in all its operations and processes pertaining to recruitment and promotion of staff, in the acquisition of goods, works and services through competitive bidding.

The Agency also upholds merit in innovation challenge(s) that it undertakes annually by use of independent Jury to evaluate the various innovations submitted to avert bias. All recruitment and competitive award processes are done on the institutional website and all applicants can follow the process openly.

b) Responsible supply chain and supplier relations

The Agency strictly follows all laws, regulations and guidelines in the procurement of goods, works and service by adhering to Public Procurement and Asset Disposal Act, 2015. Payments are always done promptly and the bidders who competitively win get to supply the Agency. The procurement process is done on the institutional website and all bidders can follow the process openly.

Environmental and Sustainability Reporting(Continued)

c) Responsible marketing and advertisement

KeNIA follows the national rules and regulations that guide marketing and advertising and as guided by the ST&I Act. The Agency uses MyGov newsprint which is a government newspaper providing a platform for marketing and advertising of services. It also utilises social media platforms to advertise for jobs, innovation challenge and tenders.

d) Product stewardship

In line with the mandate of creating a conducive environment for innovation, KeNIA's target is to encourage Kenyans to be innovators. The Agency has created awareness on innovation ecosystem through capacity building, which is achieved through working with institutions like Universities, TVET's, NGO's, Research institutions, national and county governments among others. This is to ensure that innovations developed translate to a commercialised product or service for social economic development of the community.

v) Corporate Social Responsibility / Community Engagements

Corporate social responsibility (CSR) is a business model that helps an entity to be socially accountable to itself, its stakeholders, and the public. In the financial year the Agency focused on environmental conservation efforts as spearheaded by the government whose aim is to plant 15 billion trees by 2032, a move aimed at: reducing greenhouse emissions, stopping and reversing deforestation and, restoring 5.1 million hectares of deforested and degraded landscapes through the African Landscape Restoration Initiative.

The Agency , in collaboration with Member of Parliament-Keiyo south constituency, Community members of Mokwo Sub-location in Kaptarakwa Ward, Kenya Forest Service in Kaptilol Forest, Area MCA, Area Assistant Chiefs, Teachers and students of both Kaptilol Secondary and Primary schools undertook a CSR activity on tree planting. During the exercise 1,000 indigenous trees species were planted. The tree seedlings shall be nurtured by students of both Kaptilol Secondary and Primary schools under the supervision of Kenya Forest Service.

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Entity's affairs.

i) Principal activities

The core mandate of the Agency is to develop and manage the National Innovation System. The Agency is therefore responsible for co-ordination, promotion, and regulation of the National Innovation Ecosystem

ii) Results

The results of the Entity for the year ended June 30, 2023, are set out on page 1

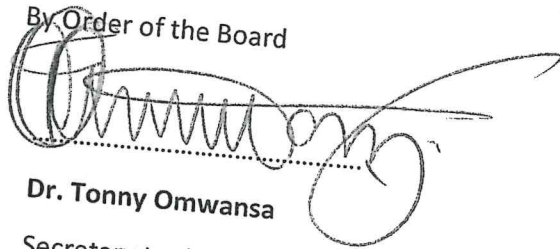
iii) Directors

The members of the Board of Directors who served during the year are shown on page VII

iv) Auditors

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

By Order of the Board



Dr. Tonny Omwansa

Secretary to the Board

12. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and STI Act 2013 require the Directors to prepare financial statements in respect of that Agency, which give a true and fair view of the situation of the Agency at the end of the financial year/period and the operating results of the Agency for that year/period. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the situation of the Entity for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Agency; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and STI Act 2013. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2023, and of the Entity's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Entity, which have been relied upon in the preparation of the Entity's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that KeNIA will not remain a going concern for at least the next twelve months from the date of this statement.

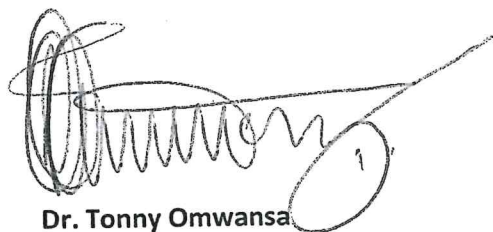
Approval of the financial statements

The Entity's financial statements were approved by the Board on 18/09/2023 and signed on its behalf by:



Prof. Tom Peter Ogada Migun

Chairperson of the Board



Dr. Tonny Omwansa

Accounting Officer

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL INNOVATION AGENCY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure that 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 does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya National Innovation Agency set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya National Innovation Agency as at 30 June, 2023, 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 Science, Technology and Innovation Act, 2013.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Innovation Agency 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.132,875,963 and Kshs.105,233,863, respectively, resulting to an underfunding of Kshs.27,642,100 or 21% of the budget. Similarly, the Agency expended an amount of Kshs.99,684,533 against an approved budget of Kshs.129,350,963, resulting to an under expenditure of Kshs.29,666,430 or 23% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Other Matter

Prior Year Matters

In the previous year's audit report, several issues were raised under Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management had not resolved the issues or given any explanation for failure to implement the recommendations.

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for 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

Understaffing

Review of the Agency's human resource records revealed that it had twenty-seven (27) employees, comprising thirteen (13) permanent and pensionable employees and fourteen (14) short contracts employees in-post against the authorized establishment of eighty-nine (89), resulting in an understaffing of sixty-two (62).

In the circumstances, the effectiveness of the Agency's internal controls and risk management, as well as segregation of duties could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Report on Effectiveness of Internal Controls, Risk Management and Governance section

of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Weaknesses in the Internal Control Environment

Review of the internal controls and IT internal controls of the Agency revealed the following weaknesses;

- i. Lack of policies and procedures to guide on key processes in management of assets, liabilities, revenue, expenditure and service delivery.
- ii. Lack of a risk management policy. Additionally, no risk assessment was carried out during the year.
- iii. Lack of an approved ICT policy.
- iv. Manual processing of transactions. The Agency lacked a financial information processing system.
- v. Lack of a Disaster Recovery Plan.

Lack of policies and procedures may lead to inefficiencies and poor controls in the entity's operations.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and 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 overall governance.

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

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

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

The Board of Directors is responsible for overseeing the Agency'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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Agency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

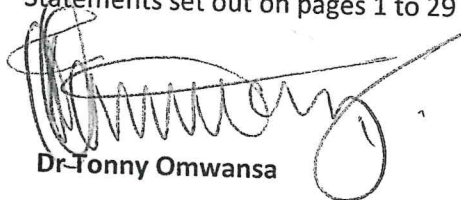
Nairobi

20 March, 2024

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | Period ended June 2023 | Period Ended June 2022 |
|---|-------|------------------------|------------------------|
| | | Kshs | Ksh |
| Revenue from non-exchange transactions | | | |
| Transfers from other governments entities | 6 | 62,875,963 | 52,875,96 |
| Revenue from exchange transactions | | | |
| Rendering of services | 7 | 40,827,840 | 24,676,00 |
| Total Revenue | | 103,703,803 | 77,551,96 |
| Expenses | | | |
| Use of goods and services | 8 | 64,612,922 | 54,767,4: |
| Employees cost | 9 | 28,583,726 | 15,127,4: |
| Board expenses | 10 | 5,299,513 | 4,137,9: |
| Depreciation | 11 | 6,226,667 | 6,219,6 |
| Repairs and maintenance | 12 | 2,695,404 | 847,7 |
| Total Expenses | | 107,418,231 | 81,100,1 |
| Surplus (Deficit) | | (3,714,428) | (3,548,20 |

The notes set out on pages 8 to 27 form an integral part of these financial statements. The Financial Statements set out on pages 1 to 29 were signed on behalf of the Board of Directors by:


 Dr. Tonny Omwansa

Accounting Officer


 Ms. Mary Maina

Accountant


 Prof. Tom Peter Ogada Migun

Chairman of the Board

Date 25/9/23

ICPAK M/No:23927

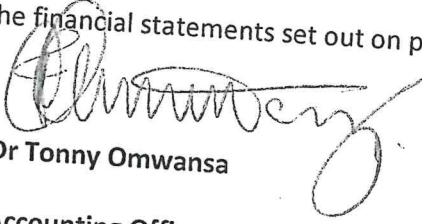
Date 25/09/2023

Date 25/09/2023

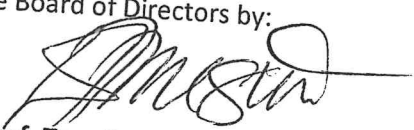
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| | Notes | Period as at 30th June 2023 | Period as at 30th June 2022 |
|--|-------|--------------------------------|--------------------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | | | |
| Current portion of receivables from non-Exchange transactions | 13 | 7,654,843 | 4,891,523 |
| Current portion of receivables from Exchange transactions | | 0 | 290,000 |
| Prepayment | 14 | 1,405,952 | 2,936,012 |
| Inventories | 15 | 2,867,619 | 1,374,381 |
| Total Current Assets | 16 | 1,584,175 | 1,282,371 |
| | | 13,512,590 | 10,774,287 |
| Non-Current Assets | | | |
| Property, plant and equipment | 17 | 11,658,321 | 15,098,977 |
| Total Non- Current Assets | | 11,658,321 | 15,098,977 |
| Total Assets | | 25,170,911 | 25,873,265 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | | | |
| Total Current Liabilities | 18 | 7,502,287 | 4,490,212 |
| Total Liabilities | | 7,502,287 | 4,490,212 |
| Net assets | | 7,502,287 | 4,490,212 |
| Accumulated surplus | | 17,668,624 | 21,383,053 |
| Total Net Assets and Liabilities | | 25,170,911 | 25,873,265 |

The financial statements set out on pages 1 to 29 were signed on behalf of the Board of Directors by:


Dr Tony Omwansa
Accounting Officer


Ms Mary Maina
Accountant


Prof. Tom Peter Ogada Migun
Chairman of the Board

Date 25/9/23

ICPAK M/No:23927

Date 25/09/2023

Date 25/09/2023

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

| Period | Accumulated surplus |
|--|---------------------|
| | KShs |
| Balance as at 1 July 2020 | 19,970,228 |
| Surplus/(deficit) for the period | 4,961,025 |
| Balance as at 30 June 2021 | 24,931,253 |
| Balance as at 1 July 2021 | 24,931,253 |
| Surplus/(deficit) for the period | (3,548,200) |
| Balance as at 30 June 2022 | 21,383,053 |
| Balance as at 1 July 2022 | 21,383,053 |
| Surplus/(deficit) for the period | (3,714,428) |
| Balance as at 30 th June 2023 | 17,668,624 |

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

| | | Period as at June 2023 | Period as at June 2022 |
|---|-----------|---------------------------|---------------------------|
| | Note s | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other governments entities | 6 | 62,875,963 | 52,875,963 |
| Rendering of services | 7 (a) | 42,357,900 | 21,942,061 |
| Total Receipts | | 105,233,863 | 74,818,024 |
| Payments | | | |
| Use of goods and services | 8(a) | 68,598,472 | 54,309,153 |
| Employee costs | 9(a) | 23,359,684 | 15,343,414 |
| Board expenses | 10(a) | 5,490,513 | 4,028,265 |
| Repairs and maintenance | 12(a) | 2,235,864 | 836,124 |
| Total Payments | | 99,684,533 | 74,516,955 |
| Net cash flows from/(used in) operating activities | | 5,549,330 | 301,069 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, and equipment | 17 | 2,786,010 | 2,876,180 |
| Net cash flows from/(used in) investing activities | | (2,786,010) | (2,876,180) |
| Net increase/(decrease) in cash and cash equivalents | | 2,763,320 | (2,575,111) |
| Cash and cash equivalents at 1 JULY | | 4,891,523 | 7,466,634 |
| Cash and cash equivalents at 30TH JUNE | | 7,654,843 | 4,891,523 |

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUN 2023

| | Original annual Budget | Final Annual Budget | Actual Cumulative to date | % of Utilization |
|--|---------------------------|------------------------|---------------------------------|------------------|
| | a | c=a+b | d | e=d/c % |
| | Kshs | Kshs | Kshs | Kshs |
| Revenue | | | | |
| Government grants and subsidies | 62,875,963 | 62,875,963 | 62,875,963 | 100% |
| Rendering of services | 70,000,000 | 70,000,000 | 42,357,900 | 61% |
| Total income | 132,875,963 | 132,875,963 | 105,233,863 | 79% |
| Expenses | | | | |
| Use of goods and services | 83,843,450 | 83,843,450 | 68,598,472 | 82% |
| Employee costs | 31,901,233 | 31,901,233 | 23,359,684 | 73% |
| Board Expenses | 9,131,280 | 9,131,280 | 5,490,513 | 60% |
| Repairs and Maintenance | 4,475,000 | 4,475,000 | 2,235,864 | 50% |
| Total expenditure | 129,350,963 | 129,350,963 | 99,684,533 | 66% |
| Surplus for the Period | | | 5,549,330 | |
| Capital Expenditure- Purchase of Fixed Assets | 3,525,000 | 3,525,000 | 2,786,010 | 79% |

Budget notes**Income**

1. Rendering of services income – The Agency raised 42,357,900 as internally generated revenue. This is equivalent to 61 % of the Appropriation in Aid (AIA) target for the year. The target was not met because of the following:
 - i. Several prospective Partners cited budget cuts on their funding and hence were unable to partner with the Agency.
 - ii. Uptake of training programs has been low in comparison to previous period due to financial constraints among our major partners who are mostly government entities.

Expenses

1. Use of goods and services – Some planned activities/ procurement that had been planned did not take place due to the failure to meet projected AIA
2. Employee costs – The recruitment of 3 members of staff planned in the year did not happen due to gaps in HR instruments which are currently under review. Also included in the budget is gratuity which is not included in this statement which is presented on a cash basis. The gratuity Ksh 5,105,150 (16%) has been accrued and will be paid when it falls due in future.
3. Board Expenses– The Board of directors was inducted in September 2022 and therefore held fewer meetings and engagements within the period under review.

4. Repairs and Maintenance- Some planned activities/ procurement that had been planned did not take place due to the failure to meet projected AIA
5. Purchase of Fixed assets- Some planned procurement did not materialize due to lack of funds.

Reconciliation of statement of comparison of Budget and actual amounts and the Statement of Financial Performance

The total of actual expenditure on comparable basis does not tie to the statement of financial performance expenses due to differences in accounting basis. The budget is presented on a cash basis whereas the statement of financial performance is presented using the accrual principle. The following reconciliation between the two figures is shown below.

| | 2022-2023 |
|---|--------------------|
| | Kshs |
| Surplus for the year as per statement of financial performance | (3,714,428) |
| Changes in Rendering of service income | 1,530,060 |
| Add | |
| Depreciation Expenses | 6,226,667 |
| Changes in Use of goods and services | (3,985,550) |
| Changes in board expenses | (191,000) |
| Changes in repairs and maintenance | 459,540 |
| Less | |
| Changes in employees' cost | 5,224,042 |
| Total Surplus as per the statement of comparison of budget | 5,549,330 |

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

KeNIA is established by and derives its authority and accountability from the Science, Technology, and Innovation (STI) Act, No. 28 of 2013 under the Ministry of Education.

KeNIA is wholly owned by the Government of Kenya and is domiciled in Kenya. The core mandate of the Agency is to develop and manage the National Innovation System. The Agency is therefore responsible for co-ordination, promotion and regulation of the National Innovation Ecosystem.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of KeNIA. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

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

| Standard | Effective date and impact: |
|---|---|
| | <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an KeNIA's risk management strategy and the accounting treatment for instruments held as part of the risk management strategy. <p>The Agency retains its money in the bank which exposes it to the risk of loss in case the bank collapses.</p> |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>This standard is not relevant to KeNIA.</p> |

Kenya National Innovation Agency
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 for the year ended June 30, 2023.

| Standard | Effective date and impact: |
|--|---|
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | <p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. <p>IPSAS 42 includes disclosure requirements that provide additional information that entity may need to evaluate the effect that the social benefit have on entity's finances</p> |
| Other improvements to IPSAS | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. |

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

| Standard | Effective date and impact: |
|--|---|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |

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 KeNIA 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 has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

KeNIA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Transfers from other entities

Revenues from non-exchange transactions with other 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. Cash donations are recognized in the statement of financial performance. Development/capital grants are recognized in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

Donations

Where the donations are in kind the Agency does not recognize the donation in the statement of financial performance but discloses the nature of donation in the notes to the financial statements.

Notes to the financial statements (continued)

Summary of Significant Accounting Policies (Continued)

During the period ended June 2023 the Agency received the following donations in kind:

| Organization | Purpose | Amount |
|--|--|------------|
| UNDP | Support to Kenya Innovation Outlook | 3,290,000 |
| Lemelson Foundation | Pathways to Sustainable Entrepreneurial Universities | 10,000,000 |
| Foreign Commonwealth Development Office (FCDO) | Kenya Innovation Bridge Phase III | 11,970,000 |
| Foreign Commonwealth Development Office (FCDO) | Institutional Support Program Phase II | 13,300,000 |
| Total | Total | 35,270,000 |

b) Budget information

The original budget for the Current FY was approved by the National Assembly in 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by KeNIA upon receiving the respective approvals in order to conclude the final budget. Accordingly, KeNIA additional appropriations are added to the original budget upon receiving the respective approvals to conclude the final budget.

KeNIA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis based on functional expenses. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under the statement of comparison of budgeted amounts and Actual amounts.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, KeNIA 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 statement of performance as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on property plant and equipment is calculated on a straight-line method over its estimated useful life using the following annual rates;

Motor Vehicle 20%

Furniture & fitting 12.5%

Computers 33.33%

d) 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. KeNIA does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the financial statements. 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 Agency 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

Trade and other receivables

Trade and other receivables are recognized at fair values

e) Financial liabilities.

Classification

KeNIA classifies its liabilities as subsequently measured at historical cost.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies (Continued)

f) 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.

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

g) Provisions

Provisions are recognized when KeNIA 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 KeNIA 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.

h) Contingent liabilities

KeNIA 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.

i) Contingent assets

KeNIA 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 KeNIA 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) Changes in accounting policies and estimates

KeNIA 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 (Continued)

4. Summary of Significant Accounting Policies (Continued)

k) Employee benefits

Retirement benefit plans

KeNIA provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which KeNIA pays fixed contributions into a separate 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 expensed in the year in which they become payable.

l) Related parties

The Agency 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 CEO and senior managers.

m) 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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

n) Comparative figures

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

o) 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, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Useful lives and residual value

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 KeNIA.

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 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

| Description | Period ended June 2023 | Period ended June 2022 |
|---|------------------------|------------------------|
| | KShs | KShs |
| Ministry of Education, State Department for Higher Education and Research | 62,875,963 | 52,875,963 |
| Total | 62,875,963 | 52,875,963 |

6(a) Transfers from Ministries, Departments and Agencies (MDAs)

| Name of The Agency Sending The Grant | Amount recognized to Statement of Financial performance. * | Total transfers FY2022-2023 | Total transfers FY2021-2022 |
|--|--|-----------------------------|-----------------------------|
| | KShs | KShs | KShs |
| Ministry of Education, State Department of Higher Education & Research | 62,875,963 | 62,875,963 | 52,875,963 |
| Total | 62,875,963 | 62,875,963 | 52,875,963 |

7. Rendering of services

| Description | Period ended June 2023 | Period ended June 2022 |
|---|------------------------|------------------------|
| | KShs | KShs |
| Skills development workshops | 5,100,000 | 8,070,000 |
| Kenya Innovation Week | 31,806,212 | 14,279,000 |
| CEIL Summit | 3,921,628 | |
| Other Income | - | 2,327,000 |
| Total Revenue from rendering of services | 40,827,840 | 24,676,000 |

7(a) Rendering of services

| Description | Period ended June 2023 | Period ended June 2022 |
|---|------------------------|------------------------|
| | KShs | KShs |
| Total Revenue from exchange transactions | 40,827,840 | 24,676,000 |
| Receivables Bal bfwd | 2,936,012 | 202,073 |
| Receivables Bal b/d | (1,405,952) | (2,936,012) |
| Total Rendering of services used in cash flows | 42,357,900 | 21,942,061 |

The Agency had several income general initiatives; Skills development workshop for stakeholders in which they were charged workshop fee, Kenya innovation week Forum also raised income through attendance fee for the delegates, Exhibition fees and sponsorships from partners.

8. Use of Goods and Services

| Description | Period ended June 2023 | Period ended June 2022 |
|--|------------------------|------------------------|
| | KShs | KShs |
| National Innovation Award | 2,496,000 | 3,100,000 |
| Subscriptions | 53,600 | 200,000 |
| Advertising | 1,960,877 | 1,352,153 |
| Hospitality | 747,542 | 646,509 |
| Audit fees | 900,000 | 900,000 |
| Conferences and delegations | 6,500,950 | 6,554,150 |
| Shows and Exhibition (Kenya Innovation Week) | 25,519,920 | 15,633,245 |
| Fuel and oil | 1,636,488 | 818,964 |
| Insurance | 458,952 | 438,191 |
| Printing and stationery | 1,559,195 | 1,472,197 |
| Rent | 3,852,360 | 3,852,360 |
| Telecommunication | 2,033,805 | 1,556,000 |
| Training | 2,146,162 | 4,075,780 |
| Travel, accommodation, subsistence, and other allowances | 14,187,904 | 13,643,907 |
| Other general expenses | 543,166 | 523,980 |
| Total Use of Goods and Services | 64,612,922 | 54,767,436 |

Notes to the Financial Statements (Continued)

8(a). Use of goods and services

| Description | Period ended June 2023 | Period ended June 2022 |
|---|---------------------------|---------------------------|
| | KShs | KShs |
| Use of goods and services | 64,612,922 | 54,767,436 |
| Prepayments bal b/f | (1,374,381) | (426,415) |
| Prepayments bal b/d | 2,867,619 | 1,374,381 |
| Inventory bal b/f | (1,282,371) | (1,232,244) |
| Inventory bal b/d | 1,584,175 | 1,282,371 |
| Accrued expenses bal b/d | 3,769,770 | 2,071,795 |
| Accrued expenses bal b/f | (1,289,263) | (3,769,770) |
| staff Receivable | (290,000) | (48,400) |
| staff Receivable | - | 290,000 |
| Total Use of goods and services used in the cash flows | 68,598,472 | 54,309,153 |

9. Employee costs

| Description | Period ended June 2023 | Period ended June 2022 |
|---|---------------------------|---------------------------|
| | KShs | KShs |
| Salaries and wages | 14,281,676 | 10,006,024 |
| Employer contribution to health insurance schemes | 2,589,390 | 836,931 |
| Employer contribution to pension schemes | 566,995 | 45,400 |
| Housing benefits and allowances | 6,040,516 | 4,239,059 |
| Provision for gratuity | 5,105,150 | - |
| Total Employee costs | 28,583,726 | 15,127,414 |

9(a). Employee costs

| Description | Period ended June 2023 | Period ended June 2022 |
|--|------------------------|------------------------|
| | KShs | KShs |
| Employee costs for the year | 28,583,726 | 15,127,415 |
| Accrued expenses bal b/d | 259,116 | 475,115 |
| Accrued expenses bal b/f | (5,483,158) | (259,116) |
| Total Employee costs used in the cash flows | 23,359,684 | 15,343,414 |

10. Board Expenses

| Description | Period ended June 2023 | Period ended June 2022 |
|-------------------------------|------------------------|------------------------|
| | KShs | KShs |
| Chairman/Directors' Honoraria | 960,000 | 638,857 |
| Sitting allowances | 2,160,000 | 560,000 |
| Induction and Training | 761,400 | - |
| Travel and accommodation | 1,122,076 | 164,270 |
| Other allowances | 84,000 | 51,000 |
| Board Recruitment expense | - | 2,723,864 |
| Medical Insurance | 212,036 | - |
| Total Board Expenses | 5,299,513 | 4,137,991 |

10 (a). Board Expenses

| Description | Period ended June 2023 | Period ended June 2022 |
|--|------------------------|------------------------|
| | KShs | KShs |
| Board expenses | 5,299,513 | 4,137,991 |
| Accrued Board expenses b/f | 449,726 | 340,000 |
| Accrued Board expenses b/d | (258,726) | (449,726) |
| Total Board Expenses paid during FY | 5,490,513 | 4,028,265 |

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11. Depreciation Expense

| Description | Period ended June 2023 | Period ended June 2022 |
|-------------------------------|------------------------|------------------------|
| | KShs | KShs |
| Property, plant and equipment | 6,226,667 | 6,219,600 |
| Total depreciation | 6,226,667 | 6,219,600 |

12. Repairs and Maintenance

| Description | Period ended June 2023 | Period ended June 2022 |
|---|------------------------|------------------------|
| | KShs | KShs |
| Property | 9,000 | 397,300 |
| Vehicles | 843,903 | 231,967 |
| Furniture & Other General Equipment | 5,800 | |
| Software, Licences renewals & Connectivity | 1,377,161 | |
| Computers and accessories | 459,540 | 218,456 |
| Total repairs and maintenance Expenses | 2,695,404 | 847,724 |

12(a). Repairs and Maintenance

| Description | Period ended June 2023 | Period ended June 2022 |
|--|------------------------|------------------------|
| | KShs | KShs |
| Repairs and Maintenance | 2,695,404 | 847,724 |
| Accrued Repairs and maintenance b/f | 11,600 | |
| Accrued Repairs and maintenance b/d | (471,140) | (11,600) |
| Total Repairs and Maintenance used in cashflows | 2,235,864 | 836,124 |

13. Cash and cash equivalents

| Description | Period ended June 2023 | Period ended June 2022 |
|--|------------------------|------------------------|
| | KShs | KShs |
| Current account | 7,646,662 | 4,891,523 |
| Cash in Hand | 8,181 | |
| Total cash and cash equivalents | 7,654,843 | 4,891,523 |

Notes to the Financial Statements (Continued)

DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

| | | Period ended June 2023 | Period ended June 2022 |
|---------------------------|----------------|---------------------------|---------------------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | 1236339398 | 7,646,662 | 4,891,523 |
| Cash in Hand | | 8,181 | |
| Grand total | | 7,654,843 | 4,891,523 |

14. Current receivables

| | Period ended June 2023 | Period ended June 2022 |
|----------------------------------|---------------------------|---------------------------|
| | KShs | KShs |
| Current receivables | | |
| Other exchange debtors | 1,405,952 | 2,936,012 |
| Non- Exchange receivables | - | 290,000 |
| Total current receivables | 1,405,952 | 3,226,012 |

15. Prepayments

| | Period ended June 2023 | Period ended June 2022 |
|-------------------------|---------------------------|---------------------------|
| | KShs | KShs |
| Prepayments | 2,867,619 | 1,374,381 |
| Total Prepayment | 2,867,619 | 1,374,381 |

16. Inventories

| | Period ended June 2023 | Period ended June 2022 |
|------------------------|---------------------------|---------------------------|
| | KShs | KShs |
| Inventory | 1,584,175 | 1,282,371 |
| Total Inventory | 1,584,175 | 1,282,371 |

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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

| | Motor vehicles | | Furniture and fittings | | Computers | | Total KShs |
|------------------------------------|----------------|--|------------------------|--|------------|--|---------------|
| | KShs | | KShs | | KShs | | |
| Cost | | | | | | | |
| Depreciation Rate | 20% | | 12.50% | | 33.33% | | |
| 01 July 2021 | 14,329,000 | | 5,341,000 | | 5,760,416 | | 25,430,416 |
| Additions | - | | 923,680 | | 1,952,500 | | 2,876,180 |
| Disposals | - | | - | | - | | - |
| 30 June 2022 | 14,329,000 | | 6,264,680 | | 7,712,916 | | 28,306,596 |
| 1st July 2022 | 14,329,000 | | 6,264,680 | | 7,712,916 | | 28,306,596 |
| Additions | - | | 288,350 | | 2,497,660 | | 2,786,010 |
| Disposals | | | | | | | |
| 30 June 2023 | 14,329,000 | | 6,553,030 | | 10,210,576 | | 31,092,606 |
| Depreciation and impairment | | | | | | | |
| 01 July 2021 | 3,290,250 | | 916,375 | | 2,781,394 | | 6,988,019 |
| Depreciation | 2,865,800 | | 783,085 | | 2,570,715 | | 6,219,600 |
| 30 June 2022 | 6,156,050 | | 1,699,460 | | 5,352,109 | | 13,207,619 |
| 01 July 2022 | 6,156,050 | | 1,699,460 | | 5,352,109 | | 13,207,619 |
| Depreciation | 2,865,800 | | 819,129 | | 2,541,738 | | 6,226,667 |
| 30 June 2023 | 9,021,850 | | 2,518,589 | | 7,893,846 | | 19,434,285 |
| Net book values (NBV) | | | | | | | |
| 30 June 2023 | 5,307,150 | | 4,034,441 | | 2,316,730 | | 11,658,321 |
| 30 June 2022 | 8,172,950 | | 4,565,220 | | 2,360,807 | | 15,098,977 |

Notes to the Financial Statements (Continued)

18. Trade and Other Payables

| Description | Period ended June 2023 | Period ended June 2022 |
|---------------------------------------|------------------------|------------------------|
| | Kshs | Kshs |
| Trade payables | 936,366 | 357,596 |
| Other payables | 6,565,921 | 4,132,616 |
| Total trade and other payables | 7,502,287 | 4,490,212 |

19. Current Provisions

| Description | Gratuity Provision | Audit provision | Total |
|----------------------------------|--------------------|-----------------|------------------|
| | Kshs | Kshs | Kshs |
| Balance b/f | 0 | 900,000 | 900,000 |
| Additional provisions | 5,105,150 | 900,000 | 6,005,150 |
| Provision utilised | - | (900,000) | (900,000) |
| Total provisions year end | 5,105,150 | 900,000 | 6,005,150 |

20. Cash Generated from Operations

| | Period ended June 2023 | Period ended June 2022 |
|--|------------------------|------------------------|
| | Kshs | Kshs |
| Surplus for the year before tax | (3,654,428) | (3,548,200) |
| Adjusted for: | | |
| Depreciation | 6,226,667 | 6,219,600 |
| Working capital adjustments | | |
| Increase in inventory | (301,804) | (50,127) |
| Increase in receivables | 1,820,060 | (2,975,539) |
| Increase in payables | 3,012,075 | 1,603,302 |
| Increase in payments made in advance | (1,493,238) | (947,966) |
| Net cash flow from operating activities | 5,549,331 | 301,069 |

Notes to the Financial Statements (Continued)**21. Financial Risk Management**

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

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

Credit risk

KeNIA has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Before extending credit Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

Financial Risk Management

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

| Description | Total amount | Fully performing |
|--|------------------|------------------|
| | Kshs | Kshs |
| As at 30th June 2023 | | |
| Receivables from exchange transactions | 1,405,952 | 1,405,952 |
| Bank balances | 7,646,662 | 7,646,662 |
| Total | 9,052,614 | 9,052,614 |
| As at 30th June 2022 | | |
| Receivables from exchange transactions | 2,936,012 | 2,936,012 |
| Receivables from non-exchange transactions | 290,000 | 290,000 |
| Bank balances | 4,891,523 | 4,891,523 |
| Total | 8,117,535 | 8,117,535 |

Ageing analysis for Receivables from exchange transactions

| Description | 2022-2023 | | 2021-2022 | |
|--------------------|------------------|----------------|------------------|----------------|
| | Kshs | % of the total | Kshs | % of the total |
| | 2022-2023 | % of the total | 2021-2022 | % of the total |
| Less than 1 year | 1,250,000 | 89% | 2,936,012 | 100% |
| Between 1- 2 years | 155,952 | 11% | - | - |
| Total (a+b) | 1,405,952 | 100% | 2,936,012 | 100% |

The customers are under the fully performing category and are paying their debts as they continue trading. The credit risk associated with these receivables is minimal.

Liquidity risk management

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

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

| Description | FY 2022/2023 | | FY 2021/2022 | |
|--|---------------------|-----------------------|---------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade payables | 936,367 | | 357,596 | |
| Provision for Gratuity | 5,105,150 | | - | |
| Provision for Audit fees | 900,000 | | | |
| Other payables | 560,770 | | 4,132,616 | |
| Total trade and other payables | 7,502,287 | | 4,490,212 | |
| Ageing analysis: (Trade and other payables) | FY 2022/2023 | % of the Total | FY 2021/2022 | % of the Total |
| Under one year | 7,379,377 | 98% | 3,590,212 | 80% |
| 1-2 years | 122,911 | 2% | 900,000 | 20% |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | 7,502,287 | 100% | 4,490,212 | 100% |

Market risk

The Agency has put in place an internal audit function to assist it in assessing the risk faced by the Agency on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Agency's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures

within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Agency's Planning Department is responsible for the development of detailed risk management policies subject to review and approval by Audit and Risk Management Committee and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

22. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to KeNIA 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 KeNIA, holding 100% of KeNIA's equity interest.

Other related parties include:

Ministry of Youth Affairs, the Arts and Sports

Ministry of Education

Key management.

Board of directors.

23. Events after the Reporting Period

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

24. Ultimate And Holding Entity

KeNIA is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry Ministry of Youth Affairs, the Arts and Sports. Its ultimate parent is the Government of Kenya.

25. Currency

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

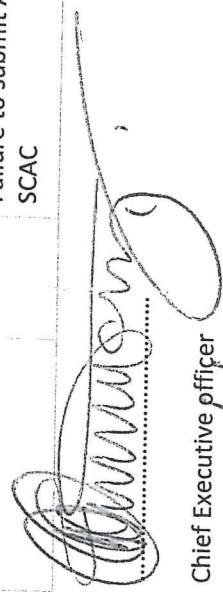
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20. APPENDICES

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Expected to be resolved by |
|--|--|---|-----------------------------------|----------------------------|
| Other Matters | Budgetary performance and Underutilization of budget | Some planned activities that had been planned did not take place due to the failure to meet projected AIA which resulted to under utilization | Not Resolved | October 2023 |
| 1 | Irregular award of contracts. | The variation in pricing of the tents is because the tents supplied under the two different contracts varied in type and size. | Not Resolved | October 2023 |
| 2 | Failure to submit Almanac to SCAC | Management has put in place measures to ensure compliance. | Not Resolved | October 2023 |



Chief Executive officer

Date: 25/9/23

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Appendix II: Transfers from Other Government Entities

| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: | Total Amount - KES | Statement of Performance | Total during the Year | Transfers during the Year |
|---|--|---|--------------------|-----------------------------|--------------------------|------------------------------|
| | 31.08.2022 | Recurrent/Development/Others Recurrent | 5,239,662 | 5,239,662 | 5,239,662 | |
| | 02.09.2022 | Recurrent | 5,239,664 | 5,239,664 | 5,239,664 | |
| | 05.09.2022 | Recurrent | 5,239,662 | 5,239,662 | 5,239,662 | |
| | 13.12.2022 | Recurrent | 15,718,990 | 15,718,990 | 15,718,990 | |
| | 14.04.2023 | Recurrent | 15,718,991 | 15,718,991 | 15,718,991 | |
| State Department of Higher Education and Research | 27.06.2023 | Recurrent | 15,718,991 | 15,718,991 | 15,718,991 | |
| Total | | | 62,875,963 | 62,875,963 | 62,875,963 | |