



Kenya National Innovation Agency



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022

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

Kenya National Innovation Agency

Annual Report and Financial Statements

For the year ended June 30, 2022.

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17 MAY 2022

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1 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 domiciled in Nairobi, Kenya.

Working with partners, the Agency strengthens interrelationships between actors to promote innovation and enterprise development out of research and ideas. From supporting the identification, recording and protection of innovative ideas to coordinating the establishment and implementation of appropriate policies, standards, processes, infrastructure, and partnerships to nurture the innovative ideas. The Agency also works with partners to ensure appropriate prioritization, relevant capacity development, innovation recognition and publication of the same.

Currently the Agency has one office, which serves as the heard quarters, based in Nairobi. The Agency has operationalized key departments of Finance, Accounting, HR, Supply Chain Management, Innovation Management, Commercialization, Communication, ICT and Audit.

(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.

Our Vision: A key enabler of socio-economic development through innovation.

Our Mission: To develop and manage a dynamic national innovation system that facilitates taking ideas to the market.

Strategic Priorities: The Agency has six strategic priority areas that capture the different facets of our core mandate to effectively enable the innovation system in Kenya. The six strategic priority areas are:

- i. Capacity Development:* Innovative mindsets and skills are necessary to spar creation of products and services that are truly problem based and have the potential to impact society. The Agency strives to cause the creation of science and innovation parks, centres of excellence in priority sectors; 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, to the broader community in the country.

The Agency is working to strengthen both the institutional capacity of the Agency by working to increase and the broader ecosystem. The Agency is working to grow capacity of competent persons to support the implementation of the Agency.

- ii. **Dissemination & Awareness:** Innovation takes places in all sectors and levels of society. There is need for coordinated innovation information sharing and dissemination. It endeavours to keep stakeholders informed and updated on the state and development of our national innovation system. Using a variety of tools and techniques, The Agency collaboratively harvests and analyses relevant data and organizes it for dissemination through appropriate channels. By enhancing awareness, it hopes to inspire more people to get more involved in transforming the nation through innovation.
- iii. **Commercialization:** Commercialization is a necessary step for business success of start-up ventures or public and private research efforts. The Agency works with academic institutions among other partners to improve the level of uptake and commercialization of intellectually protected products and services. Initiatives include enhancing awareness of the commercialization processes; strengthening operational linkages among the academia, industry and government; organizing forums for exchange of knowledge and experiences; supporting with legal frameworks and the infrastructure to enhance innovation, incubation and commercialization. This priority area requires working very closely with institutions of higher learning, research centers, private sector including manufacturing companies, development partners and the international community.
- iv. **Policies & Legal Framework:** We work with a variety of stakeholders to ensure the inclusion of science, technology and innovation in the country's programs and policies at all levels. The Agency is also mandated to coordinate the implementation of national innovation and commercialization policy. As a mechanism of encouragement and motivation, KeNIA establishes and maintains a variety of award systems for novel innovations subject to prescribed conditions. Working closely with the National Council of Science, Technology, and Innovation (ST&I) and other partners, the Agency works to build policies and frameworks that would spur the advancement of research to commercialization and enterprise development.
- v. **Partnerships & Linkages:** KeNIA strives to institutionalize linkages between universities, research institutions, the private sector, the government, and other actors. In collaboration with various partners, KeNIA is establishing a database of innovations, investors, institutions, innovators, enablers among others 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. Further, KeNIA is

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mandated to identify and establish innovation think tanks to support the growth of the national innovation system.

- 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, KeNIA 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 mobilization for strategic innovation programs, and the development of schemes to fund and support innovation platforms and programs.

The Agency has **20 functions** according to the ST&I Act 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 programs 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 commercialization 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; |

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| | |
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| 20 | 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. |
|----|---|

(c) Key Management

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

- Board of Directors
- Chief Executive officer
- Management

(d) Fiduciary Management

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

| No. | Designation | Name |
|-----|---|----------------------------|
| 1. | Chief Executive Officer | Dr. Tonny Omwansa |
| 2. | Deputy Director Research | Dr. Gatama Gichini |
| 3. | Assistant Director Research | Dr. Joyce Ngure |
| 4. | Assistant Director, HRM&D | Ms. Jane Obare |
| 5. | Manager, Innovation and Commercialization | Ms. Agnes Tsuma |
| 6. | Principal Finance Officer | Mr. Francis Marangu |
| 7. | Senior Accountant | Ms. Mary Maina |
| 8. | Senior Supply Chain Management Officer | Mr. Kevin Okubo |

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(e) Fiduciary Oversight Arrangements

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

| No. | Designation | Name |
|-----|--|---------------------------|
| 1. | Chairman of the Board | Prof. Tom P. Migun Ogada |
| 2. | Chairman, Finance & Administration Committee & Board Member | Prof. Collins Odote Oloo |
| 3. | Chairman, Technical Committee & Board Member | Dr. Robert Muhia Karanja |
| 4. | Chairperson, Audit & Compliance Committee & Board Member | Mr. Robert Kipkirui Mutai |
| 5. | Chairperson, Resource Mobilisation & Partnerships Committee & Board Member | Ms. Sheena M. Raikundalia |
| 6. | Board Member | Mr. Jacob Njagih |
| 7. | Board Member | Prof. Walter O. Oyawa |
| 8. | Board Member | Prof. Dickson Andala |
| 9. | CEO & Secretary to the Board | Dr. Tonny Omwansa |

The Chairman of the Board and independent Board members were appointed by the Cabinet Secretary for Ministry of Education on 10th June 2022.

(f) Entity Headquarters

Kenya National Innovation Agency
P.O Box 22269-00100,
Ground Floor, NACOSTI Building; Off Waiyaki Way,
NAIROBI, KENYA

(g) Entity Contacts

Telephone: +254-792 446 976; +254-735446976
E-mail: info@innovationAgency.go.ke
Website: <https://www.innovationAgency.go.ke>

(h) Entity Bankers

Kenya Commercial Bank
Kipande House Branch
P.O. Box 48400-00100
NAIROBI, KENYA

Kenya National Innovation Agency

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(i) Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

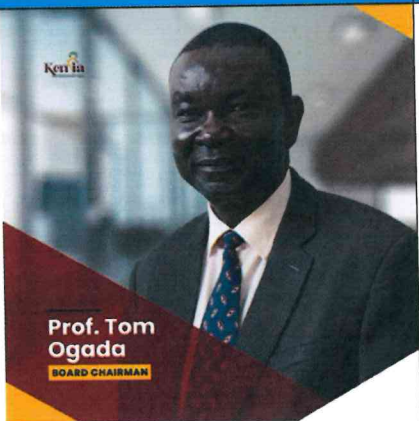
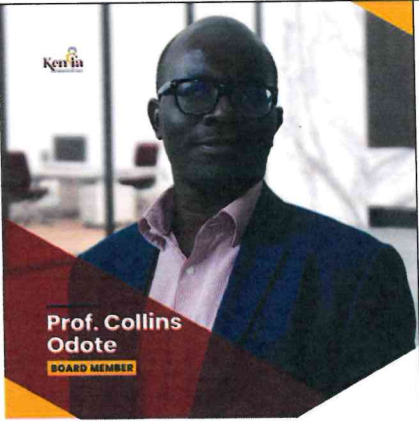
Harambee Avenue

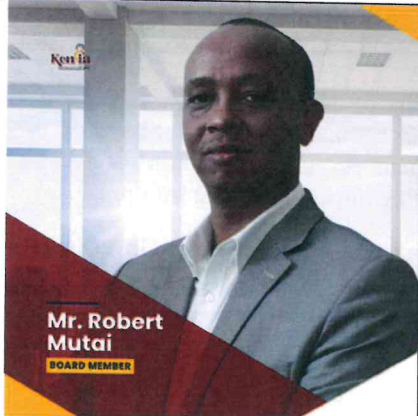
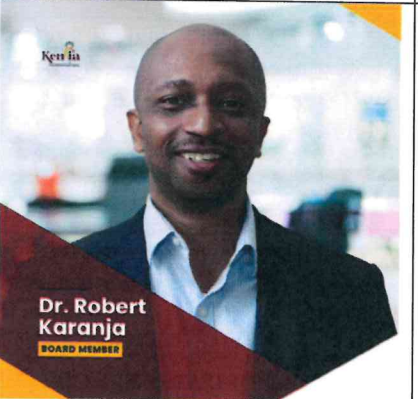
P.O. Box 40112

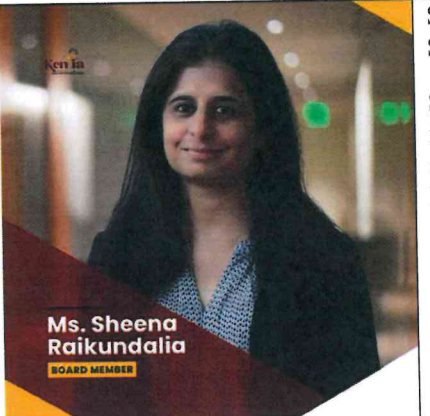
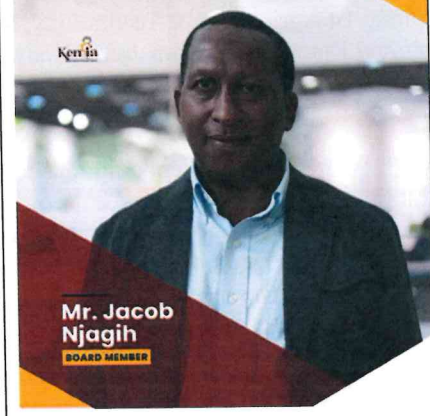
City Square 00200

Nairobi, Kenya

2 The Board of Directors

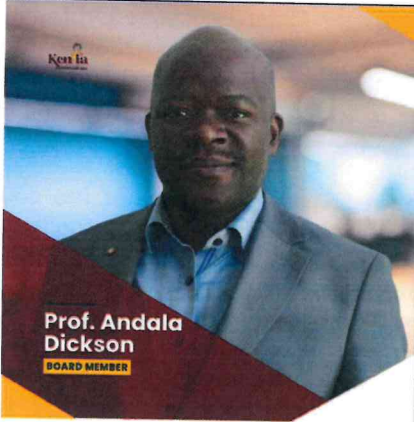
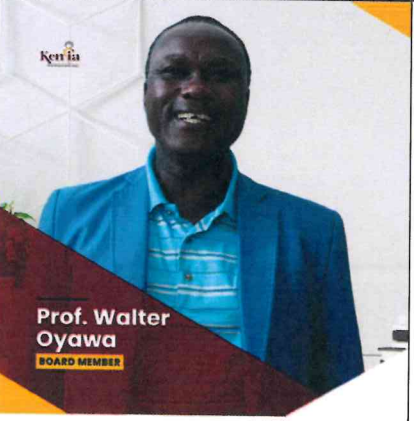
| Ref | Directors | Details |
|-----|--|--|
| 1. |  <p>Prof. Tom Peter Ogada MIGUN</p> <p>Chair of the Board</p> <p>DoB: 06.02.1959.</p> | <p>Prof. Ogada has enormous experience from senior management levels in research, university, public and private sector. Prof. Ogada holds an MSc in Mechanical Engineering from the Belarusian Polytechnic, Minsk, USSR (1987), PhD in Chemical Engineering from the Technical University 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 for 18 years and rose to the position of Associate Professor of Energy and Environmental Engineering in 2000 where he helped to establish MSc and PhD programs in Energy Studies.</p> <p>He was Head of the Department of production engineering for six years (1996-2003) and founder Managing Director of Moi University Holding Limited, a technology transfer arm of the University (2003-2006). From 2006 to 2009, he was the Managing Director of the Kenya Industrial Research and Development Institute. Between 2009 and 2011, he joined the National Economic and Social Council, a Kenya government policy advisory body, as an UNDP funded research fellow where he was responsible for the manufacturing sector and the development of the Science, technology and Innovation policy. Parallel to this assignment he was also Advisor to the British Council on a DFID funded project - African Knowledge Transfer Partnership-. Between 2013 and 2017, he was County Minister responsible for Trade, Industrialization and Investment in Homa Bay County. Previously, he served as the Chairman of the National Commission for Science, Technology and Innovation (NACOSTI).</p> |
| 2. |  <p>Prof. Collins Odote</p> <p>PROF. COLLINS ODOTE OLOO 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 Doctor 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 instruments include land law, environment and natural resource management, research and governance. Professor Odote has written widely on his areas of expertise. He links his academic work to policy 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 organizations.</p> <p>Professor Odote is a weekly columnist with the Business Daily Newspaper.</p> |

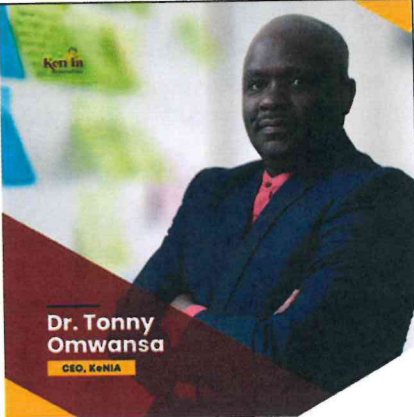
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| <p>3</p> |  <p>Mr. Robert Mutai BOARD MEMBER</p> <p>MR. ROBERT KIPKIRUI MUTAI</p> <p>Chairman, Audit and Compliance Committee & Independent Board Member</p> <p>DoB :11.01.1977</p> | <p>Robert Mutai has Executive Education- Advance Management: Advance Management Program, 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 Technology Strategy formulation, Product Development& deployment, and Infra Design & Implementation. He has record of success in Policy development, delivery of key transformational programs, service designs, Strong Tech Financial & Investment Planning/Analysis and Proven Process Governance & Partner Management experience.</p> |
| <p>4</p> |  <p>Dr. Robert Karanja BOARD MEMBER</p> <p>DR. ROBERT MUHIA KARANJA</p> <p>Chairperson, Technical Committee & Independent Board Member</p> <p>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 commercialization, startup incubation/acceleration, impact investment.</p> |

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| 5 |  <p>Ms. Sheena Raikundalia BOARD MEMBER</p> <p>MS. SHEENA MUKESH RAIKUNDALIA</p> <p>Chairperson, Resource Mobilisation and Partnership Committee & Independent Board Member</p> <p>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, Cultural, 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 ICT Donor Group with the Ministry of ICT.</p> |
| 6 |  <p>Mr. Jacob Njagih BOARD MEMBER</p> <p>MR. JACOB KAMWARIA NJAGIH</p> <p>Board Member</p> <p>(Representative to the PS University Education & Research)</p> <p>DoB :28.01.1971</p> | <p>Member of the Board of Directors and Representative, PS, State Department for University Education and Research. Mr. Jacob Kamwaria Njagih is an Assistant Director Research at the State Department for University Education and Research.</p> <p>He holds a Master's degree in Geo-Information Science and Earth Observation. He has a wealth of experience in the area of Research and Development, especially in establishment and management of collaborations and linkages in Science, Technology and Innovation.</p> |

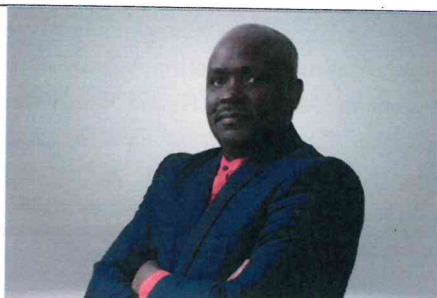
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| <p>7</p> |  <p>Prof. Dickson Andala Board Member (CEO NRF) DoB:1979</p> | <p>Prof. Dickson Andala, is currently the Chief Executive Officer of the National Research Fund (NRF). He is an Associate Professor of Materials / Inorganic Chemistry, Multimedia University of Kenya; PhD in Materials Chemistry from Binghamton University and Postdoctoral Fellowship Pennsylvania State University, USA. He is Lead Expert with NEMA; DOSH and CBRN and a reviewer of several local and international journals.</p> <p>Prof. Andala has served in various senior leadership/management positions including having been the Director to the Kenya Nuclear Regulatory Authority (KNRA), African Materials Research Society (AMRS) Boards, Executive Committee Member to Africa Crystallographic Association (AfCA); Chairman Chemistry Department, Multimedia University of Kenya. Membership to various Professional Associations including African Academies of Science (AAS), Kenya National Academy of Sciences (KNAS); Materials Research Society of Kenya, Kenya Chemical Society (KCS). He is endowed with vast experience in research/scholarly work, as evidenced by extensive publications in peer reviewed journals, several awards and research grants mobilization, keynote lectures and conference papers, and supervision of numerous postgraduate students. His research interests lie in the area of nanoscience and nanotechnology and its applications in remediation, sensors, catalysis.</p> |
| <p>8</p> |  <p>PROF. WALTER O. OYAWA Board Member (DG NACOSTI) DoB :23.08.1965</p> | <p>Prof. Walter O. Oyawa, is the member of the Board by virtue of being the is currently the Director General of the National Commission for Science, Technology & Innovation (NACOSTI). He is a Professor of Civil Engineering, a holder of a PhD in Civil Engineering, and a holder of Executive MBA. He is a Registered Professional Engineer, a Lead Expert-NEMA and a reviewer of several international journals.</p> <p>In addition to his current position as Director General of NACOSTI, Prof. Oyawa has served in various senior leadership/management positions including having been the Principal/CEO of Multimedia University College, Deputy Commission Secretary at the Commission for University Education (CUE), pioneering Ag. Principal of the College of Engineering & Technology at JKUAT, Director of a Research Centre-SMARTEC at JKUAT, Chairman of the Department of Civil Engineering at JKUAT, Board member of several Boards, among others. He is endowed with vast experience in research/scholarly work, as evidenced by; extensive publications in peer reviewed journals, several awards and research grants, keynote lectures and conference papers, and supervision of numerous postgraduate students. His research interest is in the area of sustainable construction materials and technologies.</p> |

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| 9 |  <p>Dr. TONNY K. OMWANSA</p> <p>Secretary to the Board</p> <p>DoB: 01.09.1977</p> | <p>Dr. Tonny Omwansa is the Chief Executive Officer of Kenya National 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.</p> <p>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.</p> <p>His has various research assignments have been commissioned by organizations 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.</p> <p>He is a recipient of the prestigious Bellagio Fellowship from the Rockefeller Foundation and a member of ISACA, IEEE and has served as a member of the Presidential Taskforce on Digitization of Kenya Government. He serves as Secretary to the Board</p> |
|---|--|---|

3 Management Team



1. Dr. Tonny Omwansa, Chief Executive Officer

PhD Information Systems, (UON), MSc Computer Science, (USA) BSc. Computer Science (UON) Member ISACA & IEEE

Dr. Omwansa is the Chief Executive Officer of KeNIA with vast experience in Innovation and Research. He is responsible for the day-to-day operations and ensuring that the core mandate and strategic plan of the Agency are achieved. He is working with partners and stakeholders in the Science, Technology and Innovation Ecosystem thus strengthening KeNIA's interrelationships in order to promote innovation and enterprise development out of research and ideas. He is an immediate founding Director of the C4DLab, University of Nairobi's Innovation Hub, where he founded and led, among other programs, the famous Nairobi Innovation Week. He has been a faculty member of the School of Computing and Informatics, University of Nairobi and is the co-author of "Money, Real Quick: Kenya's disruptive mobile money innovation."



2. Dr. Gatama Gichini, Deputy Director Research

PhD Agricultural Entomology. (JKUAT); MSc. Tropical entomology (University of Zimbabwe); Master's degree in diplomatic studies (University of Pretoria)

Bsc. Horticulture (JKUAT)

The Deputy Director at State Department of University Education and Research currently deployed at KeNIA to assist on advising the CEO and KeNIA management on programs and initiatives going on locally and internationally on STI, Promotion of the international partnerships with key national and international innovation ecosystem actors, Research Institutes and development partners on matters of Innovation, Technology Transfer and commercialization of innovations.

Development, reviewing and implementation of National Innovation Awards, Innovation and commercialization ten-year master road map, relevant Science Technology and Innovation and Technology transfer policies and strategies.



3. Dr. Joyce Ngure, Assistant Deputy Director Research

PhD Horticulture Nanjing Agriculture University, MSc Horticulture (EGERTON) University, BSc Horticulture (EGERTON)

The Assistant director research, state department of university education and research currently deployed to assist on Initiating and implementing KeNIA innovation academy programs through coordinating trainings and seminars on intellectual property and commercialization. She also heads the performance contracting of the Agency.



4. Ms. Agnes Tsuma Manager, Innovation & Commercialization.

Pursuing PhD BA, MBA - Finance (JKUAT), BBA – Accounting (UEAB)

Ms. Agnes Tsuma is a designated Manager Innovation and Commercialization at the Kenya National Innovation Agency (KeNIA). Her duties include being the Project Manager, Kenya Innovation Week, Coordinator; National Innovation Outlook Report Development, and the National Research to Commercialization Program, among others. Ms. Tsuma has a wealth of professional experience on matters innovation and compiling strategic projects, activities and reports that emanates from various partnerships.



5. 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

The officer at State department for Public Service Commission deployed at KeNIA to assist on Human Resource issues.



6. Mr. Francis Marangu, Principal Finance Officer

MBA (JKUAT), B Com. (KCA), CPA-K, Member ICPAK

The Officer at state department of university education and research has been deployed at KeNIA is in charge of budgeting, budgetary control, financial management and reporting.



7. 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.

The Officer is responsible for procurement of goods, works and services at KeNIA.

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8. Mary Maina, Senior Accountant

B Com. (JKUAT), CPA-K, Member ICPAK

The Officer is in charge of the Account department. She is responsible for financial management and reporting at KeNIA

4 Chairman's Statement

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

The various programs and activities of the Agency are guided by the Strategic Plan – 2018 to 2022 that was developed with the appropriate alignment to the Kenya Vision 2030, the ST&I Sector Medium Term Plan III (2018-2022), the Big 4 Agenda and the Kenya Education Sector Strategic plan – 2018 to 2022. The Agency five-year strategic plan has six strategic objectives and strategies that focus on institutional capacity, promotion and awareness of innovations, partnerships and linkages, development and commercialization of innovations, mobilization of finances and resource and various policies and legal framework within the National Innovation System. The various programs and activities guided by the objectives and strategies has facilitated integration of technological innovation into socio-economic development and effective translation of knowledge into products and services. In addition, the programs and activities has provided direction in identifying strengths and addressing limitations in the national innovation system for purpose of fostering technology adoption, transfer and commercialization of innovations to increase national productivity and prosperity.

The Agency's programs and activities are highly facilitated by the favourable public Science, Technology and Innovation policy environment that ensures continuous integration of innovations into the national and county development strategies and initiatives. The key outcomes of the various Agency programs and activities includes job creation and reduction of unemployment especially for the youth who are key and main actors within the National Innovation System. In addition, the programs and activities that have been implemented by the Agency has resulted to wealth creation from the new products and services, emergence of new businesses and acceleration of small and medium enterprises (SMEs). At the global and regional levels, the implemented programs and activities have improved the country's competitiveness, better ranking in the Global Innovation Index among other indexes hence making the country a more foreign direct investment (FDI) attractive destination. As demonstrated above the programs and activities being implemented by the Agency have consolidated reasonable success and impacts despite the following challenges that impedes the Agency which is one of the main actors within the Science Technology and Innovation Sector. The challenges includes multiplicity of legislations in ST&I sector with overlapping mandates and functions; weak policy framework to facilitate effective integration of innovations into the national economy; relatively low innovation related skills and competencies, non-alignment of education and training curricula to innovation to address the industry needs, low national ST&I expenditure of 0.98% against the target of 2% of GDP; technological learning within the innovation related business system not formally structured and appropriately managed to ensure technology

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transfer and commercialization of innovations, inadequate innovation infrastructure in most public research institutions, universities and TVETS; low levels of awareness on intellectual property rights, inadequate STI data to facilitate commercialization of innovations, inadequate and fragmented documentation and preservation of indigenous resources and traditional knowledge; and low innovation culture among the main actors within the National Innovation System.

The Agency first generation Strategic Plan 2018 to 2022 comes to an end during the 2021/2022 financial year and the process of designing and developing the second generation of the strategic plan 2022 to 2027 is at an advanced stage. The second generation of the Agency strategic plan will mainly focus on partnerships, linkages and national innovation system development (Forums, Agreements, Ecosystem tracking and Reporting), resource mobilization (Raise funds from all possible sources), investments and portfolio managements (Invest, manage and balance portfolios), policy standards and accreditations (Institutional policies, standards and guideline), capacity developments (Train researchers, innovators, startups and innovation champions), technology transfer systems (Technology transfer offices setup & supervision and intellectual property Management Guidance), enterprise development (Hubs Support, coordination & supervision, support to start-up and enterprises), and sectoral (Agriculture, Health, Energy, Tourism, Technology, Indigenous Systems) development. The Agency's second-generation strategic plan will facilitate co-ordination, promotion and regulation of the National Innovation System to spur creation of jobs hence socio-economic development of the country.



Chairman of the Board

Prof Tom Migun Ogada,

5 Report of the Chief Executive Officer

The Chairman's statement has provided for the broad mandate of the Kenya National Innovation Agency (KeNIA) that is anchored on the Science, Technology and Innovation (STI) Act, No. 28 of 2013. The consolidated success realized by the Agency during the financial year 2021 / 2022 through implementation of the key programs and activities is also highlighted by the statement. The various challenges being faced by the Agency and the outlook of the organisation that will be guided by the second-generation strategic plan 2022 to 2027 are also highlighted in the statement. This section will highlight the specific programs and activities that were guided by the outlined strategic objectives and strategies.

To enhance the institutional capacity, the Agency focused on providing adequate infrastructures and equipment, recruitment of additional officers and the Board. The process of recruiting additional officers in technical, procurement, accounts and transport section was completed. The process of recruiting the chair of the Board and independent Board members was also completed during the financial year 2021 / 2022.

For purposes of promoting and creating awareness, the Agency organized and hosted the Kenya Innovation week (KIW), 2021. The KIW is a flagship innovation forum for the country that seeks to showcase the innovativeness of Kenyans under which the national priorities of the Big 4 Agenda and Vision 2030 among others are advanced. Other programs and activities that were implemented by the Agency for purposes of promotion and creation of awareness are: 1) Innovation Bridge Portal (IBP), an online platform that aims to create linkages and networks between regional, national and international innovators, industry and public and private technology developers, commercialization funding partners, and other relevant innovation players and 2) the Commercialization leaders' summit was organized and hosted by the Agency. This was a high-level full day interactive and strategic forum attended by the heads of research institutes, vice and deputy chancellors of universities and principals of technical colleges. The outcome of the leaders' summit was shared and co-owned position about commercialization of innovations that emanates from those organizations.

Through the partnerships and linkages, the Agency has established joint bilateral and multilateral programs and activities that have enhanced co-ordination, promotion, and regulation of the National Innovation System. Examples of such joint bilateral and multilateral programs are Lemelson Foundation program that supports higher education institutions to cultivate the next generation of impact inventors through strengthening the supporting systems that allow invention-based businesses to thrive at the universities. The Agency partnership and linkages with African Caribbean and Pacific has a bilateral program that is focusing on providing guidelines on commercialization of innovation, technology transfer and coordination of innovation hubs. Leaders in Innovation Program is a collaboration between the Kenya National Innovation Agency (KeNIA), the National Research Fund (NRF) and the Royal Academy of Engineering (RAEng) of UK. The program was

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implemented under the umbrella of Kenya-UK Newton Fund Partnership Program. The purpose of the program is to nurture technological innovators and support commercialization of innovations. The program is a platform for building capacity on entrepreneurship and commercialization of research outputs, as well as enhancing awareness on intellectual property right issues. Under this program, innovators have been trained, linked to mentors and incubation/innovation centres. Forty-two innovators have benefited with innovation commercialization grant amounting to over KSh. 140 million. In addition, the Agency has established partnerships and linkages with KTN Global Alliance, World Food Program, Association of Countrywide Innovation Hubs, Association of Startups & SME Enablers of Kenya, TCC Africa, Kenya Diaspora Alliance, Viktoria Ventures, CIO Africa, South Africa Technology Innovation Agency and TalTech. Other partners that are working closely with Agency are GIZ, Foreign Commonwealth Development Office (FCDO), United Nations Development Program (UNDP) and United Nations Children's Fund (UNICEF). Through these partnerships the Agency has attracted grants close to Kshs. 52Million.

Towards development and commercialization of innovations, the Agency implements the National Innovation Award program. The National Innovation Award is a program meant for recognition and awarding of innovators. The purpose of this program is to motivate innovators, encourage innovation in national priority areas, as well as stimulate and strengthen the innovative capacity and culture within the national system of innovation. The focus for the national innovation award is in line with the national development agenda, hence the call for applications are based on the following thematic areas: Medical Technologies and Health Solution; Built Environment and Housing Technologies; Agricultural and Food technologies; Energy Systems; and Manufacturing, Engineering and ICT. In addition, the Agency implements the Research-2-Commercialization (R2C) program. Research-2-Commercialization (R2C) program prepares researchers and faculty to accelerate their commercialization to create an economic impact in Kenya by turning research projects into scalable businesses. It's an action-oriented training and coaching program that provides researchers and faculty the needed tools to commercialize as well as connecting them with the potential customers and investors. The long-term strategic objectives of Research 2 commercialization are Return on Investment, Solving Industry Challenges, Culture of Innovation, Employment and SME Development.

The Innovation Academy is the main Agency's instrument for resource mobilization. The KeNIA Innovation Academy is a capacity building program of the institution. In collaboration with relevant institutions the academy trains individuals to build innovative competences in their institutions. The academy builds a culture of innovation and commercialisation, in academia, industry and the government at large, to produce knowledge-based products and services for national socio-economic development. Following are the courses offered by the academy; Effective Intellectual Property Policy Development; Technology Transfer and Commercialisation of Intellectual Property; and Commercialisation Leadership.

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Programs and activities such as the National Innovation outlook, Starts-up ecosystem, National Innovation Road Map and towards guidelines for enhancing technology transfer/commercialization and coordination of Innovation hubs are the ones being implemented to address issues of various policies and legal framework within the National Innovation System.



Dr. Tonny Omwansa

Chief Executive Officer

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6 Statement of Performance against Predetermined Objectives for FY 2021/22

The Agency develops its annual work plans based on six strategic priority areas within the current Strategic Plan for the FY 2018 - FY 2022. 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 2021/2022 period for its six strategic priorities, 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 Agency Board | Output 1: Agency Chair and four Board members gazette recruited. |
| | | | Activity 2: Recruitment of staff. | Output 2: Seven staff were recruited during the financial year 2021 / 2022 |
| | | KPI 2: National capacity on Intellectual Property rights and commercialisation | Activity 1: Design three curricula and train innovation champions | Output 1: developed three capacity building programs on Intellectual Property Policy development, Technology Transfer and commercialisation and Commercialization Leadership and 349 innovation champions trained. |
| Dissemination & Awareness | To Create awareness and disseminate information on innovation | KPI 1: KeNIA Annual Report, 2021 | Activity 1: Design and compile information for the KeNIA Annual Report, 2021 | Output 1: KeNIA Annual report, 2021 published and disseminated |
| | | KPI 2: Stakeholder Engagement | Activity 1: organize and host Kenya Innovation Week, 2021 | Output 1: Kenya Innovation Week, 2021 organized and hosted |

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| Strategic Priority | Objective | Key Performance Indicators | Activities | Achievements |
|-----------------------------------|---|---|---|---|
| | | | Activity 2: Hold stakeholder meetings to disseminate information on innovation | Output 1: Innovation Leadership Summit organized and hosted |
| | | KPI 3: Kenya Innovation Bridge Portal | Activity 1: Design, develop and on-board innovation bridge portal users | Output 1: operationalized and users on-boarded innovation bridge portal |
| Commercialisation | To harness innovations for transformation of the economy | KPI 1: Leadership Innovation Fellowship Program | Activity 1: In collaboration with Royal Academy of Engineering and Newton Fund trained innovators offered capacity building program on entrepreneurship and intellectual property. | Output 1: Nine innovators graduated in September, 2021 and three innovators were selected to advance Leadership Innovation Fellowship. The numbers were shaped by budget limitations |
| Funding | 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 | KPI 1: Coordinate National Innovation Awards. | <p>Activity 1: Put up the call for innovations specifying the themes</p> <p>Activity 2: Receive evaluate and rank innovations received</p> <p>Activity 3: Visit innovators to verify and authenticate the innovations presented.</p> <p>Activity 4: Disbursement of funds to innovators awarded</p> | Output 1: 11 Innovators have been recognized and awarded funds a total of 3.1M during the FY 2021/2022 |
| Partnership & Linkages | To strengthen and coordinate the innovation system through | KPI 1: Establish International Collaborations and Partnerships | Activity 1: Engage Development partners to support commercialization of innovations | Output 1: Collaborated with FCDO, GIZ and UNICEF to support commercialisation of innovations |

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| Strategic Priority | Objective | Key Performance Indicators | Activities | Achievements |
|---------------------------------------|--|--|--|--|
| | partnerships & Linkages | | <p>Activity 1: Engage Private sector partners to support commercialization of innovations</p> <p>Activity 1: Engage MDA's to seek collaborations to support commercialization of innovations</p> | <p>Output 1: Collaborated with Villgro Africa and Lemelson Foundation to support commercialisation of innovations</p> <p>Output 1: Collaborated with KNQA, UFB and NRF that contributed Ksh 2.5M to facilitate Kenya Innovation Week, 2021 a critical platform that supports commercialization of innovation</p> |
| Policies & Legal Framework | To develop and review policy and legal framework | KPI 1: Develop the National Innovation Outlook Report | Activity 1: Project Inception, Desk Review, Field Data Collection, Validation Workshops, Preparation of Draft Report, Data Analysis and report preparation. | Output 1: National Innovation Outlook Report prepared to be launched during Kenya Innovation Week, 2022. |
| | | KPI 1: Develop National Commercialisation Guidelines | Activity 1: Develop guidelines for commercialization of innovations models and strategies. | Output 1: Guidelines and toolkit to be launched during the Kenya innovation week 2022 |
| | | KPI 1: Develop Guidelines for coordination of innovation and incubation hubs in the country | Activity 1: Develop guidelines for coordination of innovation hubs in the country. | Output 1: Guidelines and toolkit to be launched during the Kenya innovation week 2022 |

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7 Corporate Governance Statement

The first Board was appointed on 20th July 2015 and re-appointed on 20th July, 2018 for another term of three years.

7.1 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. The term of the re-appointed Board members ended on 20th July 2021. A summary of the members who served during the period and their nominating institutions is as follows:

| S.No: | Name of the Board Member | Term Status/Remarks |
|-------|------------------------------|--|
| 1. | Prof. Reuben Omwega Marwanga | Resigned on 8 th February, 2022 |
| 2. | Prof. Linus Gitonga | Term Ended on 20th July, 2021 |
| 3. | Prof. Esther Tirima | Term Ended on 20th July, 2021 |
| 4. | Prof. Simeon Mining | Term Ended on 20th July, 2021 |
| 5. | Prof. Samuel Gudu | Term Ended on 20th July, 2021 |
| 6. | Dr. Rosemary Akhungu Emongor | Term Ended on 20th July, 2021 |
| 7. | Prof. Walter O. Oyawa | Director General NACOSTI |
| 8. | Dr. Gideon Kivengea | Representative of the Principal Secretary State Department for University Education and Research |
| 9. | Dr. Jemimah Onsare | Ag. CEO National Research Fund |
| 10. | Dr. Tonny Omwansa | Secretary to the Board |

7.2 Board diversity

The Board constituted members who have experience in science, technology, innovation and public finance. The Board's mandate is to prescribe accounting, internal audit standards and provide the strategic direction of the Agency. The Board had three female Board members out of nine members and therefore met the constitutional threshold since at least a third of all members were female. The Board also adhered to the tenets of regional balance.

7.3 Roles and Responsibilities of directors

The roles and responsibilities of members are outlined in Science, Technology and Innovation Act of 2013, Mwongozo code and the Board charter.

7.4 Board Composition and Committees

The table below represents the Board composition and its Committees. There are three Committees of the Board. Each Committee has at least three members excluding the co-opted members. The table below shows the chairs and members of each Committee of the Board.

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7.5 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 to 20th July, 2021.

| S.No: | Name of the Board Member | Full Board | Finance and Administration Committee | Technical Committee | Audit and Compliance Committee |
|-------|------------------------------|------------|--------------------------------------|---------------------|--------------------------------|
| 1. | Prof. Reuben Omwega Marwanga | √* | | | |
| 2. | Prof. Linus Gitonga | √ | √* | | |
| 3. | Prof. Simeon Mining | √ | √ | √* | |
| 4. | Dr. Rosemary Akhungu Emongor | √ | | √ | √* |
| 5. | Prof. Samuel Gudu | √ | | √ | √ |
| 6. | Prof. Esther Tirima | √ | √ | | |
| 7. | Prof. Walter O. Oyawa | | | √ | √ |
| 8. | Dr. Gideon Kivengea | √ | √ | √ | |
| 9. | Dr. Jemimah Onsare | √ | √ | √ | |
| 10. | Dr. Tonny Omwansa | √ | √ | √ | √ |

*Chairman of the Board/Committee

i. Full Board: The full Board oversees the Agency and approves resolutions from the Technical, Finance and Administration, Audit, and any other constituted Adhoc Committees.

| S.No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|-------|------------------------------|---|-----------------------------|------------|
| 1. | Prof. Reuben Omwega Marwanga | 3 | 3 | 3 of 3 |
| 2. | Prof. Linus Gitonga | 3 | 3 | 3 of 3 |
| 3. | Prof. Simeon Mining | 3 | 3 | 3 of 3 |
| 4. | Dr. Rosemary Akhungu Emongor | 3 | 3 | 3 of 3 |
| 5. | Prof. Samuel Gudu | 3 | 3 | 3 of 3 |
| 6. | Prof. Esther Tirima | 3 | 3 | 3 of 3 |
| 7. | Prof. Walter O. Oyawa | 3 | 3 | 3 of 3 |
| 8. | Dr. Gideon Kivengea | 3 | 3 | 3 of 3 |
| 9. | Dr. Jemimah Onsare | 3 | 3 | 3 of 3 |
| 10. | Dr. Tonny Omwansa | 3 | 3 | 3 of 3 |

Below is a summary of the general functions and members' attendance of each of the Committee of the Board:

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ii. Finance and Administration Committee: This Committee deals with promotion of good governance, enhancing capacity, and giving strategic direction to the Board and the Secretariat.

| S.No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|-------|--------------------------|---|-----------------------------|------------|
| 1. | Prof. Linus Gitonga | 2 | 2 | 2 of 2 |
| 2. | Prof. Simeon Mining | 2 | 2 | 2 of 2 |
| 3. | Prof. Esther Tirima | 2 | 2 | 2 of 2 |
| 4. | Dr. Gideon Kivengea | 2 | 2 | 2 of 2 |
| 5. | Dr. Jemimah Onsare | 2 | 2 | 2 of 2 |
| 6. | Dr. Tonny Omwansa | 2 | 2 | 2 of 2 |

iv. Technical Committee: This Committee deals with promotion of good governance, enhancing capacity, and giving strategic direction to the Board and the Secretariat.

| S. No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|--------|------------------------------|---|-----------------------------|------------|
| 1. | Prof. Simeon Mining | 1 | 1 | 1 |
| 2. | Dr. Rosemary Akhungu Emongor | 1 | 1 | 1 |
| 3. | Prof. Samuel Gudu | 1 | 1 | 1 |
| 4. | Prof. Walter O. Oyawa | 1 | 1 | 1 |
| 5. | Dr. Gideon Kivengea | 1 | 1 | 1 |
| 6. | Dr. Jemimah Onsare | 1 | 1 | 1 |
| 7. | Dr. Tonny Omwansa | 1 | 1 | 1 |

v. 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.

| S.No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|-------|------------------------------|---|-----------------------------|------------|
| | Dr. Rosemary Akhungu Emongor | 1 | 1 | 1 of 1 |
| | Prof. Samuel Gudu | 1 | 1 | 1 of 1 |
| | Prof. Walter O. Oyawa | 1 | 1 | 1 of 1 |
| | Dr. Tonny Omwansa | 1 | 1 | 1 of 1 |

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vi. Adhoc Committee: This Committee was constituted to conduct interviews for the Innovation Commercialization Manager

| S.No: | Name of the Board Member | Number of eligible meetings during the year | Number of meetings attended | Attendance |
|-------|------------------------------|---|-----------------------------|------------|
| 1. | Prof. Reuben Omwega Marwanga | 1 | 1 | 1 |
| 2. | Prof. Simeon Mining | 1 | 1 | 1 |
| 3. | Prof. Linus Gitonga | 1 | 1 | 1 |
| 4. | Dr. Gideon Kivengea | 1 | 1 | 1 |
| 5. | Dr. Tonny Omwansa | 1 | 1 | 1 |

A new Board was gazette by the Cabinet Secretary for Ministry of Education on 10th June 2022. The Board Committee composition is as listed below:

| S. No | Name of the Board Member | Full Board | Finance and Administration Committee | Technical Committee | Audit & Compliance Committee | Resource Mobilization & Partnership |
|-------|----------------------------|------------|--------------------------------------|---------------------|------------------------------|-------------------------------------|
| 1. | Prof. Tom P. Migun Ogada | √* | | | | |
| 2. | Prof. Collins Odote Oloo | √ | √* | √ | | |
| 3. | Mr. Robert Kipkirui Mutai | √ | | | √* | √ |
| 4. | Dr. Robert Muhia Karanja | √ | | √* | | √ |
| 5. | Ms. Sheena M. Raiikundalia | √ | | √ | | √* |
| 6. | Prof. Walter O. Oyawa | √ | | | √ | |
| 7. | Mr. Jacob Njagi | √ | √ | | √ | |
| 8. | Prof. Dickson Andala | √ | √ | | | |
| 9. | Dr. Tonny Omwansa | √ | √ | √ | | √ |

*Chairperson of the Board or Board Committee

7.6 Term of Board Members

The term of the Board is outlined in the STI Act, 2013. Members except ex-officio 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.

7.7 Compliance to Laws and other Legal Requirements

The Agency as a responsible corporate citizen is alive to the tenets of the Constitution of Kenya and is fully compliant with the provisions of the STI Act 2013, Public Finance Management Act, 2012 Public Procurement Act and any other relevant legal and regulatory regime.

7.8 Board Remuneration

As per PFM Act, 2012 Section 195(2), the remuneration payable allowances to the members of the Board are determined by the Salaries and Remuneration Commission. Details of Board and Committee allowances are included in these financial statements.

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7.9 Conflict of Interest and Declaration of Interest

The Board members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Board. All transactions with all parties, directors or their related parties are carried out at arm's length. Board members are obligated to disclose to the Board any real or potential conflict of interest, which may come to their attention whether direct or indirect. During every Board meeting, an agenda item exists which requires members to make a declaration of any conflict of interest they may have in the business to be discussed. This practice has been observed by the Board in the financial year under review.

7.10 Board Charter

The KeNIA Board Charter outlines powers and responsibilities of the Board and its members, appointment, remuneration, term of the Board members, conduct of meetings, Committee's terms of reference, conflict of interest among others. The Charter is premised on the Mwongozo Code and best Corporate Governance Practices

7.11 Board Evaluation

The performance of the Board and its members is expected to be evaluated on a regular basis by the State Corporations Advisory Committee (SCAC). This is aimed at enabling the Board and its members to gauge their performance and identify areas of improvement. However, the term of the Board lapsed before a Board evaluation was conducted. At the time SCAC was conducting its evaluation for the FY 2021/2022, the Board was not eligible for evaluation because more than 40% of the Board (five out of nine) were not in office during the financial year. The present Board was Gazetted on June 10th 2022 and had not conducted business for one year to enable their evaluation thus, there was no Board evaluation for the period under review.

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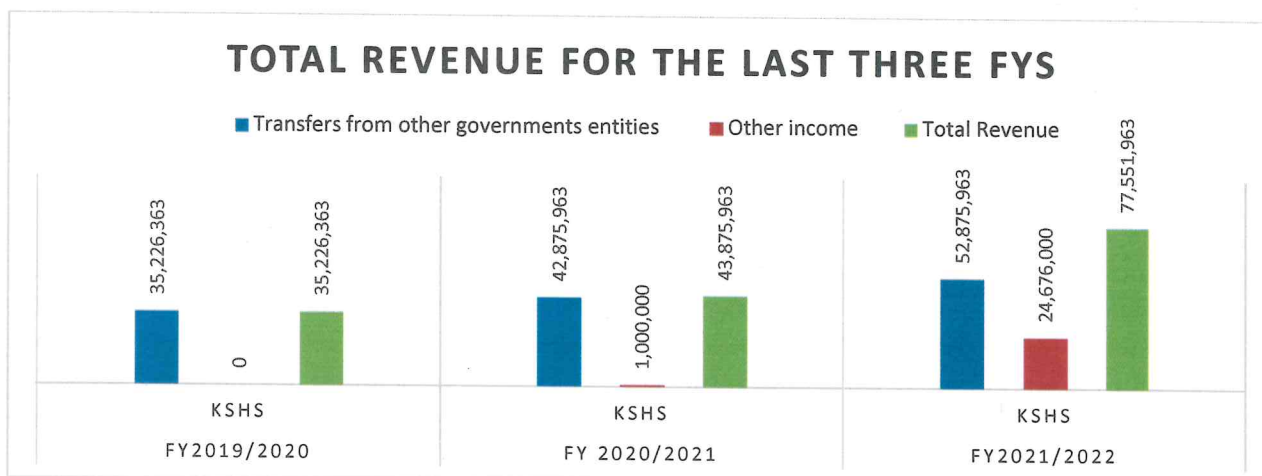
for the year ended June 30, 2022.

8 Management Discussion and Analysis

The Agency has designed various programs that are geared towards achievement of its mandate of developing and managing the Kenya National Innovation System.

8.1 Funding

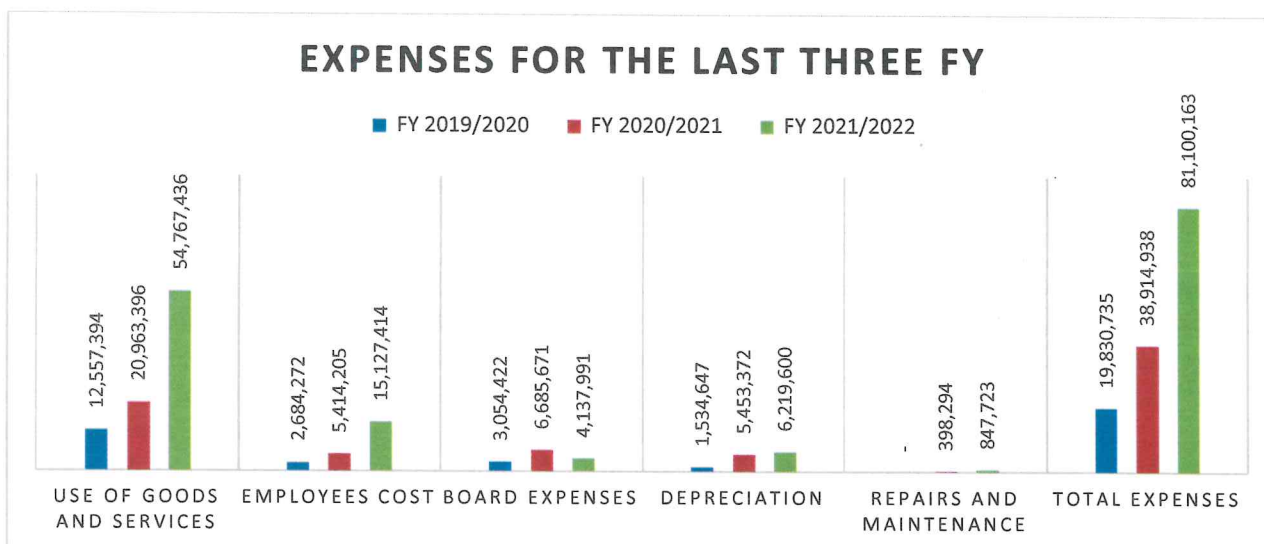
The Agency largely depends on national exchequer to facilitate the various planned programs and activities. The graph below gives the Recurrent GoK grants and Internally generated revenue for the FY 2019/20 to 2021/22:



The Agency internally generated revenue was mainly from skills development workshops and Kenya Innovation Week 2021.

8.2 Operational Expenses

The total expenses have progressively grown from Kshs 19,830,735 in the FY 2019/20 to Kshs 81,240,164 in the FY 2021/22. The increase was informed by hiring of new officers and operational expenses associated with new staff. The graph below gives the detailed analysis of the operational expenses during the period under review:



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8.3 Agency's Key Programmes

The Agency's functions focus on developing a multi-disciplinary and sectoral approaches to utilization of knowledge through nurturing of innovators, innovation commercialization support and entrepreneurship development for purposes of diffusion of technology, market scale up and competitiveness.

For purposes of developing and coordinating the National Innovation Ecosystem, KENIA designed and is implementing the following programmes;

National Innovation Award: The purpose of this program is to motivate innovators, encourage innovation in national priority areas, as well as stimulate and strengthen the innovative capacity and culture within the national system of innovation. The Agency has recognized fifty-one innovators within the last five years and granted awards amounting to KSh. 25.8 million for purposes of product development for the selected innovation projects.

Leaders in Innovation Programme; is a collaborative program between the Kenya National Innovation Agency (KENIA), the National Research Fund (NRF) and the Royal Academy of Engineering (RAEng) of UK. The program is implemented under the umbrella of Kenya-UK Newton Fund Partnership Programme. The purpose of the program is to nurture technological innovators and support commercialization of innovations. The program is a platform for building capacity on entrepreneurship and commercialization of research outputs, as well as enhancing awareness on intellectual property right issues.

Under this programme, innovators have been trained, linked to mentors and incubation/innovation centres. Forty-two innovators have benefited with innovation commercialization grant amounting to over KSh. 140 million.

This program has now been terminated and is being replaced by the R2C Accelerator that is described below.

National Innovation Academy is a capacity building program of the institution. In collaboration with relevant institutions the academy trains individuals to build innovative competences in their institutions. The academy builds a culture of innovation and commercialization, in academia, industry and the government at large, to produce knowledge-based products and services for national socio-economic development. The academy has trained 380 innovators in the innovation ecosystem to date. The following courses are offered at the academy: Effective Intellectual Property Policy Development, Technology Transfer and Commercialization of Intellectual Property and Commercialization Leadership

Kenya Innovation Week (KIW) is a flagship innovation forum for the country run by the KeNIA. It seeks to showcase the innovativeness of Kenyans under which the national priorities of the Big 4 Agenda and Vision 2030 will be advanced. The inaugural KIW was held from 6th to 9th December 2021 and the main focus was skills for innovation, starts-up, commercialization of innovation and fourth industrial revolution. Institutions were also offered space to showcase their innovation in the exhibition section enhancing the interaction of innovators and potential funding and commercialization partners.

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Research-2-Commercialization (R2C) program prepares researchers and faculty to accelerate their commercialization to create an economic impact in Kenya by turning research projects into scalable businesses. It's an action-oriented training and coaching program that provides researchers and faculty the needed tools to commercialize as well as connecting them with the potential customers and investors. The long-term strategic objectives of Research 2 commercialize are Return on Investment, Solving Industry Challenges, Culture of Innovation, Employment and SME Development.

Innovation Bridge Portal - The Innovation Bridge Portal (IBP) is an online platform that aims to create linkages and networks between regional, national and international innovators, industry and public and private technology developers, commercialization funding partners, and other relevant innovation players;

Various other initiatives such as the National Innovation outlook, Starts-up ecosystem, National Innovation Master Plan and guidelines for enhancing technology transfer/commercialization and coordination of Innovation hubs.

8.4 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. 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. During the year under review, the Agency currently has ten substantive officers and eleven deployed staff from Ministry of Education and from time to time engages short term staff as well as interns and attaches. 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 digitisation of its processes such as the award system as well as adoption of Human Resource Management System which facilitates the recruitment process. This automation has reduced use of paperwork and enabled real-time tracking of applications made to the Agency. The Agency has an interactive web portal and utilises social media platforms to enhance visibility, engage stakeholders and inform the public on its activities.

c. 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; Resolution of public complaints, HIV & AIDS, Gender Mainstreaming, National Cohesion Value & Principles of Governance, Disability Mainstreaming, Road Safety and Alcohol & Drug Abuse Control Committees.

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8.5 Major Risks Facing the Agency.

The Agency identified several risks which may hinder it from achieving its mandate. Among identified risks include:

- a) Inadequate budget to implement the national agenda of developing the innovation system which includes operations at county level. The Agency has begun developing more programs to strengthen the AIA.
- b) Inadequate staff to support the Agency to undertake its mandate. The Agency has now recruited 15 staff, against an establishment of 87 as per the current instrument. The recruitment of the staff is a function of
- c) The categorization of the Agency, as well as corresponding human resource instruments have gaps also hinder guidance on recruitment and staff motivation.

To address the risks highlighted, the Agency is planning to implement a number of mitigation measures including lobbying for increased budget, increase resource mobilisation efforts to target donations and partnerships from donors, development partners and internal income generating activities.

The Agency is in the process of reviewing its Human Resource instruments and developing the Agency's strategic plan in line with its mandate, Medium Term Plan Four (MTPIV) and Kenya Vision 2030. The Agency also is creating a risk management plan that provides for risk management, monitoring and mitigation through the safety and security Committee.

8.6 Material Arrears in Statutory and Other Financial Obligations

The Agency has complied with its establishment Acts 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.

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

8.7 Review of The Economy

Science, Technology and Innovation (STI) is a key driver in socio-economic development and in improvement of quality of life. Modern economies have succeeded by leveraging on STI across all the sectors to achieve and sustain high economic performance. Development, transfer and adaptation of appropriate technologies can help address current challenges bedeviling developing economies. STI should therefore inform public policy and decision on all aspects including health, water and sanitation, food and agriculture, manufacturing, transport and communication, infrastructure, and environment.

The Agency is working to contribute to the economy through different folds in its mandate through its various programs which all work to develop and nurture start-up businesses that create employment and provide income to the investor, employees and contribute to the growth of the Country's Gross Domestic Product (GDP).

Annual Report and Financial Statements

for the year ended June 30, 2022.

8.8 Review of The Sector

The ST&I sector has undergone various changes attributed to globalization and socio-demographic changes. A systematic review of the sector points to a promising future.

Kenya has transformed the ST&I sector by shaping effective policy framework for STI through several progressive changes. The previous Science and Technology Act Cap 250 of 1977 was replaced by the ST&I Act, 2013 to provide for innovation aspects which had to be introduced in the previous Act.

- a. Integration of innovation will ensure commercialisation of technology and hence drive economic development.
- b. The act also ensures promotion, coordination and regulation of the ST&I process, quality, funding and advisory linkage mandate,
- c. Three institutions with complementary roles to one another were created in the ST&I Act, 2013 namely:
 - The Kenya National Innovation Agency (KENIA) regular develops and manages the
 - national innovation system
 - The National Commission for Science, Technology and Innovation (NACOSTI) regulates and assures quality in the sector as well as act as an adviser to the government.
 - The National Research Fund (NRF) facilitates research and innovation for advancement of science.

Annual Report and Financial Statements

for the year ended June 30, 2022.

8.9 FUTURE OUTLOOK

The Agency seeks to focus on the following key areas:

a) Visibility and Corporate Image

The Agency rolled out initiatives aimed at creating awareness about its role and functions and improving the Agency's corporate image. The Agency intends to use on both traditional and contemporary media platforms where they will articulate various matters on innovation. This will involve print media and social media.

b) Partnerships and Networks

To strengthen partnerships, create networks and deepen integration regionally and internationally, the Agency will collaborate with different agencies and institutions on Innovation issues and also share experiences on Intellectual property, commercialization and technology transfer.

The Agency has established a Resource mobilization & partnership Board Committee which will lead efforts in securing new and additional resources & partnerships.

c) Stakeholders Engagement

In furtherance of ongoing efforts to enhance engagement with stakeholders through social media platforms, the Agency has Twitter Chats, YouTube, Facebook which relay pre-scheduled, virtual and undertaken activities and programs.

d) Adoption of International Best Practices

The Agency has been participating in international conferences to mobilize resources from international partners as well as sharing information and experiences, learning and adopting international best practices on innovation, commercialization, and technology transfer

9 Environmental and Sustainability Reporting

The Agency exists to transform lives by creating an enabling ecosystem for innovations to be developed nurtured and commercialised to products, goods and services. KeNIA's goal is to enhance scientific research, upgrade the technological capabilities of industrial sectors nationally, including encouraging innovation and substantially increasing the number of research and development workers as well as support domestic technology development, research and innovation in the country.

9.1 Sustainability strategy and profile

KeNIA has a sustainable strategy that is largely borrowed from the Kenya Vision 2030 which recognises Science, Technology, and Innovation (ST&I) as a key, enabler and accelerator for global transformation towards a prosperous, inclusive and environmentally sustainable economy in developing and developed nations. KeNIA in keeping with global trends on sustainable development goals seeks to, promote development of innovations to commercialize goods and services to create industries through technological innovations. Development of this innovative industries creates decent jobs enhancing the national economic growth and infrastructure. This will help in eradicating hunger, promoting good health and well-being of Kenyans. Economically empowered citizens will easily access quality education for all and bringing about gender equality and equity. The improved economic growth through industries will help the government get resources

Annual Report and Financial Statements

for the year ended June 30, 2022.

to provide clean water and sanitation, affordable and clean energy for all hence reducing inequality in the country.

The Agency is in the process of partnering with other countries globally to develop sustainable cities and communities. To support the industries there will be a need for development of frameworks that will bring about responsible consumption and production and well as protection of the climate and life below water and on land. To sustainably develop and nature the industries created Kenya requires peace, justice, and strong institutions.

9.2 Environmental performance

KeNIA has an environment policy that applies to all staff in the Agency stating that KeNIA will offer a safe and healthy working condition in order to prevent work-related injury or illness. The aim is to eliminate work environmental risks and conserve the environment. KeNIA will comply with all the requirements of current environmental legislation and codes of practice to prevent pollution. Eliminate the generation of waste and reuse or recycle as much of it as possible. Minimize energy and water usage in the building. KeNIA will conserve supplies and minimize consumption of natural resources, especially where they are non-renewable.

KeNIA will operate and maintain company vehicles with due regard to environmental issues as far as reasonably practical and encourage the use of alternative means of transport and car sharing as appropriate. KeNIA will apply the principles of continuous improvement in respect of air, water, noise, and light pollution from our premises and reduce any impacts from our operations on the environment and local community.

KeNIA will purchase products and services that minimize damage to the environment. Assess the environmental impact of any business changes we intend to introduce in advance. Ensure that all employees understand our environmental policy and contribute to achieving high standards. Investigate complaints about any breach of our environmental policy promptly.

Through the Kenya Innovation Bridge, the Agency has supported innovations addressing environmental and climate change challenges. Examples of innovations include; carbon farming enterprise, design of net zero energy building and many more. Through the online platform the innovators have access to a larger market to create build their customer base.

9.3 Employee welfare

Kenya National Innovation Agency has a welfare policy that recognizes all its employees as the most valuable resource and the welfare of all staff is essential in achieving the Agency's Vision and Mission. The Agency is committed to providing a caring and supportive working environment which is conducive to the welfare of all staff to enable them develop and optimize their full potential. However, staff welfare is a joint responsibility and members of staff are expected to contribute and participate effectively.

The stewardship of the Agency is hinged on the principles of good corporate governance and integrity, all geared towards the transparent, efficient, and effective delivery of services, to maintain public confidence in the integrity of the institution, within the Vision and Mission of the Agency.

Members of staff, being the most important resource in the Agency, are crucial to the Agency's success. For the Agency staff to work effectively, they need to have support from the Agency for their relevant professional

Annual Report and Financial Statements

for the year ended June 30, 2022.

development, good working environment and life after retirement. This is based on the recognition that staff whose individual needs are met feel valued and appreciated and will be more productive in the execution of their duties. The Agency is in the process of setting up a pension scheme for its employees

The Agency therefore looks forward to an energized and productive work force that will propel it to greater heights. The hiring appraisal and reward of staff is guided by the human resource manual that is guided by merit. The policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA is largely guided by the Work environment policy.

9.4 Market place practices

9.4.1 Responsible competition practice.

KeNIA ensure transparency and accountability in all its endeavours appertaining to recruitment of positions advertises in the Agency as well as Board member placements. The Agency also greatly upholds merit in issuing competitive innovation awards that are undertaken annually by use of external experts to evaluate innovations to avoid any bias. All recruitment and competitive award processes are done on the institutional website and all applicants can follow the transparent process.

9.4.2 Responsible Supply chain and supplier relations

KeNIA strictly follows all laws, regulations and guidelines in procurement and follows the Public Procurement and Asset Disposal Act, 2015. Payments are always made in time and the bidder who competitively win gets to supply the Agency. The whole procurement process is done on the institutional website and all bidders can follow the transparent process.

9.4.3 Responsible marketing and advertisement

KeNIA follows all the nation rules and regulations that guide on marketing and advertising and as guided by the ST&I Act. The Agency used My Gov Kenya which is a government online platform for marketing and advertising services. We also utilized the social media platforms to advertise for jobs, awards and tenders.

9.4.4 Product stewardship

In line with the mandate of creating a conducive environment for innovation, the Agency has been training innovation champions on their intellectual property rights to ensure they do not lose their innovative products to unscrupulous investors. The innovators are taught on how to negotiate even if they choose to sell their innovative products to the highest bidder within the stipulated rules and regulations. This way innovators are informed on their product stewardship.

9.4.5 Corporate Social Responsibility / Community Engagements

The Agency has been upholding its corporate social responsibility by encouraging and nurturing innovation by institutions and individuals by rewarding innovative institutions and innovators. KeNIA through its community engagement activities and to meet the presidential directive on tree planting, collaborated with a local primary school Cornerstone Academy Loresho.

10 Report of the Directors

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

i) Principal activities

The core mandate of the Agency is to develop and manage the National Innovation System.

ii) Results

The results of the Entity for the year ended June 30, 2022, 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. On 19th July 2021, the term of the independent members of the Board came to an end. The Chairman of the Board also resigned on 8th February 2022.

On 10th June 2022 a new Board comprising of the Chairman of the Board and 4 Board members were appointed.

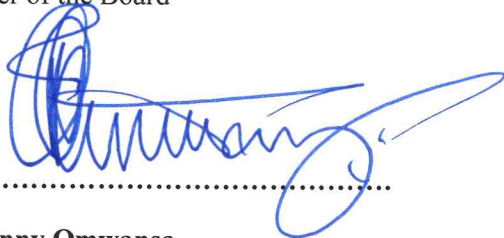
iv) Surplus remission

The Entity did not make any remittance to the Consolidated Fund during the year.

v) Auditors

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

By Order of the Board



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Dr Tonny Omwansa

Chief Executive Officer

Annual Report and Financial Statements

for the year ended June 30, 2022.

11 Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Science, Technology, and Innovation (STI) Act, No. 28 of 2013 Part VIII require the Directors to prepare financial statements in respect of that Agency which give a true and fair view of the state of affairs 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 Agency for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Agency'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 Science, Technology, and Innovation (STI) Act, No. 28 of 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, 2022, and of the Entity's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Agency; which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Agency; 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 Agency's financial statements were approved by the Board on 27/09/2022 2022 and signed on its behalf by:

Prof Tom Migun Ogada

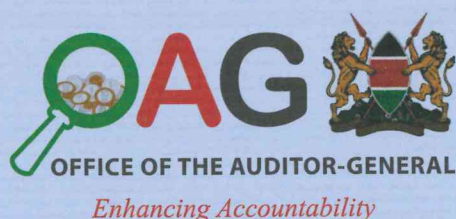
Chairman of the Board

Dr Tonny Omwansa

Chief Executive Officer

REPUBLIC OF KENYA

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Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL INNOVATION AGENCY (KENIA) FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements 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 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya National Innovation Agency set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in

net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of 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, 2022, 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 of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Innovation Agency (KENIA) Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.87,875,963 and Kshs.77,551,963, respectively resulting to shortfall of Kshs.10,324,000 or 12% of the budget. Similarly, the Agency expended Kshs.81,100,163 against an approved budget of Kshs.87,875,963 resulting to an under-expenditure of Kshs.6,775,800 or 8% of the budget. The revenue shortfall and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Further, the Agency spent Kshs.29,277,152 on two (2) items under use of goods and services against an approved budget of Kshs.11,300,000 resulting to an over-expenditure of Kshs.17,977,152 or 159% of the budget. No evidence of approval of over-expenditure was provided for audit. This is contrary to Regulation 44(2) of Public Finance Management (National Government) Regulations, 2015 which states that National Government entities shall execute their approved budgets based in the annual appropriations, and the approved annual cash flow plan with exception of unforeseen and

unavoidable spending dealt with through the Contingencies Fund, or supplementary estimates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Award of Contracts

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects use of goods and services amount of Kshs.54,767,436 which includes an amount of Kshs.15,633,245 relating to shows and exhibition. However, the following anomalies were noted;

- i. The Agency awarded a contract for provision of exhibition facilities during Kenya Innovation Week 2021 at a contract sum of Kshs.3,219,588 as per local service order (LSO) number 1751577 dated 22 November, 2021. The tender was opened and evaluated on 29 October, 2021. However, the secretary to the committee signed on 29 November, 2021 seven (7) days after the contract form was dated on 22 November, 2021; and,
- ii. The vendor was awarded a second contract, 14 days later worth Kshs.1,554,724 under LSO no. 1751578 dated 3 December, 2021 for provision additional facilities at different prices on the same event. Payment to the above contracts was made on 21 January, 2022. However, comparison of the prices revealed that vendor supplied nine (9) tents for 3 days at a cost of Kshs.20,000 per day per tent amounting to Kshs.540,000 for the first contract while eight (8) tents were supplied for three (3) days at a cost of Kshs.45,000 per tent amounting to Kshs.1,080,000 for the second contract resulting to an unexplained difference of Kshs.600,000;

Further, the vendor supplied decorations for three (3) days at a cost of Kshs.150,000 for the first contract which differed from the supply decorations for three (3) days at a cost of Kshs.30,160 in the second contract resulting to an unexplained difference of Kshs.119,840.

In the circumstances, the Agency lost funds due to variation in pricing of similar products by the same supplier. The Management was in breach of the law.

2. Failure to Submit Board Almanac to the State Corporations Advisory Committee

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects board expenses amount of Kshs.4,137,991. However, there was no evidence that the Board Almanac had been submitted to the State Corporations Advisory Committee (SCAC). This is contrary to circular No. OP/CAB.9/1A of 11 March 2020 from the Executive Office of the President on the management of state corporations.

In the circumstances, Management was in breach of Circular.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 April, 2023

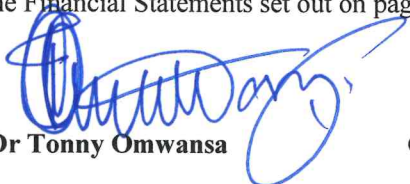
1 Statement of Financial Performance for the year ended 30 June 2022

| | Notes | 2021-2022 | 2020-2021 |
|---|-------|-------------------|-------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from other Government entities | 6 | 52,875,963 | 42,875,963 |
| Revenue from exchange transactions | | | |
| Rendering of services income | 7 | 24,676,000 | 1,000,000 |
| Total Revenue | | 77,551,963 | 43,875,963 |
| Expenses | | | |
| Use of goods and services | 8 | 54,767,436 | *20,963,396 |
| Employees cost | 9 | 15,127,414 | 5,414,205 |
| Board expenses | 10 | 4,137,991 | 6,685,671 |
| Depreciation | 11 | 6,219,600 | 5,453,372 |
| Repairs and maintenance | 12 | 847,723 | 398,294 |
| Total Expenses | | 81,100,163 | 38,914,938 |
| Surplus (Deficit) | | (3,548,200) | 4,961,025 |

*Expenses previously classified as core mandate expenses have been reclassified by nature and are now under use of goods

The notes set out on pages 6 to 26 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 28 were signed on behalf of the Board of Directors by:


Dr Tonny Omwansa

Chief Executive Officer

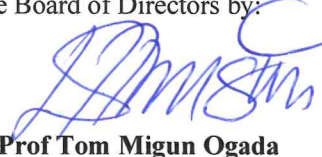
Date 03/05/2023


CPA Mary Maina

Accountant

ICPAK M/No:23927

Date 26/04/2023


Prof Tom Migun Ogada

Chairman of the Board

Date 07-05-2023

2 Statement of Financial Position as at 30 June 2022

| | Notes | 2021-2022 Kshs | 2020-2021 Period as at June 2022 |
|---|-------|-------------------|--|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 13 | 4,891,523 | 7,466,633 |
| Current portion of receivables from Exchange transactions | 14 | 2,936,012 | 202,073 |
| Current portion of receivables from non-Exchange transactions | 14 a | 290,000 | 48,400 |
| Prepayment | 15 | 1,374,381 | 426,415 |
| Inventories | 16 | 1,282,371 | 1,232,244 |
| Total Current Assets | | 10,774,288 | 9,375,766 |
| Non-Current Assets | | | |
| Property, plant and equipment | 17 | 15,098,977 | 18,442,397 |
| Total Non- Current Assets | | 15,098,977 | 18,442,397 |
| Total Assets | | 25,873,265 | 27,818,163 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 18 | 4,490,212 | 2,886,910 |
| Total Current Liabilities | | 4,490,212 | 2,886,910 |
| Total Liabilities | | 4,490,212 | 2,886,910 |
| Net assets | | | |
| Accumulated surplus | | 21,383,053 | 24,931,253 |
| Total Net Assets and Liabilities | | 25,873,265 | 27,818,163 |

The financial statements set out on pages 1 to 37 were signed on behalf of the Board of Directors by



Dr Tommy Omwansa

Chief Executive Officer

Date 03/05/2023



CPA Mary Maina

Accountant

ICPAK M/No:23927

Date 26/07/2023



Prof Tom Migun Ogada

Chairman of the Board

Date

01-05-2023


3 Statement of Changes in Net Assets for the year ended 30 June 2022

| Period | Accumulated surplus |
|-----------------------------------|---------------------|
| | KShs |
| | |
| Balance as at 1 July 2019 | |
| Surplus/(deficit) for the period | 19,970,228 |
| Balance as at 30 June 2020 | 19,970,228 |
| | |
| 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 |

16. Statement of Cash Flows for the year ended 30 June 2022

| | Notes | 2021-2022 | 2020-2021 |
|---|-------|--------------------|---------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other governments entities | 6 | 52,875,963 | 42,875,963 |
| Rendering of services income | 7a | 21,910,453 | 797,927 |
| Total Receipts | | 74,786,416 | 43,673,890 |
| Payments | | | |
| Use of goods and services | 8a | 54,309,153 | 21,313,875 |
| Employee costs | 9a | 15,343,414 | 4,939,090 |
| Board expenses | 10a | 4,028,265 | 6,345,671 |
| Repairs and maintenance | 12a | 836,124 | 398,294 |
| Total Payments | | 74,516,955 | 32,996,930 |
| Net cash flows from/(used in) operating activities | | 301,070 | 10,676,960 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, and equipment | 18 | 2,876,180 | 12,097,214 |
| Net cash flows from/(used in) investing activities | | (2,876,180) | (12,097,214) |
| Net increase/(decrease) in cash and cash equivalents | | (2,575,111) | (1,420,254) |
| Cash and cash equivalents at 1 JULY | | 7,466,634 | 8,886,888 |
| Cash and cash equivalents at 30 JUNE | | 4,891,523 | 7,466,634 |

Signed on behalf of the Board by:



Dr Tonny Omwansa

Chief Executive Officer

Date 03/05/2023



CPA Mary Maina

Accountant

ICPAK M/No:23927

Date 26/04/2023



Prof Tom Migun Ogada

Chairman of the Board

Date 07-05-2023

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022

| | Original annual Budget | Adjustments | Final Annual Budget | Actual Cumulative to date | % of Utilization |
|---------------------------------|------------------------|-------------|---------------------|---------------------------|------------------|
| | a | b | c=a+b | d | e=d/c % |
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs |
| Government grants and subsidies | 52,875,963 | - | 52,875,963 | 52,875,963 | 100% |
| Rendering of services income | 35,000,000 | (-) | 35,000,000 | 24,676,000 | 71% |
| Total income | 87,875,963 | | 87,875,963 | 77,551,963 | 88% |
| Expenses | | | | | |
| Use of goods and services | 62,564,052 | - | 62,564,052 | 54,767,436 | 88% |
| Employee costs | 19,892,911 | - | 19,892,911 | 15,127,414 | 76% |
| Remuneration of directors | 4,589,000 | - | 4,589,000 | 4,137,991 | 90% |
| Repairs and Maintenance | 830,000 | - | 830,000 | 847,723 | 102% |
| Depreciation | | | | 6,219,600 | 88% |
| Total expenditure | 87,875,963 | (-) | 87,875,963 | 81,100,163 | |
| Surplus for the period | - | - | - | (3,548,200) | |

Budget notes

1. Rendering of services income
 - i. The Agency's income generating activities such as the Kenya innovation Week and the Academy were not able to raise the projected funds due to Covid-19 restrictions which affected attendance of the programs.
 - ii. Some development partners who had expressed interest to partner with the Agency during some of the programs were unable to participate due to travel bans and general effect of the pandemic on the economy
2. Use of goods and services- The Agency was financially constrained after failing to meet the revenue targets that had been set at the beginning of the financial year. This meant that several projected expenses were not incurred.
3. Employee costs- Planned recruitment of officers was delayed due to the lack of a Board to approve and appoint the recruited staff, as well as conduct interview for some of the higher cadre officers

18. Notes to the Financial Statements

1. General Information

KeNIA is established by and derives its authority and accountability from The Science, Technology and Innovation Act, 2013. 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 the Agency's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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 2022.*

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

| Standard | Effective date and impact: |
|--|--|
| <p>IPSAS 41: Financial Instruments</p> | <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 an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <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> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> |

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| | |
|---|--|
| | (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. |
| 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 guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| Other improvements to IPSAS | <p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> |
| 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> |

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| | |
|--|---|
| | The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <i>Applicable 1st January 2025</i> The Standard requires, 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: 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. |

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

- a) **Revenue recognition**
 - i) **Revenue from non-exchange transactions**

Fees, Partnerships

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

Transfers from other government entities

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

Rendering of services

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

The Agency does not have any interest income.

ii) Revenue from exchange transactions

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly in 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

c) Property, plant and equipment.

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

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Impairment of financial assets

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

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

ii) **Financial liabilities**

Initial recognition and measurement

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

Loans and borrowing

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

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 the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Agency 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

The Agency 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.

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i) Contingent assets

The Agency does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency 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

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

k) 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 Agency, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers

l) 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 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.

m) Comparative figures

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

n) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Agency'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. State all judgements, estimates and assumptions made:

Estimates and assumptions

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

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

6. Transfers from Other Government entities

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant from the Ministry of Education | 52,875,963 | 42,875,963 |
| Total Unconditional Grants | 52,875,963 | 42,875,963 |

This is operational grant from the exchequer through the National Treasury

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

| Name Of The Entity Sending The Grant | Amount recognized to Statement of Financial performance KShs | Total transfers 2021-22 KShs | Prior year 2020-2021 KShs |
|---|---|---------------------------------|------------------------------|
| State Department for University Education and Research | 52,875,963 | 52,875,963 | 42,875,963 |
| Total | 52,875,963 | 52,875,963 | 42,875,963 |

7. Rendering of Services

| Description | 2021-2022 | 2020-2021 |
|---|-------------------|------------------|
| | KShs | KShs |
| Skills development workshops | 8,070,000 | 1,000,000 |
| Kenya Innovation Week | 14,279,000 | |
| Nacosti Innovation survey | 2,250,000 | |
| Other Income | 77,000 | |
| Total Revenue from rendering of services | 24,676,000 | 1,000,000 |

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 for some partners and sponsorships from partners.

Notes to the Financial Statements (Continued)**7 a Rendering of services income**

| Description | 2021-2022 | 2020-2021 |
|---|-------------------|------------------|
| | KShs | KShs |
| Total Revenue from rendering of services income | 24,676,000 | 1,000,000 |
| Balance b/wd | 202,073 | |
| Receivables | (2,936,012) | (202,073) |
| Total Rendering of services incomes used in cash flows | 21,942,061 | 797,927 |

8. Use of Goods and Services

| Description | 2021-2022 | 2020-2021 |
|---|-------------------|--------------------|
| | Kshs | Kshs |
| National Innovation Award | 3,100,000 | 3,200,000 |
| Subscriptions | 200,000 | 150,000 |
| Advertising | 1,352,153 | 1,825,731 |
| Hospitality | 646,509 | 213,373 |
| Audit fees | 900,000 | 900,000 |
| Conferences and delegations | 6,554,150 | 1,754,960 |
| Shows and Exhibition | 15,633,245 | - |
| Fuel and oil | 818,964 | 238,472 |
| Medical Insurance | | 127,379 |
| Insurance | 438,191 | 267,736 |
| Printing and stationery | 1,472,197 | 252,904 |
| Rental | 3,852,360 | 2,889,270 |
| Telecommunication | 1,556,000 | 291,903 |
| Training | 4,075,780 | 2,310,135 |
| Travel, accommodation, subsistence and other allowances | 13,643,907 | 5,940,725 |
| Other general expenses | 523,980 | 600,808 |
| Use of Goods and Services | 54,767,436 | 20,963,396* |

*Expenses previously classified as core mandate expenses in the 2020/2021 of Ksh 9,135,395 have been reclassified by nature and are now under use of goods and services

Notes to the Financial Statements (Continued)**8 a Use of Goods and Services**

| Description | 2021-2022 | 2020-2021 |
|---|-------------------|-------------------|
| | KShs | KShs |
| Use of goods and services expenses | 54,907,436 | 20,963,396 |
| Prepayment 2020 | | (184,785) |
| Prepayments 2021 | (426,415) | 426,415 |
| Prepayments 2022 | 1,374,381 | |
| Inventory 2021 | (1,232,244) | 1,232,244 |
| Inventory 2022 | 1,282,371 | |
| Accrued expenses 2021 | | 900,000 |
| Accrued expenses 2021 | 2,071,795 | (2,071,795) |
| Accrued expenses 2022 | (3,769,770) | |
| Salary Imprest | (48,400) | 48,400 |
| Salary Imprest | 290,000 | |
| Total Use of goods and services used in the cash flows | 54,309,153 | 21,313,875 |

9. Employee Costs

| Description | 2021-2022 | 2020-2021 |
|---|-------------------|------------------|
| | KShs | KShs |
| Salaries and wages | 10,006,024 | 3,008,843 |
| Employer contribution to health insurance schemes | 836,931 | |
| Employer contribution to pension schemes | 45,400 | - |
| Housing benefits and allowances | 4,239,059 | 2,405,362 |
| Employee costs | 15,127,414 | 5,414,205 |

Notes to the Financial Statements (Continued)**9. a Employee Costs**

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|------------------|
| | KShs | KShs |
| Employee costs for the year | 15,127,415 | 5,414,205 |
| Accrued expenses 2021 | 475,115 | (475,115) |
| Accrued expenses 2022 | (259,116) | |
| Total Employee costs used in the cash flows | 15,343,414 | 4,939,090 |

10. Board Expenses

| Description | 2021-2022 | 2020-2021 |
|-------------------------------|------------------|------------------|
| | KShs | KShs |
| Chairman/Directors' Honoraria | 638,857 | 960,000 |
| Sitting allowances | 560,000 | 3,544,000 |
| Induction and Training | - | 395,850 |
| Travel and accommodation | 164,270 | 1,701,821 |
| Other allowances | 51,000 | 84,000 |
| Board Recruitment expense | 2,723,864 | - |
| Total Board Expenses | 4,137,991 | 6,685,671 |

10 a Board Expenses

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | KShs | KShs |
| Board Expenses | 4,137,991 | 6,685,671 |
| Accrued directors remuneration 2021 | 340,000 | |
| Accrued directors remuneration 2022 | (449,726) | (340,000) |
| Total Board Expenses used in the cash flows | 4,028,265 | 6,345,671 |

Notes to the Financial Statements (Continued)**11. Depreciation and Amortization Expense**

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Property, plant and equipment | 6,219,600 | 5,453,372 |
| Total depreciation and amortization | 6,219,600 | 5,453,372 |

12. Repairs and Maintenance

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|----------------|----------------|
| | Kshs | Kshs |
| Property | 397,300 | 306,193 |
| Vehicles | 231,967 | 92,101 |
| Computers and Accessories | 218,457 | - |
| Total Repairs and Maintenance | 847,724 | 398,294 |

12 a Repairs and Maintenance

| Description | 2021-2022 | 2020-2021 |
|---|----------------|----------------|
| | KShs | KShs |
| Repairs and Maintenance | 847,724 | 398,294 |
| Accrued Repairs and maintenance | (11,600) | - |
| Total Repairs and Maintenance used in the cash flows | 836,124 | 398,294 |

Notes to the Financial Statements (Continued)**13. Cash and Cash Equivalents**

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | KShs | KShs |
| Current account | 4,891,523 | 7,466,633 |
| Total cash and cash equivalents | 4,891,523 | 7,466,633 |

Notes to the Financial Statements (Continued)**13 (a) Detailed Analysis of the Cash and Cash Equivalents**

| | | 2021-2022 | 2020-2021 |
|---------------------------|----------------|------------------|------------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | 1236339398 | 4,891,523 | 7,466,633 |
| Grand total | | 4,891,523 | 7,466,633 |

14. Receivables from Exchange Transactions

| Description | 2021-2022 | 2020-2021 |
|------------------------------------|------------------|----------------|
| | Kshs | Kshs |
| Receivables | | |
| Other Exchange transaction debtors | 2,936,012 | 202,073 |
| Total Current Receivables | 2,936,012 | 202,073 |

14 a Receivables from Non-Exchange Transactions

| Description | 2021-2022 | 2020-2021 |
|-----------------------------------|----------------|---------------|
| | Kshs | Kshs |
| Non- Exchange transaction debtors | 290,000 | 48,400 |
| Total current receivables | 290,000 | 48,400 |

15. Prepayments

| Description | 2021-2022 | 2020-2021 |
|--------------------|------------------|----------------|
| | Kshs | Kshs |
| Prepayments | 1,374,381 | 426,415 |
| Prepayments | 1,374,381 | 426,415 |

The prepayment relates to Fuel and Motor vehicle and medical insurance premiums that were prepaid during the year.

Notes to the Financial Statements (Continued)

16. Inventories

| Description | 2021-2022 | 2020-2021 |
|--------------------------|------------------|------------------|
| | Kshs | Kshs |
| Consumable stores | 1,282,371 | 1,232,244 |
| Total inventories | 1,282,371 | 1,232,244 |

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

| | Motor vehicles | | Furniture and fittings | | Computers | | Total | |
|------------------------------------|----------------|--|------------------------|--|-----------|--|------------|--|
| | Shs | | Shs | | Shs | | Shs | |
| Cost | | | | | | | | |
| Depreciation Rate | | | 12.50% | | 33% | | | |
| 01 July 2020 | 8,489,000 | | 1,990,000 | | 2,854,202 | | 13,333,202 | |
| Additions | 5,840,000 | | 3,351,000 | | 2,906,214 | | 12,097,214 | |
| Disposals | - | | - | | - | | - | |
| Transfer/adjustments | - | | - | | - | | - | |
| 30 June 2021 | 14,329,000 | | 5,341,000 | | 5,760,416 | | 25,430,416 | |
| 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 | - | | - | | - | | - | |
| Transfer/adjustments | - | | - | | - | | - | |
| 30 June 2022 | 14,329,000 | | 6,264,680 | | 7,712,916 | | 28,306,596 | |
| Depreciation and impairment | | | | | | | | |
| 01 July 2020 | 424,450 | | 248,750 | | 861,447 | | 1,534,647 | |
| Depreciation | 2,865,800 | | 667,625 | | 1,919,947 | | 5,453,372 | |
| 30 June 2021 | 3,290,250 | | 916,375 | | 2,781,394 | | 6,988,019 | |
| 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 | |
| Net book values (NBV) | | | | | | | | |
| 30 June 2022 | 8,172,950 | | 4,565,220 | | 2,360,807 | | 15,098,977 | |
| 30 June 2021 | 11,038,750 | | 4,424,625 | | 2,979,022 | | 18,442,397 | |

Notes to the Financial Statements (Continued)**17 (b) Property, Plant and Equipment at Cost**

Property plant and Equipment includes the following assets that are fully depreciated:

| | Cost or valuation | Normal annual depreciation charge |
|----------------------------|-------------------|-----------------------------------|
| Plant and Machinery | 2,584,600 | 2,584,600 |
| Total | 2,584,600 | 2,584,600 |

18. Trade and Other Payables

| Description | 2021-2022 | 2020-2021 |
|---------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Trade payables | 357,596 | - |
| Other payables | 4,132,616 | 2,886,910 |
| Total trade and other payables | 4,490,212 | 2,886,910 |

19. Cash Generated from Operations

| | 2021-2022 | 2020-2021 |
|--|--------------------|-------------------|
| | Kshs | Kshs |
| Surplus for the year before tax | (3,548,200) | 4,961,025 |
| Adjusted for: | | |
| Depreciation | 6,219,600 | 5,453,372 |
| Working capital adjustments | | |
| Increase in inventory | (50,127) | (1,232,244) |
| Increase in receivables | (2,975,539) | (250,473) |
| Increase in payables | 1,603,302 | 1,986,910 |
| Increase in payments made in advance | (947,966) | (241,630) |
| Net cash flow from operating activities | 301,070 | 10,676,960 |

Notes to the Financial Statements (Continued)**20. Financial Risk Management**

The Agency's activities expose it to a variety of financial risks including credit and liquidity. The Entity's overall risk management program focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Agency 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 Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

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

Financial Risk Management

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

| | Total amount | Fully performing | Past due | Impaired |
|---|------------------|------------------|----------|----------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30 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 | - | - |
| As at 30 June 2021 | | | | |
| Receivables from exchange transactions | 202,073 | 202,073 | - | - |
| Receivables from non-exchange transactions | 48,400 | 48,400 | - | - |
| Bank balances | 7,466,633 | 7,466,633 | - | - |
| Total | 7,717,106 | 7,717,106 | - | - |

Notes to the Financial Statements (Continued)

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue operating.

i) Liquidity risk management

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

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

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|---------------------------|-------------------|--------------------|------------------|------------------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30 June 2022 | | | | |
| Trade payables | 3,204,641 | 385,571 | 900,000 | 4,490,212 |
| Total | 3,204,641 | 385,571 | 900,000 | 4,490,212 |
| As at 30 June 2021 | | | | |
| Trade payables | 458,643 | 628,267 | 1,800,000 | 2,886,910 |
| Total | 458,643 | 628,267 | 1,800,000 | 2,886,910 |

21. Related Party Disclosures**Nature of related party relationships**

Entities and other parties related to the Agency 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.

Notes to the Financial Statements (Continued)

Government of Kenya

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

Other related parties include:

- i) Ministry of Education.
- ii) The National Research Fund
- iii) National Commission for Science, Technology and Innovation
- iv) Board of directors
- v) Key management

22. Events after the Reporting Period

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

23. Ultimate and Holding Entity

The Agency is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

24. Currency

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