



Annual Report & Financial Statements

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2016

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

Vision

To be the leading institute in public policy research and analysis; an international centre of excellence

Mission

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

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

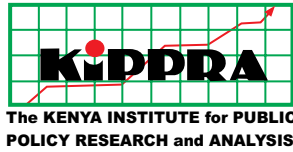
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA INSTITUTE FOR PUBLIC POLICY
RESEARCH AND ANALYSIS**

**FOR THE YEAR ENDED
30 JUNE 2016**



Annual Report and Financial Statements for the Financial Year Ended 30 June 2016

**Prepared in Accordance with the Accrual
Basis of Accounting Method under the
International Public Sector Accounting
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An international centre of excellence in public policy research and analysis

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I: KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal activities

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

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

- 8) Organize symposia, conferences, workshops and other meetings to promote the exchange of views on issues relating to public policy research and analysis; and
- 9) Undertake public policy research relevant to governance and its implications to development.

(c) Key management

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

- Board of Directors (Board Committees);
- Executive Director; and
- Senior Management.

(d) Fiduciary management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

- Dr Dickson O. Khainga - Ag. Executive Director from May 2015
- Prof. Joseph Kieyah - Ag. Programmes Coordinator and Head, Private Sector Development Division
- Mr Benson Kiriga- Ag. Head, Macroeconomics Division
- Ms Nancy Laibuni - Ag. Head, Productive Sector Division
- Dr Eldah Onsomu - Ag. Head, Social Sector Division
- Dr Jacob Chege - Ag. Head, Governance Division
- Ms Julia Muguro - Ag. Accountant
- Mr Felix Murithi - Head, Knowledge Management and Communications Division
- Ms Joyce Lisanza - Head, Human Resource and Administration

(e) Fiduciary oversight arrangements

The management of KIPPRA is vested in a Board of Directors. The Board operates through four committees (Finance, Audit, Programmes, and General Purposes) and also a Board Charter.

Finance Committee: This is an advisory body with no executive powers. Its broad function is to assist the Audit Committee and Board in ensuring that the Institute meets the highest standards of financial management and accountability in the use of its financial resources. The Chairman of the Finance Committee shall be a

person with financial background and experience. The committee is authorized to carry out its mandate in line with its terms of reference, which are to: Approve the Institute's accounting policies and principles (and any changes thereof) that are required to be reported in the notes to the annual financial statements; Review and assess the appropriateness of accounting policies and principles, including conformance with relevant accounting and reporting standards; Review annual budgets, and make recommendations to the Board; Receive and consider quarterly financial, procurement and investment reports; Review annual financial statements and recommend them to the Board for approval; Review the use of financial resources, ensuring that value for money is achieved; Review the periodic financial reports and projections, paying particular attention to critical financial and budgetary control issues, financial strategy decisions requiring a major element of judgment, making recommendations to the Board as appropriate; Provide oversight over procurement in line with the procurement law; Advise the Board on resource mobilization, and; Ensure that the finance function is appropriately resourced and meets, or exceeds, best professional practice.

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

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

General Purposes Committee: The Committee, which is non-executive, advises the Board on organizational structure, administration, human resource policy and capacity enhancement; reviews salaries, benefit packages and service contracts; reviews performance management policies and procedures and makes

recommendations to the Board; recruits senior staff and recommends them for Board approval; presides over disciplinary hearings/interviews for senior staff; and makes recommendations on broad guidelines that promote operational efficiency.

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

(f) Institute headquarters

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

(g) Institute contacts

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

(h) Principal banker

Commercial Bank of Africa
Mama Ngina Street
P.O. Box 30437-00100
Nairobi

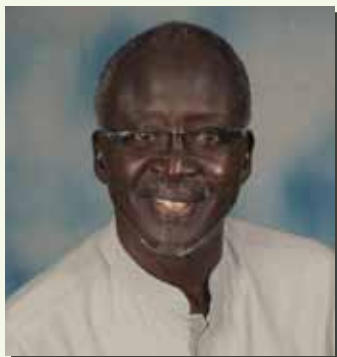
(i) Independent auditor

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

(j) Principal legal advisor

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112-00200
Nairobi

II: THE BOARD OF DIRECTORS



Prof. Mohamed S. Mukras

Prof. Mohamed S. Mukras is currently based at Maseno University, Department of Economics, School of Business and Economics. Previously, he worked as a Professor at Moi

University (2007-2010), University of Botswana (1993-2007) and Maseno University (1992-1993); Associate Professor at the University of Nairobi (1985-1992); Senior Lecturer (1981-1985) and Lecturer (1976-1981) at University of Nairobi. He has also been an external examiner of University of Zimbabwe, University of Zambia, University of Addis Ababa, University of Switzerland, University of Botswana and Makerere University. He has been an assessor of promotions and professorial positions at University of Ibadan, University of Nairobi, University of Zambia, University of Dar es Salaam, and Makerere University.

Prof. Mukras has also served as Board Chair of MINET ICDC Insurance Brokers; Member, Capital Markets Authority (Kenya); Member, Government Insurance Advisory Board; and as Director of Planning in the Ministry of Planning and National Development.

He holds a PhD from University of Toronto, MA from University of Toronto, Bachelor of Philosophy from University of Nairobi, and BA University of East Africa, Dar es Salaam.

Prof. Mukras is the Board Chair of the Kenya Institute for Public Policy Research and Analysis.



Dr Dickson O. Khainga

Dr Dickson O. Khainga is the Ag. Executive Director of the Kenya Institute for Public Policy Research and Analysis (KIPPRA). He is

involved in providing technical guidance and capacity building on policy and strategy formulation to the Government of Kenya and other stakeholders, with the overall aim of contributing to the achievement of national development goals. Before then, he was Ag. Programmes Coordinator at KIPPRA since December 2013, and Head of Macroeconomics Division since 2004. Prior to joining KIPPRA, he worked as an Economist at the Ministry of Finance and Planning since 1991.

Dr. Khainga has published widely. His research interests are in

public policy research focusing on macroeconomic policy, modeling, competitiveness, public expenditure management, and green economy. He holds a PhD in International Political Economy from the University of Tsukuba (Japan); a Masters degree in International Political Economy, and a Bachelors degree in Economics from the University of Nairobi, Kenya. He has been involved in consultancy work for several organizations including UNEP and World Bank, and has contributed to various national policy processes.



Ms Sabina Maghanga

Ms Sabina Maghanga is Director of Macroeconomic Planning and International Cooperation, Ministry of Devolution and Planning. She has been in the public service for 33 years, coordinating national economic policy formulation and promoting regional and international economic cooperation towards realization of Vision 2030, among other activities.

Ms Maghanga has a wealth of experience in economic policy formulation and analysis, programme and project management, negotiation, data collection and analysis, project proposal and report writing, monitoring and evaluation, team building, management and organizational skills, leadership and participatory skills.



Amb. Nelson Ndirangu

Ambassador Nelson Ndirangu is an international trade expert with more than 30 years of experience on trade/economic policy issues. He has a strong managerial, leadership and negotiations skills and more than 20 years of experience in strategic planning, programmatic design, implementation, team building, fundraising and setting of impact assessment systems.

He has worked as a consultant for various institutions, international and national organizations such as WTO, WHO, FAO, UNCTAD, ACP, COMESA, IGAD, EAC, and South Centre. He was Chief Negotiator for Kenya in the WTO from 1999 to 2007, and Director of Asia Division at the Ministry of Foreign Affairs, Nairobi, from August 2007 to December 2008. He took time off from 2009 to 2012 to manage an ACP Programme that provided technical assistance to enhance the capacities of ACP countries to negotiate and implement WTO agreements.

Amb. Ndirangu has a Master of Arts (MA) and a Post-Graduate Diploma in International Economic Relations from the University of East Anglia in UK, a Post-Graduate Diploma in International Trade Policy from the WTO, and a Bachelor of Commerce degree (BCom Hons) from the

University of Nairobi, Kenya. He holds several awards, including Order of the Golden Warrior of Kenya (OGW) in recognition of his contribution to trade policy formulation, development and implementation.

He was appointed Ambassador/High Commissioner mid-December 2012 and resumed his duties in the Ministry of Foreign Affairs as the Director General in charge of Economic Affairs and International trade Directorate, a post he is holding up to date. He is responsible for formulation, implementation, coordination and review of international trade and economic policies, including trade negotiations.

He has keen interests on the legal and economic analysis of the WTO agreements, regional and bilateral trade relations, with a focus on Africa.



Dr Hassan G. Roba

Dr Hassan Roba is the Programme Officer of African Rift Valley for the Christensen Fund. Previously, he worked for the Centre for Indigenous Knowledge at the National Museums of Kenya as a Senior Research Scientist. His main research interests are pastoral land use systems, indigenous knowledge

and resource management, participatory research, and environmental governance.

Dr Roba holds a PhD in Development Studies from the Norwegian University of Life Sciences, and MSc in Dryland Biodiversity from Addis Ababa University in Ethiopia.



Mr Stephen Kiptoem Mairori

Mr Stephen Mairori is the International Director of ICM as well as the Executive Director of the same organization in Kenya. He serves as the East Africa Regional Director for four USA organizations who are in partnership with ICM. He is also a Director of Fruited Plains in Kenya and USA, member

of the Board of Governors of Kobos Secondary School, and Chair of the Governing Council of Africa Theological Seminary.



Prof. Evans Aosa

Prof. Aosa is a Professor of Strategic Management and Associate Dean, Graduate

Business Studies, School of Business, University of Nairobi. He has extensive experience in training and consultancy in Strategic Management within Eastern Africa. He has been an academician at the School of Business, University of Nairobi since 1986. He worked as a part-time lecturer at the United States International University - Africa.

Prof. Aosa has been involved (as a consultant) in the development of strategic plans or the evaluation

of existing ones in various organizations. He has also served as a member of the Board of Directors at the Kenya Marine and Fisheries Research Institute.

He holds a PhD from University of Strathclyde, Glasgow (UK), Master of Business Administration from University of Leuven, Belgium, and a Bachelor of Commerce from the University of Nairobi.



Ms Susan A. Mang'eni

Ms Mang'eni is the Executive Director of the Kenya Youth Development Trust. She has over 7 years of experience in the sectors of youth and gender development in both private and public spheres, including Directorship at the Youth Enterprise Development Fund Board (2010 to 2013), where she

chaired the Audit Committee of the Board. Ms Mang'eni is also an associate member of the Mandela Institute for Development Studies (MINDS). She holds a BA in Political Science and Public Administration from the University of Nairobi, and is pursuing a Masters degree in Entrepreneurship Development at the same university.



Ms Lena Munuve

Ms Munuve is the Retail Manager for the East Africa Cluster and now Vivo Energy Kenya. Previously, she worked for Exxon Mobil as the Convenience Retailing Manager and later as Cards Marketing and Operations Manager. Due to her excellent performance, she was promoted to serve as Cards Marketing Manager for Shell Oil Products Africa (SOPAF).

She holds a Master of Arts in Business Administration and a Bachelor of Commerce degree from the University of Nairobi. She also has a Post-Graduate Diploma in Marketing from Chartered Institute of Marketing (CIM) UK and a Shell Senior Executive Leadership Programme by the University of Witwatersrand, South Africa. She is professionally accredited as MCIM, Dip.



Ms Emma Mwangeli

Ms Mwangeli is the Acting Director, Corporate and Institutional Banking Division, at National Bank, having joined the institution in 2013 as the Head of Institutional Banking and Cash Management. She has served in the banking industry for 22 years in various capacities at Kenya Commercial Bank, Co-

operative Bank and most recently at Bank of Africa - Kenya.

She holds an MA in Communication in Development Studies and a BSc in Business Administration, Management option (Cum Laude) from United States International University. She is a full member of the Kenya Institute of Management.



Prof. Michael Chege

Prof. Michael Chege is a Political Economist with special interest in governance and economic development in Sub-Saharan Africa, and

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

Ford and Rockefeller Foundations. Prof. Chege has also served as a visiting professor at the Graduate Institute of International Affairs at the University of Geneva, and Harvard University, and has published widely on African development and governance issues.

He holds a doctorate degree from the University of California at Berkeley, and Bachelors degree in Economics and Government from the University of Nairobi.

Other Directors:



Mr. Musa N. Kathanje



Prof. Marangu Marete

III: MANAGEMENT TEAM



Dr Dickson O. Khainga
PhD in International
Political Economy
Ag. Executive Director
from May 2015



Dr Augustus Muluvi
PhD in Development
Economics
Ag. Head, Trade and
Foreign Policy Division



Prof. Joseph Kieyah
JD in Law and PhD in
Economics
Ag. Programmes
Coordinator and
Head, Private Sector
Development Division



Dr Jacob Chege
PhD in Economics
Ag. Head, Governance
Division



Mr Benson Kiriga
MA in Economics
Ag. Head,
Macroeconomics
Division



Ms Julia Muguro
Ag. Accountant
Bachelor of Commerce
(CPA-K)



Ms Nancy Laibuni
MSc in Horticultural
Economics
Ag. Head, Productive
Sector Division



Mr Felix Murithi
MPhil in Publishing
Studies
Head, Knowledge
Management and
Communications
Division



Dr Eldah Onsomu
PhD in Economics
Ag. Head, Social
Sector Division



Ms Joyce Lisanza
Human Resource
Manager

IV: CHAIRMAN'S STATEMENT

The year 2015-16 was yet another year of growth for the Institute. The entire Board of Directors continued supporting the Executive Director in achieving KIPPRA's strategic objectives of producing evidence-based research that informs public policy decision making, engaging strategic stakeholders to debate policy issues, and building capacity of professionals in the public policy process. Through the 2015-16 work plan, these objectives and their targets were surpassed, which is commendable.

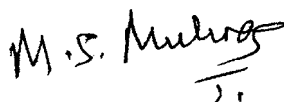
KIPPRA has continually diversified its sources of funding. In 2015-2016, the Institute generated income of Ksh 120 million from contracted research which was conducted on behalf of government agencies such as the defunct Transition Authority, National Gender and Equality Commission, Office of the Controller of Budget, Kenya National Highways Authority, Public Procurement Oversight Authority, and international organizations such as Overseas Development Institute, Institute of Development Studies (Sussex), African Capacity Building Foundation, Food and Agriculture Organization, United Nations Environment Programme, among others.

The ranking of KIPPRA as the top think tank in Sub-Saharan Africa, second year in a row, is laudable. The Global Go To Think Tank Report globally identifies and ranks more than 6,000 think tanks from across the world that excel in research, analysis

and public policy engagement on a wide range of policy issues. In 2015, KIPPRA ranked high in the categories of top domestic economic think tank, best think tank conference, best trans-disciplinary research think tanks, best use of social networks, think tanks with the best external relations/public engagement programme, think tanks with the best use of the internet, think tanks with the most significant impact on public policy, and outstanding research policy programmes. The Board took cognisance of this achievement with celebrations in Mombasa at the annual staff team building event. Besides the celebrations, the team building also enabled staff to interact with Board members away from a formal office set up.

The quality and rigour of our research continues to inform policy debate. This year, the Institute completed 132 research reports with focus on governance, devolution, social cohesion and ease of doing business. Some of the recommendations from the research have already been adopted by policy makers.

Our achievements must be acknowledged in the context of those that supported us through the year. The Government of Kenya; our parent Ministry of Devolution and Planning; our development partners, African Capacity Building Foundation (ACBF) and the Think Tank Initiative (TTI); and most importantly recognising the staff that continue to rise to the challenge of making KIPPRA a centre of excellence.



Prof. M. S. Mukras
Chairman, KIPPRA Board of Directors
2016

V: REPORT OF THE EXECUTIVE DIRECTOR

One of KIPPRA's statutory obligations is to prepare an annual report that highlights our financial situation as well as provide highlights of collective achievements and institutional challenges during the year. In this regard, the 2015/16 Annual Report reflects our dedication to building a strong public policy research and analysis institute that will be able to provide evidence-based research, build the country's capacity for public policy formulation, engage policy makers and effectively communicate findings of research, as well as build sufficient partnerships and collaborations that will help the Institute achieve its mandate.

Institutional Development

KIPPRA Bill: During the year, proposals made on the amendments to the KIPPRA Act were discussed by management and the Kenya Law Reform Commission is now finalizing the Act for presentation to stakeholders and thereafter to the State Law Office. The process has been broadly consultative and participatory, and KIPPRA appreciates the valuable comments received from various stakeholders. The amended Act will enable the Institute to provide better products and services to a wider group of consumers.

ISO Certification: During 2015/16, the Institute conducted a number of activities aimed at maintaining and improving the Quality Management System (QMS). These included two surveillance audits done by SGS; two internal quality audits across the Institute's functions; two management review meetings; and review of two standard operating procedures, namely the Technical Services Delivery Services Policies and Procedures Manual and the Programmes Coordinator's Policies and Procedures Manual. Moreover, the Board and management reviewed several policies including the Internship and Industrial Attachment Policy; Communications Strategy Policy; Research Associates Policy; Gift Policy and Gift Disclosure Register, Whistle Blower Policy; Code of Conduct Policy; Conflict of Interest Policy; and Reward and Recognition Policy. Plans are underway to adopt the ISO 9001:2015, which will take the Institute a notch higher in achieving its quality objectives.

Performance Contract: KIPPRA is among the Government Ministries, agencies and state corporations that signed the 2015/16 Performance Contract with the government against negotiated performance targets. Now in its thirteenth cycle, KIPPRA has participated in performance contracting since 2005. The Institute's performance has been either at very good or good. Many factors contribute to

this performance, key among them being the financial standing of the Institute, service delivery, research outputs and human resource development factors.

Customer Satisfaction: A customer Satisfaction Survey involving various customers; government agencies, private sector institutions, international agencies and library users was conducted in October 2014. The survey findings indicate that KIPPRA had an overall customer satisfaction index of 72 per cent. During the year, the Institute continued to implement the recommendations outlined in the customer satisfaction report.

KIPPRA Headquarters Project: The management and Board of Directors have been implementing strategies for strengthening the Institute as well as enhancing its long-term sustainability, specifically implementation of the KIPPRA Headquarters project. The Board Adhoc Committee on KIPPRA Headquarters held several meetings on matters regarding land for the project. This initiative will save the Institute nearly Ksh 20 million annually in rent. It will also provide a more conducive environment for research and strategic thinking, and, in addition, allow the Institute to expand its capacity building role to encompass wider parts of the national government as well as county governments.

Research and Policy Analysis

During the year, notable research was conducted, with the Institute producing 132 research reports. Among the key research issues covered were assessment of the status of devolution in Kenya, social cohesion, ease of doing business, capacity needs assessment in the tea sub-sector, county government taxes and their implications on trade in Kenya. Over the year, KIPPRA published one issue of the policy monitor, our biannual publication that carries special features by in-house researchers to complement ongoing research in the Institute. Researchers also wrote 75 media articles and blogs, as well as publishing in 12 peer reviewed journals.

The annual flagship publication, The Kenya Economic Report, whose theme for 2016 is "*Fiscal Decentralization in Support of Devolution*" was completed and published promptly within the year. This is highly relevant and timely within the context of our current development challenges and potential opportunities and gains associated with devolution over the last three years.

Capacity Building for Policy Formulation

Our ability to attract and build the capacity of leading professionals in the country from a range of sectors and background has been strengthened in the past year. We trained 791 people from the government and public sectors in various tailor-made trainings as well as 12 Young Professionals.

Policy Engagement and Communication

The Institute's policy outputs include the Kenya Economic Report, Working Papers, Discussion Papers, Policy Briefs, Policy Memoranda, Journal Papers, and the biannual KIPPRA Policy Monitor, among others. Dissemination of our work is through seminars; roundtables; workshops; conferences; policy taskforces, working groups and committees. Increasingly, we are using researched media articles, emerging media (blogs and social media platforms) and the KIPPRA website as alternative channels for distribution of soft copies for easy access by the public.

KIPPRA's publications are distributed widely to government ministries, State corporations, county documentation centres, public and private universities, research institutions, donors and the media houses, as well as foreign missions abroad. We also participate in book fairs, public service week, and public exhibitions.

During 2015/16, we distributed 145,462 hard and soft copies of KIPPRA publications to stakeholders. We continued to engage with the policy community by participating in 39 taskforces and thematic working groups in areas of agriculture, infrastructure, health, youth, trade, environment, and revenue allocation among others. In addition, we held 82 policy roundtables, participated in 24 conferences and 83 workshops, among other policy engagement activities.

Partnerships and Networks

In the execution of its mandate, KIPPRA has and continues to build partnerships locally, regionally and globally in an endeavour to enrich its research and capacity building activities. Our development partners have also continued providing the much needed resources that enable new ideas in research to be developed. On the government side these include the national government; county governments; parliament; the independent offices and constitutional commissions.

On the international scene, during the year under review, we partnered with the African Development Bank (ADB); the United Nations Economic Commission for Africa (UNECA); the African Capacity Building Foundation (ACBF); the Think Tank Initiative; the International Development Research Centre (IDRC); United Nations agencies (including UNEP, UNDP, UNODC, UNICEF); and the Environment for Development (EfD), among others.

More details on our research and policy analysis, dissemination, partnerships and networks, capacity building and formulation, policy engagement and communication activities are covered elsewhere in this report.

On behalf of the management team and staff, I take this opportunity to thank all those who have made it possible for the Institute to enjoy the success in the past year.



Dr Dickson O. Khainga
Acting Executive Director, KIPPRA
2016

VII: CORPORATE SOCIAL RESPONSIBILITY STATEMENT

KIPPRA takes cognisance of corporate social responsibility (CSR), not as a token or philanthropic activity but as a responsibility for the impact of its decisions and activities on society and the environment. Consequently, it seeks opportunities to engage its staff in activities that positively impact the lives of communities.

Conserving the environment

St Aquinas Boys High school in Nairobi was the beneficiary of KIPPRA's CSR initiative in 2015-16. 300 tree species were planted in the school compound, with the help of form one students. School materials such as books, geometrical sets and uniforms worth Ksh 100,000 were given to eight (8) needy boys most of whom were from single or no parent households and among the top performers in the school. The KIPPRA team also took the opportunity to sensitize the boys on the effects of HIV/AIDS and the dangers of drug abuse. The event was organized by KIPPRA's Environment, HIV/AIDS Health and Safety Committee.



Running to restore sight

KIPPRA staff took part in the annual Standard Chartered Marathon that raises funds to restore eyesight of poor children in Kenya. The Institute fundraised Ksh 19,500 through purchase of marathon t-shirts.

Running to reduce maternal and child mortality in Kenya

The Institute participated in third edition of the First Lady's Half Marathon, in March 2016. The marathon supports the initiative of the First Lady, the Beyond Zero campaign aimed at reducing maternal and child mortality in Kenya. This year's marathon was also graced by Rwanda's First Lady Mrs Jeannette Kagame and the Deputy President's wife, Mrs Rachel Ruto.



KIPPRA staff at the First Lady's Beyond Zero Marathon

Tree planting at St Aquinas High School, Nairobi

VIII: CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Prof. Mohamed S. Mukras: Chairperson–Appointed 31 March 2014
2. Ms Sabina Maghanga, Alternate for PS, Ministry of Devolution and Planning
3. Mr Musa Kathanje, Alternate for CS, The National Treasury
4. Amb. Nelson Ndirangu, Alternate for PS, Ministry of Foreign Affairs & International Trade
5. Dr Hassan Roba: Gazetted 9 May 2014, Appointed 9 July 2014
6. Prof. Stephen Kiptoem Mairori: Gazetted 9 May 2014, Appointed 9 July 2014
7. Prof. Evans Aosa: Gazetted May 9 May 2014, Appointed 9 July 2014
8. Ms Susan Auma Mang’eni: Gazetted 9 May 2014, Appointed 9 July 2014
9. Ms Lena Munuve: Gazetted 9 May 2014, Appointed 9 July 2014
10. Ms Emma Mwongeli: Gazetted 9 May 2014, Appointed 9 July 2014
11. Prof. Marangu Marete: Gazetted 9 May 2014, Appointed 9 July 2014
12. Prof. Michael Chege: Gazetted 9 May 2014, Appointed 9 July 2014
3. Mr Benson Kiriga: Ag. Head, Macroeconomics Division
4. Ms Nancy Laibuni, Ag. Head, Productive Sector Division
4. Ms Eldah Onsomu: Ag. Head, Social Sector Division
6. Vacant, Head, Infrastructure and Economic Services Division
7. Dr Augustus Muluvi, Ag. Head, Trade and Foreign Policy Division
8. Dr Jacob Chege: Ag. Head, Governance Division
9. Ms Julia Muguro: Ag. Accountant
10. Mr Felix Murithi: Head, Knowledge Management & Communications Division
11. Ms Joyce Lisanza: Head of Human Resource Management Division

REGISTERED OFFICE

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

INDEPENDENT AUDITOR

Auditor General
Kenya National Audit Office (KENAO)
Anniversary Towers
P.O. Box 49384-00100
NAIROBI

PRINCIPAL BANKER

Commercial Bank of Africa Limited
Mama Ngina Street
P.O. Box 30437-00100
NAIROBI

SENIOR MANAGEMENT TEAM

1. Dr Dickson Khainga: Ag. Executive Director
2. Prof. Joseph Kieyah, Ag. Programmes Coordinator, and Head, Private Sector Development Division

IX: BOARD COMMITTEES

The new board of directors assumed office effective September 2014 and the functions of the committees remain as described below:

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

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

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

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

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

Programmes Committee

Dr Hassan Roba – Chairperson
Prof. Michael Chege
Ms Sabina Maghanga
Mr Musa Kathanje
Prof. Evans Aosa
Ms Susan Mang'eni
Ms Lena Munuve

Audit Committee

Ms Susan A. Mang'eni – Chairperson
Mr Musa Kathanje
Dr Hassan G. Roba
Rev. Dr Stephen K. Mairori
Prof. Michael Chege

Finance Committee

Prof. Evans Aosa – Chairperson
Ms Emma Mwongeli
Mr Musa Kathanje
Ms Sabina Maghanga
Prof. Marangu Marete

Human Resources and General Purposes Committee

Rev. Dr Stephen K. Mairori – Chairperson
Prof. Marangu Marete
Ms Emma Mwongeli
Amb. Nelson Ndirangu
Ms Lena Munuve
Ms Sabina Maghanga

X: REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 30 June 2016, which disclose the state of affairs of the Institute.

1. INCORPORATION

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) was formally established through Legal Notice No. 56 in the Kenya Gazette of 9 May 1997, and later through the KIPPRA Act No. 15 of 2006. KIPPRA is an autonomous public institute whose primary mission is to conduct public policy research and analysis leading to policy advice to the Government of Kenya (GoK) and the private sector. The Institute operates under the Ministry of Devolution and Planning.

The object and purpose for which the Institute was established is to develop human and institutional capacities which shall, by undertaking economic forecasting, policy analysis and research, contribute to the formulation of medium and long-term strategic perspective for the economic and social development of Kenya.

2. PRINCIPAL ACTIVITIES

The principal functions of the Institute are to:

- Develop capacities in public policy research and analysis and to assist the Government in the process of policy formulation and implementation;
- Identify and undertake independent and objective programmes of research and analysis, including macroeconomic, inter-disciplinary and sectoral studies on topics affecting public policy in areas such as human resource development, social welfare, environment and natural resources, agriculture and rural development, trade and industry, public finance, money and finance, macroeconomic and microeconomic modelling;
- Provide advisory and technical services on public policy issues to the Government and other agencies of the Government;
- Communicate the findings and recommendations of the Institute's research programmes to the agencies of the Government concerned with implementation of public policy;
- Serve as a point of communication and encourage the exchange of views between the Government,

the private sector and other bodies or agencies of the Government on matters relating to public policy research and analysis;

- Collect and analyse relevant data on public policy issues and to disseminate the Institute's research findings to persons it deems appropriate to publish such research findings;
- Develop and maintain a reservoir of research resources on public policy and related issues and make these available to the Government, the private sector and learning institutions in Kenya; and
- Undertake public policy research and analysis for the Government and for clients in the private and public sectors.

Below is a detailed report on the key achievements of the Institute for the period 2015-2016. These achievements are captured under the following broad mandates of the Institute:

- Research and Policy Analysis
- Capacity Building for Policy Formulation
- Policy Engagement and Communication
- Partnerships and Networking
- Other News and Events

RESEARCH AND POLICY ANALYSIS

During the period 2015-16, notable research was conducted, with the Institute producing 132 research reports (see annex).

Below are summaries of key research that was disseminated to key stakeholders as well as the general public and published for continual use in the public policy discourse.

Kenya Economic Report 2016

The 2016 Kenya Economic Report themed "Fiscal Decentralisation in support of Devolution" is the 8th in a series of annual economic reports that gives an overview of key sectoral economic performance for 2015 and provides an outlook of key economic indicators for the next three years. As Kenya continues to implement a devolved system of government, the reports analyzes key achievements and challenges in fiscal management at national and county levels in support of devolution. Notably, revenue allocation to



Launch of the Kenya Economic Report 2016 by Mr Saitoti Torome (centre) Principal Secretary, Planning and Statistics; Emma Mwongeli (left) KIPRA Board Vice Chair, and Dr Dickson Khainga (right) KIPRA Acting Executive Director

the 47 counties has increased by 24.18%. Counties have also been able to significantly generate their own revenues, although disparities in capacities among counties are glaring. The report also highlights that with recent positive economic performance, growth of 5.6% and 6.2% is projected in 2016 and 2017, respectively. However, these projections are only realizable within a stable economic and political environment.

Assessing Devolution

As the country prepares for the second elections since the promulgation of the Constitution of Kenya 2010, which stipulates a devolved system of government, it is important that both National and County governments are alive to uptake and implementation of assigned functions, reflect on the effectiveness of the inter-governmental relations and identify achievements, challenges, threats and opportunities that hamper devolution so that clear strategies are put in place to strengthen devolution.

The objective of the study was to conduct a holistic review of implementation status of devolution in Kenya. The study found that the extent of uptake of functions in counties is influenced by the priorities of specific County government. For this reason, it is imperative that a clear programme of action be designed to make counties active and effective.

The study reveals that, overall, county leadership is aware of the high public expectations from devolution in terms of better service delivery, and is readily receptive of any collaborative and advisory inputs from other stakeholders in facilitating devolution. Therefore, there is need to develop a proper framework for capacity building in all counties to address the expressed capacity building needs.

Informing Coffee Sector Reforms

The coffee sector in Kenya is of paramount importance and a source of foreign exchange. Despite Kenyan coffee being highly regarded to be of premium quality in international markets, its farming has over the years been experiencing a number of challenges which have contributed to declining productivity and export earnings. The challenges need to be addressed comprehensively by an informed position, which has been successfully articulated by the National Task Force on Coffee Sub-Sector as reported in a number of media outlets.

In March 2016, the President of Kenya appointed the National Task Force on Coffee Sub-Sector reform with a mandate to review the coffee value chain, financing of coffee industry and the policy, institutional and legislative structures and identifying areas requiring intervention and recommending comprehensive reforms. Prof Joseph Kieyah, a Principal Analyst at the Institute and Head of Private Sector Development Division was appointed chair of the taskforce.

On completion of the report, findings were presented to the President of Kenya. A subsidy programme for the sector, which will cost Ksh 2.47 billion in the next two financial years, has been adopted by the government. In the 2016 Budget Statement, the National Treasury indicated that Ksh 2.4 billion had been set aside for Coffee Debt Waiver & STABEX.

Ease of doing business

Kenya's Doing Business ranking improved from 129 in 2015 to 108 in 2016.

KIPPR in 2013/14 embarked on a review of the 10 World Bank Doing Business indicators. These are: (1) Starting a business, (2) Dealing with construction permits, (3) Getting electricity, (4) Registering property, (5) Getting credit, (6) Protecting minority investors, (7) Paying taxes, (8) Trading across borders, (9) Enforcing contracts, and (10) Resolving insolvency. In the last two years, KIPPR has been reviewing these indicators with a view to making recommendations on how the country can enhance performance in these areas.

In 2013/14, the "Starting Business" indicator was reviewed while Registering property, and access to credit were reviewed in 2014/2015. These reviews appraise the current situation, document the key reforms and identify opportunities for improvement based on key informant interviews, analysis of institutional framework and review of literature. In 2015-2016 the review was conducted on 1) dealing with construction permits and 2) getting utility service; specifically electricity and water.

Overarching findings of the study find that for both construction and utilities, the regulatory framework that governs them is fluid and not adequately enforced. In construction, for example, penalties for professional misconduct are not punitive enough.

County revenue baseline study for Kenya 2015

KIPPR in consultation with the Office of the Controller of Budget designed a study aimed at analyzing key sources of revenue collection in County governments. The study looks at the prospects and limitations of these sources based on application, coverage and seasonality of revenue streams. It examines systems, regulations and procedures used to collect, record, report and transfer collected revenue to county revenue fund account, and evaluates internal mechanisms put in place by County governments to minimize risks such as revenue leakages. It also assesses the accuracy of revenue estimates incorporated in budgets and the process of integrating them in the budget revenue estimates.

The key findings shows that equitable share to County governments by the Commission for Revenue Allocation (CRA) constituted about 89% of the budget resources, with local revenue constituting the remaining 11%. However, County governments do not have clear mechanisms for setting local revenue targets and identifying viable local revenue streams. Moreover, the link between resource performance and county service delivery is weak.

The study recommends enhancing of civic education and public participation, harmonization of county revenue streams, while promoting the principles of efficiency, accountability, transparency, predictability and equity, linking county revenues to service delivery and enhancing revenue administration and capacity building. The recommendations have since been adopted by the government as interventions for enhancing revenue performance across counties.

Implications of county taxes on trade in Kenya

The study was motivated from concerns by both the national government and private sector stakeholders on the direction the County governments were taking with regard to taxation. A county's taxation policy has great influence on the nature of a region's business environment. The study analyzed the various types of county taxes imposed by the respective County governments and determined their effects on both domestic and international trade.

The study established that the flurry of County government taxes has adversely affected the business environment, partly due to multiplicity of taxes between National and County governments and amongst County governments. The study recommends the application of the Intergovernmental Fiscal Relations Act to resolve emerging disputes, especially on the issue of multiplicity of taxes. In addition, County governments should fully embrace the public participation framework for effective service delivery to improve tax compliance at county levels.

The findings of this study have been well received by the business community, both small and large, and have triggered a lot of discussion on what needs to be done regarding sub-national taxation within the new governance framework, and the approach to be taken by the stakeholders.

CAPACITY BUILDING FOR POLICY

FORMULATION

Young Professionals

The Young Professionals (YPs) programme was established in 2003 with financial support from the Africa Capacity Building Foundation (ACBF). As KIPPRA's flagship capacity building programme, its main objective is to train and enhance technical competence of young professionals from both the private and public sectors in public policy research. The 2015-16 cohort of twelve (12) YPs successfully completed their training in June 2016. The YPs have undergone technical training courses on public policy, research methods, econometrics and macroeconomic modeling. Additionally, each has produced a discussion paper and a policy brief during the period of training.

Training for government officers

During the period under review, the Institute trained 791 officers from both the public and private sector, as shown in the annex.

Building capacity of future policy makers

KIPPRA hosted 30 Grade nine and ten mathematics students from St Austin's Academy, Nairobi on 4 November 2015. Interestingly, the students wanted more information on the role of KIPPRA and which subjects they needed to take up for them to pursue a career in public policy research. KIPPRA has hosted

a multitude of high school and university students over the years.

POLICY ENGAGEMENT AND

COMMUNICATION

During the period, the Institute held 82 policy roundtables, participated in 24 conferences and 83 workshops, among other policy engagement activities. The Institute published 63 media articles and blogs in major national media outlets and blog forums. The Institute participated in 39 government constituted taskforces and technical working groups.

KIPPRA's website achieved 145,462 downloads of its research outputs during the period. Among the most widely downloaded outputs is the Kenya Economic Report, and also the KIPPRA Policy Monitor (inhouse newsletter).

KIPPRA hosts a successful regional SDGs conference

The Kenya Institute for Public Policy Research and Analysis (KIPPRA) together with Overseas Development Institute (ODI) and Southern Voice on Post-MDG International Development Goal, among other partners, held a successful regional Sustainable Development Goals (SDGs) conference at the Safari Park Hotel, Nairobi on 12th and 13th April, 2016.

Themed "Starting Strong: The first 1000 days of the



St Austins Academy students visit KIPPRA

SDGs”, the event brought together researchers, policy makers, senior government officials from Kenya and other participating countries, advisors, members of the civil society, the private sector and the media to identify and discuss SDGs priority actions for effective implementation at national, regional and global scales. The SDGs, which were adopted in September 2015, build on the Millennium Development Goals (MDGs), establishing a new round of development targets by way of 17 goals and 169 targets by the year 2030.

Hon. Mwangi Kiunjuri, Cabinet Secretary, Ministry of Devolution and Planning, who was the keynote speaker during the event, reiterated the importance of the dialogue in realizing sustainable development not just in Kenya but in the region and the world at large.

Hon. Kiunjuri noted that through the MDGs, Kenya had made significant progress in many of the targets stated in SDGs especially in education and poverty eradication. The Cabinet Secretary added that Kenya’s Constitution and Vision 2030 had anticipated and incorporated most of the SDGs and also outlined detailed implementation frameworks.

The Cabinet Secretary said he expected the dialogue to generate a comprehensive action plan to guide the first 1,000 days of SDGs roadmap.

KIPPRA’s Acting Programmes Coordinator, Prof. Joseph Kieyah, noted that the SDGs were the nexus between economics and politics. Prof. Kieyah added

that although many African populations only cared about putting food on the table and having clean water, those who run the government mattered a great deal as they determined the kind of policies adopted.

“There is, therefore, need to change the narrative to appeal to, create an incentive and match the agenda of the politicians,” said Prof. Kieyah.

The Nairobi regional dialogue is the first among the three planned regional SDGs dialogues, with the rest taking place in Sri Lanka (Asia) in May and Colombia (Latin America) in June.

Dr Edward Sambili, a member of the Advisory Team on 2030 Agenda on SDGs, gave a brief preview of the MDGs to draw lessons from their adoption and implementation, which in turn could be used to ensure the success of the SDGs.

Dr Sambili noted that developing countries expected developed nations to fund the MDGs, which eventually slowed their adoption and implementation. According to Dr Sambili, the SDGs implementation, therefore, needed to focus on domestic financing if they are to be successfully implemented. He also said there was need for quality baseline data and synchronization of SDGs to determine what is of priority to each country’s development agenda.

The conference also included panel sessions and group discussions where the various aspects of the SDGs implementation were discussed.



Hon. Mwangi Kiunjuri, Cabinet Secretary, Devolution and Planning, during the SDGs conference

Among the speakers during one of the panel sessions was Prof. Bitange Ndemo, a former PS and current lecturer at the University of Nairobi, who gave his perspective on what it will take to successfully implement the SDGs.

Concluding and summary remarks were given by Prof. Kieyah, and Elizabeth Stuart (Research Fellow –Team Leader, SDGs at ODI) and Debapriya Bhattacharya (Chair, Southern Voice on Post-MDG International Development Goals).

PARTNERSHIPS AND NETWORKING

For the financial year 2015-16, the Institute, conducted collaborative funded projects with various institutions. Below are some of the collaborative projects and Institutions:

- US - Africa Relations (ACBF)
- Various projects from the Brookings Institution
- Development of Kenya National Highways Authority Research and Development Strategy
- Analysis of expenditure in support of agriculture in Kenya (Food and Agriculture Organization–FAO)
- YouthSave (Washington University)
- Consultancy on capacity building (Public Procurement Oversight Authority–PPOA)
- Baseline revenue analysis (Office of the Controller of Budget–OCOB)
- Impact assessment (Columbia University)
- NGO community partnerships (AACES-ACBF)
- MAFAP (FAO)
- Assessment of equality and inclusion (NGEC)
- IDS (Institute of Development Studies) - ESCOBX
- Preliminary Green Economy Indicators (UNEP)
- University of Queensland
- Gothenburg University (FORMAS)
- Domestic Climate Financing Policy Dialogue (FANRPAN)
- Green Growth Diagnostics for Africa (IDS)
- National Values and Principles of Governance Survey (State Department of Interior)
- ODI (Development Progress Regional Dialogue)
- Assessment of Status of Devolution (State Department for Devolution)
- Strengthening PFM of the County governments (Think Tank Initiative–TTI of IDRC)
- Micro and Small Enterprises in Kenya (MSEA)
- Impact of monetary and fiscal policies on pension schemes (RBA)

The Institute continued to expand its network with national, regional and international partners and during the period, the Institute collaborated with various institutions (in various projects) including African Capacity Building Foundation (ACBF), Think Tank Initiative, Department for International Development

(DFID), IDS Sussex, United Nations Environment Program (UNEP), Transition Authority, National Gender and Equality Commission(NGEC), Centre for Social Responsibility in Mining, and University of Queensland.

KIPPRA IN THE NEWS

KIPPRA tops global think tanks rankings again

For the second year in a row, the Kenya Institute for Public Policy Research and Analysis (KIPPRA) ranked the top think tank in Sub-Saharan Africa according to the 2015 Global Go-To Think Tank Index Report.

The ranking identifies think tanks that excel in research, analysis and public engagement on a wide range of policy issues with the aim of advancing debate, facilitating cooperation between relevant actors, maintaining public support and funding, and improving the overall quality of life in their countries.

Categories that contributed to KIPPRA's ranking include: Top domestic economic think tank, best think tank conference, best trans-disciplinary research think tanks, best use of social networks, think tanks with the best external relations/public engagement programme, think tanks with the best use of the internet and think tank with the most significant impact on public policy, outstanding research policy programmes

KIPPRA's role in achieving the African Union's Agenda 2063

Agenda 2063 is a strategic framework for the socio-economic transformation of the African continent over the next 50 years. While it seeks to accelerate the implementation of past and existing continental initiatives for growth and sustainable development, there exists a role for African think tanks to be engaged in implementing the Agenda.

KIPPRA hosted an African Union Mission in December 2015 to discuss the Institute's role and contribution to the implementation of Agenda 2063. As part of its mandate, the AU team is expected to establish contact with key institutions expected to drive various aspects of the agenda and in Kenya, KIPPRA is a strategic institution.

Agenda 2063 aims to provide a framework and general policies as well as establish benchmarks and targets to guide the continents socio-economic development. Each country is expected to develop specific policies and strategies depending on their endowments. This provides an opportunity for KIPPRA to develop



KIPPRA Board and Staff at a culture development and capacity building retreat in Mombasa.

RESEARCH | The annual ranking covers 143 countries around the world

Kenya's think tank Kipptra tops Africa in global index report again

Report ranks KIPPRA top think tank in Africa.

BY ANDUALEM SISAY GESSESSE

NATION Correspondent
Addis Ababa

For the second year in a row, the Kenya Institute for Public Policy and Research Analysis (Kipptra) has been ranked the top think tank in sub-Saharan Africa by the Global Go-to Think Tank Index Report.

"It is a perception survey on reputation of think tanks," said Mr Steve Glovinsky, special adviser to the United Nations Economic Commission for Africa (UNECA), at the launching of the index on Friday in Addis Ababa, Ethiopia.

Imani Centre for Policy and Education from Ghana, Senegal's Council for the Development of Social Science Research in Africa and Botswana Institute for Development Policy Analysis were ranked second, third and fourth respectively.

THE 2015 INDEX REPORT

Four think tanks from South Africa namely: African Centre for the Constructive Resolution of Disputes, South Africa Institute of International Affairs, Africa Institute of South Africa and Centre for Conflict Resolution took fifth to eighth positions, respectively.

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Out of the total 6,846 world's think tanks the index covered, 615 are from sub-Saharan Africa.

Global Index Report

Out of the total 6,846 world's think tanks the index covered, 615 are from sub-Saharan Africa.

Brookings Institution of the United States of America, Chatham House of the United Kingdom and Carnegie Endowment for International Peace from the United States of America are respectively ranked as the top three think tanks in the world.

At global level, Kenya's Kipptra is ranked 143rd.

The think tank index, which has been produced annually for the past nine years by the Lauder Institute of the University of Pennsylvania, covers 143 countries.



African Union Mission on Agenda 2063 visits KIPPRA

a research agenda or incorporate ongoing research tenets of Agenda 2063.

Celebrating KIPPRA's Doctoral graduates

The KIPPRA Board hosted a luncheon to laud Dr Christopher Hugh Onyango, Dr Hellen Hoka Osiolo and Dr Bernadete Mukhwana Wanjala who recently earned their PhD degrees from local and international universities. The luncheon was held at the Panafric Hotel, Nairobi on 26 May 2016.

Dr Onyango and Dr Hoka graduated in December 2015 with PhD in Economics from the University of Nairobi. Dr Wanjala, on the other hand, earned her PhD from the Tilburg University in the Netherlands. Each of the graduates gave a brief description of their coursework, the contribution their studies added to KIPPRA and the society in general as well as the challenges they faced in the course of their studies.

Led by the Board Vice Chairperson, Ms Emma Mwangeli, the board members applauded the new graduates for their great academic achievements, noting that their skills and knowledge would go a long way in improving the quality of research at KIPPRA.

KIPPRA's Acting Executive Director Dr Dickson Khainga, who was also present, said the graduates had done the Institute proud and looked forward to the Institute benefiting from their knowledge. Given that two of the graduates were female, the board members

noted that they had set a shining example for women not only in KIPPRA and other institutions, but also in Kenya.

Transforming the tea sector through public service, leadership and agribusiness capacity

Agriculture is Kenya's economic mainstay and the tea sub-sector serves as a leading foreign exchange earner for the country, source of employment for many Kenyans and significant contributor to economic growth. However, in terms of leadership and service delivery the sector has had a myriad of challenges, chief among them being institutional capacities.

It is against the backdrop of these challenges that the study on "Capacity Needs Assessment of the Kenya Public Service Transformation Programme in the Tea Sector" was developed and launched in March 2016 with funding from Africa Capacity Building Foundation (ACBF). The study assesses the capacity of various institutions and the value chains in Kenya's tea industry and gives recommendations.

During the launch, various stakeholders highlighted the challenges in the sector and provided recommendation on how to address them. It was noted that current regulations that allowed Kenya to export tea in 50kg sacks in order not to attract tariffs was not cost-effective. Key among the recommendations was building the capacity of tea industry workers



Tea industry capacity needs assessment workshop

and farmers, and aligning current green growth economy studies in Kenya to ensure the adoption of environmentally-friendly practices in the sub-sector.

Some stakeholders felt that the country could reap more from Kenya tea if it was branded and packaged in smaller quantities, even if it meant paying the tariffs. The need to add value to the tea leaves, even at the farm level, was emphasized. This would ensure that farmers reap better returns. Also, given that agriculture has been devolved to the counties, participants felt the need to adequately involve stakeholders in the 17 tea growing counties. It was also noted that as opposed to the maximum yield of 3.5kg of tea per bush per year, most Kenyan farmers only managed 1kg per bush per year, hence the need to adopt best practices to improve yields.

Nakuru ASK show Presented an Opportunity to Stand Out

KIPPRA was among government agencies which participated in various Agricultural Society of Kenya shows during the year, particularly in Nakuru, Kisumu, Mombasa and Nairobi.

The Nakuru Agricultural Society of Kenya (ASK) show was held on 4th to 10th July 2016. Themed Enhancing Technology in Agriculture and Industry Food Security

and National Growth, the event provided an opportunity for the Institute to showcase its products and interact with the public and other stakeholders.

Unlike the previous year, the Ministry of Devolution and Planning stand, which hosted KIPPRA and other State Corporations, was smaller. This was occasioned by the creation of the new Ministry of Public Service, Youth and Gender, meaning a number of departments that were previously under the Ministry of Devolution and Planning were now under the new ministry. These include: Uwezo Fund, the Youth Enterprise Development Fund, the Women's Enterprise Fund, the National Youth Service, Kenya School of Government and the Anti-FGM Board.

Allocated two central spaces, KIPPRA's stand stood out with its unique décor and beautiful arrangement of publications and publicity materials, greatly improving the ministry's overall profile to the public.

Many of the visitors who turned up on the first day were pupils and students who were accompanied by either their teachers or parents. The students were very fascinated by the many publications KIPPRA displayed. They sought to know what subjects they were required to excel in for them to engage in economics and public policy research. KIPPRA staff were glad to offer detailed explanations about the institute and even went

further to motivate them to work hard in their studies.

University students from nearby universities such as Moi University and Egerton University as well as the teaching staff visited the KIPPRA stand in large numbers. Many expressed their interest to work with KIPPRA and were happy that the Institute was present at the show to sensitize the public on public policy. They were encouraged to register on the KIPPRA website to enable them access all the publications they wanted.

Many of KIPPRA's publications in education, infrastructure development, trade, agriculture and tourism were popular picks at the show. Many visitors, however, requested that KIPPRA conducts more research in livestock production, agricultural exports and youth empowerment among other areas affecting the economy. Other visitors also requested KIPPRA to work with counties to come up with policies that will promote development.

The Cabinet Secretary for the Ministry of Agriculture, Livestock and Fisheries, Mr. Willy Bett, officially opened the show. Prominent personalities who visited KIPPRA's stand included the Nakuru Country Governor Mr Kinuthia Mbugua, CBS, who was excited to see the

kind of research KIPPRA carries out. The Economic Planning Secretary at the Ministry of Devolution and Planning Mr Joseph Mukui spent some considerable time with his team at the stand, sharing his experience with KIPPRA.

The public commended the Institute for their research outputs but were emphatic about KIPPRA's need to decentralize to all the counties for equal representation of policy issues.

Throughout the show period, 3,155 publications were disseminated to the public. The universities and research institutions were given the publications in bulk to take to their respective information hubs.

Is Kenya Ready for Digital Publishing?

KIPPRA participated at the 18th Nairobi International Book Fair which took place from 23-27 September 2015. Themed '*Twende Digital*' (directly translated 'let's go digital'), the fair provided an opportunity for KIPPRA to inform the public of its mandate as well as



KIPPRA staff engage with the government officials during the ASK Nakuru Show



Eng. Victor Kyalo, CEO ICT Authority at the KIPPRA stand during the 18th Nairobi International Bookfair

showcase its research publications.

Seven KIPPRA staff participated in the event that saw more than 500 people visit the stand, including the former Prime Minister Hon. Raila Odinga, senior government officials, academicians, publishers and students. During the week-long event, KIPPRA distributed 1,226 publications, with Comparative Study on Public-Private Sector Wage Differentials in Kenya and the Kenya Economic Report generating the most interest.

The official opening of the book fair was graced by Eng. Victor Kyalo, CEO ICT Authority who, in line with the fair's theme, said efforts were underway for the government to deliver its promise of providing digital devices to primary school children. He noted that the approach in delivering the devices would be gradual but sustainable. A number of foreign and international exhibitors also attended the fair.

Eng. Kyalo reiterated that a thriving digital publishing industry was fundamental to building a successful knowledge economy. While the ICT Authority, in building the country's knowledge economy, would take a lead role in regulation and quality assurance of digital publishing, it would also create a platform to build capacity of publishers in developing content, networking and forging partnerships where ideas and innovations would be exploited. It would also provide a feedback mechanism platform and bring together experts in the publishing industry.

The first International Book Fair was held in Frankfurt, Germany in the year 1400 and it remains the largest of its kind to date with over 7,000 exhibitors from over 100 countries and more than 286,000 visitors taking part. Widely known as the father of publishing, Johannes Gutenberg is reputed to have printed the first book. Since then, books have been vessels of knowledge. However, the introduction of radio, television and most recently the internet has changed the dynamics of publishing, storing and even reading books. Therefore, Kenya, and by extension KIPPRA, cannot afford to ignore digital publishing.

KIPPRA could contribute to the policy discourse by empirically establishing a baseline on digital publishing and the subsequent effect that such an industry would have on literacy levels and quality of books and other reading materials being produced digitally.

The Chairman of the Kenya Publishers Association, Mr David Waweru, who was one of the guest speakers during the official opening said: "Contributing to the knowledge economy will require you to consume it in any form; to either constructively produce it or use it efficiently."

Other events during the book fair included workshops and seminars on topical issues, book launches and children activities. To crown the fair, the Kenya Publishers Association organized a dinner where the winners of the 2015 Text Book Centre Jomo Kenyatta Prize for Literature were announced.

Annex

Public Policy Research and Analysis

Discussion Papers

1. Effects of mixed traffic on road traffic deaths in Kenya
2. Factors determining consumer fraud reporting in Kenya
3. Maize supply response to climate variability and prices in Kenya
4. Analysis of factors determining performance of Kenya's manufactured exports
5. Barriers to value addition in Omena fisheries value chain in Kenya
6. Access to formal finance: Constraints for small and medium manufacturing firms in Kenya
7. Towards a coordinated security approach between private security firms and the police service in Kenya
8. Implication of Economic Partnership Agreements (EPAs) in Kenya
9. Maize supply response to climate variability and prices in Kenya
10. Illegal, unreported and unregulated fishing in Kenya's exclusive economic zone
11. Efficiency of fish farming under the economic stimulus package in Kenya
12. The effects of climate variability on livestock revenues in Kenya
13. A fiscal reaction function for Kenya
14. Kenya and the East African Monetary Union
15. Supply response of Kenya's primary exports to price and non-price factors.
16. Evolution of income inequalities in Kenya
17. Measuring social cohesion index for Kenya: A methodological note
18. Enhancing road infrastructure development through public private partnerships (PPPs) in Kenya
19. Reduction of carbon dioxide emission in Kenya
20. Review of performance measurement tools and public contracting in Kenya
21. Inequalities in health care service delivery in Kenya
22. Understanding the determinants of trust in Kenya
23. Sectoral effects of monetary policy in Kenya
24. Digital dividends: Evidence from internet usage in Kenya
25. Destruction of riparian zones in the Nairobi Metropolitan region
26. Broadening the financial services frontier in Kenya: A pseudo panel approach
27. Drivers of unplanned settlement across Kenya counties
28. The role of household environmental characteristics on health: Case of under-five mortality in Kenya
29. Efficiency of secondary education in Kenya
30. Trade facilitation and Kenya's fruits and vegetables exports to the European Union (EU)
31. Implications of trade facilitation on foreign direct investments: The case for Kenya
32. An analysis of the economic performance of the community conservancies
33. Analysis of opportunity costs and financial returns of agro-forestry systems in Kenya
34. Assessment of status of devolution - 47 county reports

Working Papers

Transforming livestock production in Kenya: Implication for the beef industry

Special Papers

1. Implication of Economic Partnership Agreements (EPAs) on Kenya
2. Report on coffee taskforce
3. Doing business in Kenya: Dealing with construction permits and utility service connections

Policy Briefs

1. Sectoral differential effects of monetary policy
2. Is rising public debt in Kenya pegged on the state of the economy?
3. Management alternatives for riparian zones in the Nairobi metropolitan region
4. Strengthening the human capital foundation of the internet-policy options for Kenya
5. Harnessing foreign direct investment (FDI) for innovation and industrial transformation in Kenya
6. Addressing inequalities in financial services in Kenya
7. Drivers of unplanned settlement across Kenyan counties
8. Use the internet technology to increase fruits and vegetable exports from Kenya
9. Strengthening marketing to reduce opportunity costs of agroforestry adoption and maintenance
10. Increasing area under protection could reverse wildlife declines
11. Improving under-five mortality through increased access to clean water and sanitation facilities
12. Optimal and efficient allocation of resources in secondary schools in Kenya
13. County spending on the agricultural sector
14. Climate change framework: Pathway to climate resilient low carbon development
15. Resource development and devolution in Kenya

Research Client Reports

1. Achieving sustainable results through community partnerships: Case study of Australia Africa Community Engagement Scheme (AACES projects in Kenya and Tanzania)
2. Research and development strategy for highways in Kenya: 2016-2030
3. County revenue baseline study for Kenya 2015
4. Proceedings of FANRPAN/KIPPRA national policy dialogue on domestic climate financing
5. Skills and unemployment challenge in Africa
6. Proposal to PPOA on identifying and assessing factors that influence the uptake of 30% procurement spend set aside for youth, women, and people with disabilities in Kenya
7. Status of devolution in Kenya
8. Impact of monetary and fiscal policies on pension schemes investment performance
9. Population policy for national development policy analysis technical report
10. The status of national values and principles of governance in Kenya 2015
11. Downscaled climate models analysis on historical, current and future trends over East African Community region
12. Crop model analysis: Current and future trends over East African Community region

13. An assessment of Uganda's agricultural production, climate change, agricultural trade and food security
14. An assessment of Tanzania's agricultural production, climate change, agricultural trade and food security
15. An assessment of Rwanda's agricultural production, climate change, agricultural trade and food security
16. An assessment of Burundi's agricultural production, climate change, agricultural trade and food security
17. Monitoring African Food and Agricultural Policies (MAFAP)
18. Green economy strategy and implementation plan
19. Switch Africa green country implementation document
20. Strengthening public financial management of the county governments in Kenya
21. The impact of extractive industries on political settlements and conflict in East Africa: Case study of Kenya
22. Efd/KIPPRA research day, conference proceedings report
23. MECLEP IOM/NEMA national assessment of policies on migration, climate change and environment

Kenya Economic Report, Book Chapters and Other Reports

Kenya Economic Report 2016

Conference Reports

1. Can commercial banks enhance their participation in infrastructure financing in Kenya
2. Expert Group Meeting on From theory to practice: Unraveling sustainable development opportunities at county level in Kenya
3. First annual construction research conference and exhibition
4. Switch Africa green workshop proceedings report
5. Policy analysis training report

KIPPRA-Treasury Macroeconomic Model (KTMM)

KTMM updates and policy simulations

KIPPRA Policy Monitor

1. KIPPRA Policy Monitor, July–December 2015
2. KIPPRA Policy Monitor, January–June 2016

Media Articles and Blogs

	Type and Title	Internet Download Link / Report / Daily Article;
1.	Take care creating jobs through State projects	Star Newspaper
2.	Let's create sanity in Public Service before we carry out Job Evaluation	Standard Newspaper
4.	Why Land ownership Bill is retrogressive	http://www.businessdailyafrica.com/Opinion-and-Analysis/Why-land-ownership-Bill-is-retrogressive/-/539548/2770736/-/13jk2raz/-/index.html

5.	Address social cost of youth alcoholism	http://www.businessdailyafrica.com/Opinion-and-Analysis/Address-social-cost-of-youth-alcoholism/-/539548/2778770/-/mqp7ci/-/index.html
6.	Infrastructure delays pose policy concerns	http://www.businessdailyafrica.com/Opinion-and-Analysis/Infrastructure-delays-pose-policy-concerns----/-/539548/2789136/-/ww4ejg/-/index.html
7.	President Barack Obama's visit and what it holds for Kenya	https://www.standardmedia.co.ke/article/2000169462/obama-s-visit-and-what-it-holds-for-kenya/
8.	Embrace foreign capital with caution	http://www.businessdailyafrica.com/Opinion-and-Analysis/Embrace-foreign-capital-with-caution/-/539548/2801568/-/hsvyiuz/-/index.html
9.	Issue land title deeds to mitigate land conflict	http://www.businessdailyafrica.com/Opinion-and-Analysis/Issue-title-deeds-to-mitigate-land-conflict/-/539548/2819852/-/jeqcllz/-/index.html
10.	We all have roles to play in corruption fight	http://www.businessdailyafrica.com/Opinion-and-Analysis/We-all-have-roles-to-play-in-corruption-fight/-/539548/2828612/-/huOs00/-/index.html
11.	Stricter controls can streamline sugar sector	http://www.standardmedia.co.ke/article/2000173247/stricter-controls-can-streamline-sugar-sector
12.	Debate more on dominance in industries	http://www.businessdailyafrica.com/Opinion-and-Analysis/Debate-more-on-dominance-in-industries/-/539548/2837934/-/yOsdif/-/index.html
13.	Wrangles hobble law's implementation	http://www.businessdailyafrica.com/Opinion-and-Analysis/Wrangles-hobble-constitution-implementation/-/539548/2846028/-/e068pl/-/index.html
14.	Implementation process facing hurdles	http://www.businessdailyafrica.com/Opinion-and-Analysis/Implementation-process-facing-hurdles/-/539548/2854690/-/13o6r4i/-/index.html
15.	Structural reforms in the economy needed to strengthen the shilling	https://www.the-star.co.ke/news/2015/09/07/structural-reforms-in-the-economy-needed-to-strengthen-the-shilling_c1199920
16.	Peg teachers' pay rise to performance	http://www.businessdailyafrica.com/Opinion-and-Analysis/Peg-teachers--pay-raise-to-performance/-/539548/2863088/-/l8xsmaz/-/index.html
17.	Involve more locals in tourism businesses	The Star) businesshttp://www.ipsos.co.ke/NEWBASE_EXPORTS/Standard%20Chartered%20Bank2/150914_The%20Star%20-%20Monday_23_a1571.pdf
18.	Rethink tourism market structure in countering terrorism threat	http://www.businessdailyafrica.com/Opinion-and-Analysis/Rethink-tourism-market-structure/-/539548/2872066/-/106xw9xz/-/index.html
19.	Honouring independence heroes timely	http://www.businessdailyafrica.com/Opinion-and-Analysis/Honouring-Independence-heroes-timely/-/539548/2872064/-/eipq8o/-/index.html
20.	Conference tourism the way to recovery	http://management-africa.co.ke/magazines/AUGUST_2016.pdf and The Standard http://www.ipsos.co.ke/NEWBASE_EXPORTS/IFMIS/150918_The%20Standard%20-%20Friday_12_a1b7a.pdf
21.	We can turn the tide on declining tourism	The Standard (http://www.ipsos.co.ke/NEWBASE_EXPORTS/IFMIS/150920_The%20Standard%20on%20Sunday_18_a1e57.pdf)

22.	Take care creating jobs through State projects	-
23.	Let's prepare for El Nino to save country from losses	http://www.standardmedia.co.ke/ureport/story/2000177171/let-s-prepare-for-el-nino-to-save-country-from-losses
24.	How to safeguard judicial reputation	http://www.businessdailyafrica.com/Opinion-and-Analysis/How-to-safeguard-judicial-reputation/-/539548/2881414/-/2ry5w5z/-/index.html
25.	Create sanity in the public service then carry out job evaluation	https://www.google.com/?gws_rd=ssl#q=Let's+create+sanity+in+Public+Service+before+we+carry+out+Job+Evaluation
26.	NLC must be independent and accountable	Business Daily : http://beta.reelforge.com/?file=/2014/11/05/BDA_20141105_14BCHKOV1389.pdf&name=download_VIEWS_FROM_ABROAD:_Power_imports_welcome_Business_Daily_05-Nov-2014_:Page_14
27.	For success, goals must be tied to Vision 2030 blueprint	http://www.nation.co.ke/lifestyle/DN2/For-success-goals-must-be-tied-to-Vision-2030-blueprint/-/957860/2890228/-/xt8ios/-/index.html
28.	Protect our children's rights to education	http://www.businessdailyafrica.com/Opinion-and-Analysis/Protect-our-children-s-right-to-education---/-/539548/2890752/-/guxemr/-/index.html
29.	Could going digital change the fortunes of the publishing industry in Kenya?	https://www.standardmedia.co.ke/ureport/article/2000177869/could-going-digital-change-the-fortunes-of-the-publishing-industry-in-kenya
30.	Land registration laws can help resolve historical injustices	https://www.standardmedia.co.ke/article/2000178469/land-registration-laws-can-help-resolve-historical-injustices/
31.	Omena can be key to life saving drugs, food security in Kenya	http://www.the-star.co.ke/news/omena-can-be-key-life-saving-drugs-food-security-kenya
32.	Economic growth prospects bullish	http://www.businessdailyafrica.com/Opinion-and-Analysis/Economic-growth-prospects-bullish---/-/539548/2901760/-/chfwri/-/index.html
33.	Kenya's future lies in industrialization	http://www.nation.co.ke/oped/Opinion/Kenyas-future-lies-in-industrialisation/-/440808/2910216/-/30b55k/-/index.html
34.	Address flaws in Community Land Bill	http://www.businessdailyafrica.com/Opinion-and-Analysis/Address-flaws-in-Community-Land-Bill/-/539548/2912110/-/d51jdd/-/index.html
35.	Community Land Bill: Policy perspective	
36.	Partnerships are vital for a robust extractives industry	http://www.standardmedia.co.ke/ureport/article/2000180198/partnerships-are-vital-for-a-robust-extractives-industry
37.	Kenya: Partnerships are vital for a robust extractives industry	http://ices.or.ke/kenya-partnerships-are-vital-for-a-robust-extractives-industry/
38.	Sanctity of title deed should be assured	http://www.businessdailyafrica.com/Opinion-and-Analysis/Sanctity-of-title-deed-should-be-assured/-/539548/2494646/-/14agopz/-/index.html
39.	Encourage power use beyond lighting bulbs	http://www.standardmedia.co.ke/?articleID=2000180789&story_title=Kenya-encourage-power-use-beyond-lighting-bulbs
40.	Economic growth cure for debt woes	http://www.businessdailyafrica.com/Opinion-and-Analysis/Economic-growth-a-cure-for-debt-woes/-/539548/2932530/-/mit0ub/-/index.html

41.	How to resolve the squatter problem	http://www.businessdailyafrica.com/Opinion-and-Analysis/How-to-resolve-the-squatter-problem/-/539548/2941792/-/12bhgmd/-/index.html
42.	Conduct search for the next CJ judiciously	http://www.businessdailyafrica.com/Opinion-and-Analysis/Conduct-search-for-next-Chief-Justice-judiciously/-/539548/2960164/-/xb3cnz/-/index.html
43.	Adopting green strategies can help revitalize manufacturing	http://www.businessdailyafrica.com/Opinion-and-Analysis/Adopting-green-strategies-can-help-revitalise-manufacturing/-/539548/2963476/-/h61q19/-/index.htm
44.	State can't fight terror without its citizens	http://www.businessdailyafrica.com/Opinion-and-Analysis/-/539548/2970042/-/12q0l3cz/-/index.html
45.	Renew oil agreements to enable Kenyans gain from the resource	http://www.nation.co.ke/oped/Opinion/Review-oil-deals-to-enable-country-gain-from-resource/-/440808/2977472/-/mi5nsg/-/index.html
46.	Use technology to counter fake goods	http://www.the-star.co.ke/news/use-technology-counter-fake-goods
47.	Will consensus on Doha be reached in Nairobi	http://www.standardmedia.co.ke/article/2000185434/will-consensus-on-doha-be-reached-in-nairobi
48.	KIPPRA; high import bill behind shilling's depreciation	
49.	Climate pledges don't meet Africa's needs	http://www.nation.co.ke/oped/Opinion/Climate-pledges-don-t-meet-Africa-s-needs/-/440808/3009076/-/cxnbw5/-/index.html
50.	Year in review: Hit and misses	http://nairobi.lawmonthly.com/index.php/2016/01/02/year-in-review-hits-and-misses/
51.	Opportunity and peril on the internet'	http://www.the-star.co.ke/news/2016/01/26/opportunity-and-peril-on-the-internet_c1282542
52.	Time to overhaul rules on competition in Kenya	http://www.standardmedia.co.ke/article/2000189581/time-to-overhaul-rules-on-competition-in-kenya
53.	Why embracing solar power is way to go	http://www.standardmedia.co.ke/article/2000194950/why-embracing-solar-power-is-way-to-go?articleID=2000194950&story_title=why-embracing-solar-power-is-way-to-go&pageNo=2
54.	Infrastructure growth should be targeted	http://www.nation.co.ke/oped/Opinion/Infrastructure-growth-should-be-targeted/-/440808/3132562/-/jau5mhz/-/index.html
55.	There is need to invest on research	https://www.youtube.com/watch?v=Vtwt128pXFA&feature=youtu.be_gdata_player
56.	Promote rain water harvesting methods	http://www.standardmedia.co.ke/article/2000198147/promote-rain-water-harvesting-methods
57.	Extractive sector transparency initiative has more to offer Kenya	http://www.businessdailyafrica.com/Opinion-and-Analysis/Extractive-sector-transparency-initiative/-/539548/3199374/-/x9mxxuz/-/index.html
58.	Increase in airfares will hurt recovery of tourism	http://www.businessdailyafrica.com/Opinion-and-Analysis/Increase-in-airfares-will-hurt-recovery-of-tourism/-/539548/3258832/-/4ppedd/-/index.html

59.	Kenya's strategy in emerging geopolitical landscape of East Africa	The East African Business Guide
60.	Will new law solve the many challenges in mining sector?	http://www.businessdailyafrica.com/Opinion-and-Analysis/Will-new-law-solve-the-many-challenges-in-mining-sector/-/539548/3247980/-/ogsbtd/-/index.html
61.	New mining law will benefit artisanal miners	http://www.businessdailyafrica.com/Opinion-and-Analysis/-/539548/3273178/-/on2tlpz/-/index.html
Blogs		
62.	Deepening Kenya-US relations: Prospects for president Obama's visit to Kenya	http://www.brookings.edu/blogs/africa-in-focus/posts/2015/07/21-deepening-kenya-us-relations-odhiambo-otieno-muluvi
63.	Become a cyber security advocate at Kippira	KIPPRRA website

Journal Articles

	Name of Journal Article	Published in
1.	Forecasting Kenya's manufacturing output with time series data	https://www.questia.com/library/journal/1P3-3957114321/forecasting-kenya-s-manufacturing-output-with-time Volume 27, No.1 Fall, 2015
2.	Firm investment behaviour in Kenya	Ng'ang'a, P. (2015). "Firm investment behavior in Kenya", Journal of Entrepreneurship, Business and Economics, Vol. 3, No. 1, pp. 81–104.
3.	Small businesses in Kenya: Transition from informal to formal enterprises	"Small businesses in Kenya: Transition from informal to formal enterprises" Journal of Poverty Alleviation and International Development, 6(2) Research Gate - Vol. 6 No. 2, December 2015
4.	Intergovernmental fiscal transfers and fiscal capacity	Helen Hoka Osiolo (2016), "Intergovernmental fiscal transfers and fiscal capacity", International Journal of Public Administration
5.	Cost and returns of renewable energy in Sub-Saharan Africa: A comparison of Kenya and Ghana	Institute for Development Studies (2016), Pro-poor electricity provision evidence report No. 190
6.	Effects of financial literacy on individual choices among financial access strands in Kenya	Adan Guyo Shibia, Joseph Kieyah (2016), "Effects of financial literacy on individual choices among financial access strands in Kenya" International Journal of Business and Economics Research; Vol. 5, No. 1,
7.	Real exchange rate volatility and exports in Kenya: 2005-2012	Journal of World Economic Research Volume 4, Issue 5, October 2015: 115-131
8.	Fiscal policy scoping study for Kenya: UNEP green economy working paper	United Nations Environment Programme (UNEP) Working Paper
9.	Gendered asset inequalities in Africa	Bernadette M. Wanjala, "Gendered asset inequalities in Africa", December 2014, Volume 57, Issue 3: 472-480

10.	Can the big push approach end rural poverty in Africa?	Wanjala, B. (2016). Can the big push approach end rural poverty in Africa?: Insights from Sauri millennium village in Kenya Tilburg: Center for Economic Research
11.	Constraints for e-resources use for research in Africa	Winnie Nguyu and Gladys Njeri (2016), International Journal of Digital Libraries and Knowledge Management , Vol. 2 No. 1: 1-11
12.	What are the determinants of user satisfaction among visually impaired library users?	Alice M. Mwanza, Michael K. Mukuvi and Winnie Nguyu (2016), International Journal of Librarianship and Administration Vol. 6, No. 1

Roundtable meetings

1.	Consultative meeting to encourage women, youth and people with disability participate in 2017 general elections as candidates
2.	Meeting with the Robert Bosch Foundation in Nairobi
3.	Uptake of humanitarian evidence in Kenya and the region
4.	ICT in education
5.	KIPPRA brainstorm on leveraging google products
6.	Kenya National Highways Authority Research and Development Strategy -Meeting
7.	Roundtable with Norwegian OfD Delegation
8.	Breakfast meeting of the light commuter rail system for Nairobi committee
9.	Green growth diagnostics for Africa
10.	The Japan International Cooperation Agency mission to KIPPRA
11.	Anti-money laundering discussions
12.	Ministry of Devolution and Planning and KIPPRA collaboration in executing the regional Sustainable Development Goals (SDGs) dialogue
13.	Launch of 2016 FinAccess household survey findings
14.	Meeting between KIPPRA and KEPSA to discuss areas for collaborations in evidence-based research
15.	Roundtable meeting to develop Global Competitiveness Index indicators factsheet
16.	Launch of manufacturing priority agenda 2016
17.	Launch of Kenya Country Economic Memorandum: From economic growth to jobs and shared prosperity
18.	UN global compact study on awareness and support for businesses to contribute to SDGs
19.	The African Economic Research Consortium Senior Policy Seminar XVIII on financial inclusion in Africa
20.	Knowledge sharing program seminar
21.	Assessment of status of devolution in Kenya – Marsabit
22.	Assessment of status of devolution in Kenya – Isiolo
23.	Assessment of status of devolution in Kenya – Meru
24.	Assessment of status of devolution in Kenya – Tharaka Nithi
25.	Assessment of the status of Devolution – Kakamega
26.	Assessment of the status of Devolution – Kitale
27.	Assessment of the status of Devolution – Kabarnet
28.	Assessment of the status of Devolution – Eldoret

29. Assessment of status of devolution in Kenya – Samburu
30. Assessment of status of devolution in Kenya – Nyandarua
31. Assessment of status of devolution in Kenya – Laikipia
32. Assessment of status of devolution in Kenya – Turkana
33. Oxford management UK
34. Norway Statistics /Norwegian Oil for Development
35. Extractives Hub- Adam Smith international
36. Launch of the economics of tobacco farming in Kenya report
37. National validation of devolution policy
38. KIPPRA's policy research in agriculture and exploration of collaboration with Millennium Institute and Biovision Africa
39. Agricultural value chains – World Bank
40. Communications Authority of Kenya collaboration meeting
41. Kenya National Highways Authority research and development review of strategy
42. Starting strong: The first 1000 days of the SDGs African regional dialogue
43. Green Growth Diagnostics for Africa (GGDA project): Status updates
44. IATC meetings
45. Public lecture on hosting the United Nations Conference on Trade and Development (UNCTAD)14: Challenges and opportunities
46. High level panel on engaging the science, technology and innovation community to support implementation of the Sustainable Development Goals (SDGs) in Kenya during the 5th National Science Week
47. The launch of the Kenya Urbanization Review
48. David Hedley Institute of International Finance - UK
49. Policy demand workshop by Korea Trade-Investment Promotion Agency (KOTRA)
50. Entrepreneurship ecosystems and economic inclusion forum
51. Second annual symposium on competition policy and economic regulation
52. Undercutting in the insurance industry
53. Tobacco tax project dissemination and stakeholders meeting
54. Roundtable meeting with King Abdulla Petroleum Studies and Research Center (KAPSARC)
55. Roundtable meeting with KAPSARC engineers
56. Mining for development Kenya alumni
57. CFA focused group discussions – Geita 4
58. Inter-ministerial forum for domestication of the African Mining Vision
59. Breakfast meeting of the National Steering Committee on Country Mining Vision
60. Kasasule Integrated Health and Livelihoods Program: Proposal development update discussions
61. The Australia Africa Community Engagement Scheme (AACES) draft report discussions
62. Regional symposium on demographic dividend
63. Focused group discussions/round table meetings on national values, equality and inclusion: 47 counties
64. Kenya AGOA trade concession roundtable
65. EAC-China relations: A case of Kenya

66. Intergovernmental fiscal relations department - Budget Economic and Fiscal Affairs
67. African Union (AU) Agenda 2063
68. World Bank team meeting on port-to-city interface study in Mombasa
69. Meeting with Systra representative from France
70. Breakfast meeting on assessment of the status of devolution in Kenya
71. Arabuko Sokoke Community Forest Association Focus Group Discussion
72. Switch Africa green report finalization retreat
73. EfD county validation workshop
74. EfD county validation workshop, Malindi Arabuko Sokoke forest
75. Dissemination of research findings on co-management in natural resources in Kenya
76. Water and Forest Association focus group discussion in Elgeyo-Marakwet
77. Establishing agriculture policy advisory group
78. African Union (AU) Agenda 2063 domestication workshop
79. Community Forest Association (CFA) Focused Group Discussions – Kakamega Forest
80. Community Forest Association (CFA) Focused Group Discussions – Cherangany Forest
81. Exploration of collaboration with the Millennium Institute on macro modeling

Policy Working Groups and Taskforces constituted by Government

1. Macroeconomic Working Group
2. Inter-Agency Working Committee: Policy Paper and Law on County own Revenue Generation
3. Threshold 21 (T21) Technical Working Group
4. Committee on Kenya Status Report
5. Immigration, Environment and Climate Change: Evidence for Policy (MECLEP) Technical Working Group
6. Inter-ministerial Technical Committee on Yala Strategic Environmental Assessment
7. (SEA) and Land Use Plan (LUP)
8. Steering Committee on the Preparation of National Environmental Management Authority (NEMA) State of Environment Report 2015/2016
9. National Technical Working Group on Environmental Economics Policies
10. Agriculture Policy Analysis Group
11. Inter-Ministerial Working Group for Development of Natural Resources Exploitation and Development Guidelines
12. Technical Committee on National Biodiversity Strategy and Action Plan (NBSAP)
13. Technical Working Group on Arid and Semi-arid Lands (ASALs) Policy
14. Agricultural Sector Development Support Programme (ASDSP) Baseline Survey Coordination
15. Inter-ministerial Working Group on Northern Kenya and other Arid Lands Policy
16. 8th Human Development Report Technical Team
17. Technical Committee for the Directorate of Criminal Investigations

18. Technical Committee on Light Commuter Rail System
19. Development of the Integrated National Maritime Policy
20. Road Sector Investment Programme
21. Planning Committee for Construction Research, Conference and Exhibition
22. National AIDS Financing Committee
23. Demographic Dividend Technical Working Group
24. Inter-Agency Technical Committee (IATC)
25. Poverty Commission Taskforce
26. Taskforce on the Development of the Kenya HIV/AIDS Strategic Framework (KASF)
27. Inter-Agency Technical Committee (IATC)
28. National Youth and Adolescence
29. National Committee on WTO
30. National Committee on Trade Facilitation
31. National Committee on Trade and Services
32. Inter-ministerial Taskforce on Sustainable Financing Mechanisms for the East African Community
33. Global Competitiveness Index Executive Opinion Survey Committee
34. Taskforce on Coffee Sector Reforms in Kenya
35. Micro and Small Enterprise National Steering Committee
36. Technical Advisory Committee (on Development of National Award Policy
37. Government Owned Office and Leased Residential Accommodation Policy
38. Green Economy Steering Committee
39. National Steering Committee on Domestication of African Mining Vision into Country Mining Vision
40. Technical Advisory Committee on NETFUND

Strengthen Capacity for Public Policy Formulation¹

Name of Training Course	Number Trained
1. Young Professionals	12
2. Assessment of Status of Devolution Survey	81
3. National Values and Principles of Governance Survey	55
4. Equality and Inclusion Survey	26
5. Public Policy	10
6. County Revenue Analysis	77
7. Advanced Public Expenditure Tracking Survey Service Delivery Indicators (PETS/SDI)	30
8. Public Expenditure Tracking Survey (PETS)/SDI training	30
9. Australia Africa Community Engagement Scheme (AACES)/NGOs Community Partnerships in Kenya	15
10. ESCOBOX Project	13
11. Research Skills and Techniques	29
12. Ease of Doing Business Survey	30

13. ESCOBOX Phase II Training for Research Assistants	24
14. Policy Formulation	30
15. Career Talk to St Austins Academy Students	30
16. Policies on Green Growth- Climate Innovation Centre (Strathmore University)	21
17. Co-management of Natural Resources Trainings for Research Assistants	15
18. Training on Policy Research and Policy Design: National Council for Population and Development	15
19. Esco Smart Monitoring Survey in Kajiado, Samburu, Laikipia and Marsabit	18
20. GIZ-Sponsored Training of Trainers on Green Economy	37
21. Training of Co-management Research Assistants	8
22. The Institute of Certified Public Accountants of Kenya (ICPAK) Training	180
Total Number Trained	791

Strengthen Capacity for Public Policy Formulation

Young Professionals 2015/2016

Name of Training Course
1. Dunstone Ulwodi
2. Eric Nandwa
3. Winfred Kamochu
4. Rosebell Awour
5. Keziah Njeri
6. Monicah Karangi
7. Boniface Owino
8. Melap Sitati
9. Arthur Odima
10. Eileen Wakesho
11. Evans Kirui
12. Rogers Ochenge

Dissemination of KIPPRA Research Findings to Stakeholders

Conferences
1. Fourth China Africa Think Tank Forum (CATTF IV)
2. Second Afrobarometer Policy Conference Expanding the Role of Public Voice in Africa Politics, Public Policy, and Governance
3. African Capacity Building Foundation (ACBF) Third African Think Tank Summit - Zimbabwe
4. World Geographic Information System (GIS) 2015 Conference
5. Scale-up Good Adaptation Practices - India

6. 5th Conference on Climate Change and Development in Africa (CCDA-5) - Zimbabwe
7. Regional Consultative Forums on the Baseline Survey on National Values and Principles of Governance
8. Rystad Energy on the Global Oil Market Outlook and Assessment of Kenya's Future Oil and Gas Potential
9. Review and Knowledge Sharing Workshop
10. Launch of the National Adolescence and Youth Survey (NAYS) Report
11. Implementation Science Workshop
12. Starting Strong: The First 1000 Days of the SDGs African Regional Dialogue
13. Annual Bank Conference on Africa - Oxford UK
14. Conference Presentation during Research on Policy Alleviation (REPOA) 21st Annual Research Workshop on Making Industrialization Work for Socio-Economic Transformation - Tanzania
15. International Center for Child Health and Asset Development 3rd Annual Stakeholders Meeting - Uganda
16. Second Global Perspectives on Economic Strengthening and Adolescent Health and Education in Sub-Saharan Africa Conference - Colombia
17. Regional Dialogue Conference on Climate Financing
18. Regional Symposium on Demographic Dividend
19. National Consultative Conference on Coordination Mechanisms on Migration, Organized by International Organization of Migration (IOM)
20. Can Kenya's Climate Change Fund Meet Adaptation Needs? Lessons from the Constituency Development Fund. Paper Presented at the Climate Change, Agricultural Production and Trade and Food Security United Nations Environment Commission for Africa (UNECA) -CCDA-V
21. Greening the Road Transport Sector. Paper Presented at the Climate Change, Agricultural Production and Trade and Food Security' United Nations Environment Commission for Africa (UNECA) -CCDA-V
22. A Regional Assessment of Agricultural Production, Climate Change, Agricultural Trade and Food Security. Paper Presented at the Climate Change, Agricultural Production and Trade and Food Security' United Nations Environment Commission for Africa (UNECA) -CCDA-V
23. Presentation at the British High Commission on Impact of Extractive Industries on Political Settlements and Conflict in East Africa: Case Study of Kenya
24. Annual Construction Research Conference and Exhibition (ACORCE)
Workshops
25. Consultative Workshop on Kenya Economic Report 2016
26. National Values and Principles of Governance Workshops: Kilifi, Machakos, Embu Nakuru, Wajir, Eldoret, Kisumu, Kakamega, Nyeri, Isiolo
27. County and Regional Workshops on National Values (9 counties)
28. National Adolescence and Youth Survey (NAYS) Preliminary Report
29. Education Sector Report- 2016/17 – 2018/19 MTEF Budget Sector Hearings
30. Health Sector Report- 2016/17 – 2018/19 MTEF Budget Sector Hearings
31. Review and Knowledge Sharing Workshop - UNU-INRA
32. Green Growth Diagnostics for Africa- IDS, University of Sussex, UK
33. County Revenue Structure and County Tax Expenditure
34. Implementation of Citizens Participation in Security: The Place of Faith-Based Media in Kenya

35. Community Policing
36. Youth Financial Inclusion in Kenya
37. Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) Domestic Climate Financing Policy Dialogue
38. Regional Climate Smart Agriculture Policy Dialogue -Zambia
39. Switch Africa Green National Stakeholders Workshop
40. County Validation Workshop - Co-management
41. Workshop on Coordination of Agricultural Policy Research and Collaboration
42. The Intergovernmental Committee of Experts (ICE) and United Nations Economic Commission for Africa (UNECA) Conference on Institutions, Industrialization and Structural Transformation in Eastern Africa
43. Institute for Security Studies (Ethiopia) and Centre for Social Responsibility in Mining (CSRMI) Conference
44. Medium Term Expenditure Framework (MTEF) Sector Hearing on Environment, Water and Natural Resources
45. Regional Workshop on Agricultural Trade Policy and Sustainable Development in East Africa: Updating Trade Rules and Policies to Tackle Food Security and Rural Development
46. Regional Workshop on Advancing East Africa's Development Priorities through Trade: Making Sense of Multiple Trade Integration Opportunities
47. African Agency in Geopolitical Affairs: Platform for Socio-Economic Development
48. Producers and Users of Trade Statistics Workshop
49. Launch of the Study on Capacity Needs Assessment of the Kenya Public Services Transformation in the Tea Sector
50. Review and Knowledge Sharing Workshop
51. Presentation of Monitoring and Evaluation (M&E) Policy
52. Inception Workshop on Evaluating Building a Competitive Banana Industry in Kenya
53. National Validation Workshop on Mainstreaming SCP Policy Framework for Eco-innovation in Kenya
54. Policy Forum on Agriculture Development under Devolution
55. Climate Change Management in Horticultural Value Chains
56. Ease of Doing Business
57. National Trade Negotiations Council (NTNC) meetings
58. Second COMESA-ACBF Research Forum
59. Assessment for Establishment of an African Centre for Best Practices, Capacity Development and South-South Cooperation
60. Population Policy Analysis - Population Policy Technical Report
61. Politics of State Interventions on Land Rights in East Africa organized by Institute of French Research in Africa of Nairobi
62. Policy debate on Land Legislation: the achievements, the opportunities and the challenges
63. Steering committee on demographic dividend
64. Eastern Africa Region Pan African Congress
65. Public Hearings on Governance, Justice, Law and Order (GJLO) Sector Budget Proposals for 2016/17

66. Deepening China-Africa Cooperation in Industrialization, Infrastructure and Private Enterprise: Alternative Development Strategies for the Post-2015 Era
67. Accountability of Kenya Defence Forces and National Intelligence Service
68. Launch of the Tana River Delta Land Use Plan (LUP) and Strategic Environmental Assessment (SEA) Reports
69. Launch of Opinion Poll on Devolution and Governance in Kenya
70. Kenya National on Trade Negotiation
71. Policy and Institutional Contexts for Sustainable Crop Intensification
72. Training Workshop on Agriculture Monitoring and Evaluation at National Government Level
73. Coordination of Linkages with Policy Research Organizations
74. Inter-ministerial Conclusion of a Draft Policy on Northern Kenya and Other Arid Lands
75. African Union (AU) workshop on Domestication of Agenda 2063
76. Launch of the 2016 Global Nutrition Report and the 2016 UNICEF/World Bank/Ministry of Health Cost-benefit Analyses
77. Launch of Research Report on the Economics of Tobacco Farming in Kenya by International Institute of Legislative Affairs
78. National Validation Workshop for Mainstreaming SCP Policy Framework for Eco-innovation in Kenya
79. GESIP Finalization Workshop
80. Environment for Development Water Research Day
81. Environment for Development Annual Research and Policy Workshop
82. Launch of Water Sector Impact Report 2013-2014
83. National Construction Authority (NCA) Stakeholders Forum – Occupational Standards for the Construction Industry
Other Meetings
84. Public Sector Hearing on the Health Sector, Ministry of Devolution and Planning
85. Public Sector Hearings on the Education sector, Ministry of Devolution and Planning
86. Fourth National Construction Authority Planning Meeting
87. Public Sector Hearings on the Agriculture Sector, Ministry of planning and devolution, 18th – 20th November 2015
88. Public Sector Hearings on the Education Sector, Ministry of Devolution and Planning
89. Public sector Hearing on Environment Water and Natural Resources
90. Third National Construction Authority Planning Meeting
91. First National Construction Authority Planning Meeting
92. Tenth National Construction Authority Planning Meeting
93. Ninth National Construction Authority Planning Meeting
94. Trade in Services Stakeholders Meeting
95. Digital Transformation in Kenya
96. Public Hearings for the National Government Budget for 2016/17 and Public Sector Hearings on Energy Infrastructure and Information Communications Technology
Formal Testimony to Parliament or Government Agencies
97. Formal Testimony to Parliament - Coffee Taskforce Report to President
98. Instruments for the Micro, Small and Medium Enterprise (MSME) Survey

99. Instruments to be used for the Market Intelligence Survey on Counterfeiting
100. Policy Forum on Agriculture Development under Devolution

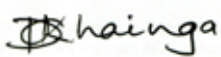
Disseminate KIPPRA Research Findings to Stakeholders

Quarter	Hard copies	Soft copies
July-September	2,594	115,098
October-December	7,692	14,999
January-March	721	393
April-June	2,060	1,905
TOTAL	13,067	132,395

INDEPENDENT AUDITOR

The Auditor General will continue as the auditor as per section 12 of the Public Audit Act. The Auditor General appointed PKF in 2013 for a period of 2 years to carry out the audit on their behalf as per section 39 of the Public Audit Act.

BY ORDER OF THE BOARD

 hainga

AG. EXECUTIVE DIRECTOR

NAIROBI

September 2015

XI STATEMENT OF DIRECTORS' RESPONSIBILITIES

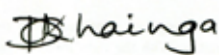
The Public Finance Management Act, 2012 and the State Corporations Act, require the Directors to prepare financial statements in respect of the Institute, which give true and fair view of the state of affairs and the operating results of the Institute for the year ended 30th June 2016. The Directors are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Directors are also responsible for safeguarding the assets of the Institute.

The Directors are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on 30th June 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

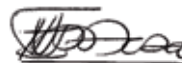
The Directors accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act and the State Corporations Act. The Directors are of the opinion that the Institute's financial statements give a true and fair view of the state of entity's transactions during the financial year ended 30th June 2016, and of the Institute's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approved by the board of directors on 9th September 2016 and signed on its behalf by:



DIRECTOR

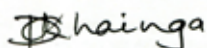


DIRECTOR

XII: STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2016 Shs'000'	2015 Shs'000'
Revenue from non-exchange transactions			
Transfers from government – gifts and services-in-kind	3	277,723	308,544
Revenue from exchange transactions			
Rendering of services	4	105,983	36,131
Finance income – external investments	5	40,358	28,082
Other operating income	6	989	2,457
		147,330	66,670
Total revenue		425,053	375,214
Expenses			
Employment costs	7	(161,692)	(181,989)
Depreciation and amortization expense	8	(6,761)	(8,260)
Repairs and maintenance	9	(1,787)	(2,206)
General expenses	10	(186,645)	(115,971)
Total expenses		(356,885)	(308,426)
Other gains			
Gain on foreign exchange transactions		4,230	4,012
Loss on disposal of property and equipment		(1,385)	0
Net surplus for the year		71,013	70,800
Total comprehensive income for the year		71,013	70,800

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Institute's financial statements were approved and authorised for issue by the Board of Directors on 9th September 2016 and signed on its behalf by:

 hainga

DIRECTOR



DIRECTOR

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE FOR PUBLIC POLICY RESEARCH AND ANALYSIS FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Kenya Institute for Public Policy Research and Analysis set out on pages 3 to 26, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of change in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

Report of the Auditor-General on the Financial Statements of Kenya Institute for Public Policy Research and Analysis for the year ended 30 June 2016

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Taxation

The Kenya Institute of Public Policy and Analysis Act No 15 of 2006 provides that, "subject to other applicable laws, the Institute shall be exempted from such taxes, duties, fees, levy, cess or other charges as the Minister for the time-being responsible for finance may by, notice in the Gazette, specify." Although the Institute has been generating income that is subject to tax under the current legislation, no provision for taxation has ever been made in the Institute's financial statements inspite of the absence of a notice by the Minister in the Gazette exempting such income from corporation tax. In the circumstance, the adequacy and accuracy of the total liabilities totalling Kshs.325,095,000 disclosed in the financial statements for the year ended 30 June 2016 cannot be ascertained.

2. Board Expenses

- (i) Contrary to guidelines issued by the Public Sector Accounting Standards Board pursuant to the provisions of Section 194 of the Public Finance Management Act 2012, board of directors expenses totalling Kshs.10,305,000 for the year ended 30 June 2016 are disclosed in Note 10 to the financial statements under general expenses instead of being presented separately in the statement of financial performance.
- (ii) The Institute reported an increase in Board expenses of Kshs.10,305,000 during the year under review (Year 2014/15 – Kshs.5,837,000) due to numerous meetings held in regard to operational rather than strategic functions. Further, Board meetings calendar for the year under review, invitation notices and the respective agenda have not been made available for audit examination. In addition, there were no minutes recorded in relation to four meetings for which sitting allowances totalling to Kshs.540,000 were paid. In the circumstances, it has not been possible to confirm whether the Institute obtained value-for-money from expenditure totalling Kshs.10,305,000 incurred on Board meetings.

3. Retirement Benefits Scheme

Note 17 to the financial statements states that, the Institute operates a gratuity scheme for qualifying employees which qualifies as a defined benefit scheme. The employees are

Report of the Auditor-General on the Financial Statements of Kenya Institute for Public Policy Research and Analysis for the year ended 30 June 2016

entitled to 12.5% of their monthly basic salary for every month of service which deduction is paid into a separate gratuity bank account maintained by the Institute. As at 30 June 2016, cumulative balance of the gratuity bank account totalled Kshs.25,868,000 which sum has been disclosed both as an asset and a liability in the financial statements. However, the adequacy of the cash balance to cover existing retirement benefit obligations of the Institute is not supported with documented analyses.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Kenya Institute for Public Policy Research and Analysis as at 30 June 2016 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis), and comply with the Public Finance Management Act, 2012.

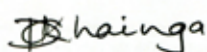


FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

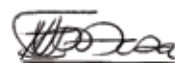
XIII: STATEMENT OF FINANCIAL POSITION

		As at 30 June	
	Notes	2016	2015
		Shs'000'	Shs'000'
ASSETS			
Current assets			
Cash and cash equivalents	11	275,097	226,327
Receivables from exchange transactions	12	14,584	13,057
Investments in treasury bills	13	386,557	328,715
Environment for Development (EFD) - Kenya Account	14	9,224	16,369
		<u>685,462</u>	<u>584,468</u>
Non-current assets			
Property and equipment	15	18,846	13,708
Intangible assets	16	5,330	0
Retirement benefit obligations	17	25,868	23,350
		<u>50,044</u>	<u>37,058</u>
Total assets		735,506	621,526
LIABILITIES			
Current liabilities			
Prepaid income	27	14,653	0
Other payables	18	5,094	4,446
Deferred income	19	280,915	247,559
EFD-Kenya Account	14	9,224	16,369
Other accrued liabilities	20	3,672	4,735
		<u>313,558</u>	<u>273,109</u>
Non-current liabilities			
Retirement benefit obligations	17	25,868	23,350
Total liabilities		339,426	296,459
Net assets		396,080	325,067
Accumulated funds		<u>396,080</u>	<u>325,067</u>
		396,080	325,067

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Institute's financial statements were approved and authorised for issue by the Board of Directors on 9th September 2016 and signed on its behalf by:

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DIRECTOR

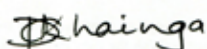


DIRECTOR

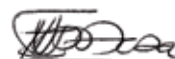
XIV: STATEMENT OF CHANGES IN NET ASSETS

	Accumulated funds	Total
	Shs'000'	Shs'000'
Year ended 30 June 2015		
At start of year	254,267	254,267
Total comprehensive income for the year	70,800	70,800
At end of year	<u>325,067</u>	<u>325,067</u>
Year ended 30 June 2016		
At start of year	325,067	325,067
Total comprehensive income for the year	71,013	71,013
At end of year	<u>396,080</u>	<u>396,080</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Institute's financial statements were approved and authorised for issue by the Board of Directors on 9th September 2016 and signed on its behalf by:



DIRECTOR

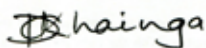


DIRECTOR

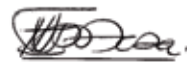
XV: STATEMENT OF CASH FLOWS

		2016	2015
	Notes	Shs'000'	Shs'000'
Operating activities			
Receipts			
Government grants		281,836	252,406
Development partners grants		29,243	67,626
Rendering of services		118,630	36,131
Other income	6	989	2,457
		<u>430,698</u>	<u>358,620</u>
Payments			
Compensation of employees		161,428	183,461
Goods and services		169,368	101,016
Rent paid		19,262	17,161
		<u>350,058</u>	<u>301,638</u>
Net cash from operating activities		<u>80,640</u>	<u>56,982</u>
Investing activities			
Cash paid for purchase of property and equipment	15	(18,880)	(2,193)
Net movement in financial assets maturing after 91 days		(57,751)	52,580
Cash from sale of property and equipment		264	0
Income earned from Treasury bills investment	5	38,778	26,871
Interest received	5	1,580	1,211
Net cash (used in) investing activities		<u>(36,009)</u>	<u>79,650</u>
Increase in cash and cash equivalents		<u>44,630</u>	<u>136,632</u>
Movement in cash and cash equivalents			
At start of year		459,263	318,619
Increase		44,630	136,632
Effect of exchange rate changes		4,230	4,012
At end of year	11	<u>508,124</u>	<u>459,263</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Institute's financial statements were approved and authorised for issue by the Board of Directors on 9th September 2016 and signed on its behalf by:

 hainga

DIRECTOR



DIRECTOR

XVI: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016
Revenue	Shs '000'	Shs '000'	Shs '000'	Shs '000'	Shs '000'
Think Tank Initiative (TTI)	30,000	-	30,000	10,371	19,629
African Capacity Building Foundation (ACBF)	50,000	15,000	65,000	18,871	46,129
GoK Grant and Subsidies	400,000	(109,219)	290,781	248,480	42,301
Rendering Service	40,000	(5,000)	35,000	118,630	(83,630)
Spending from Retained Earnings	5,000	(781)	4,219	-	4,219
Finance Income	20,000	-	20,000	40,358	(20,358)
Total Income	545,000	(100,000)	445,000	436,710	8,290
Expenses					
Operating Costs					
Compensation of Employees	280,000	(40,000)	240,000	161,692	78,308
Goods and Services	216,500	(58,000)	158,500	167,863	(9,363)
Finance Costs	500	-	500	492	8
Rent Paid	22,000	(2,000)	20,000	18,782	1,218
Other Payments (Capital & Development)	26,000	-	26,000	18,880	7,020
Total Expenditure	545,000	(120,000)	445,000	367,709	77,291
Surplus for the period	-	-	-	69,001	(69,001)

XVII: NOTES ON THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation–IPSAS 1

The Institute's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Institute and all values are rounded to the nearest thousand (Shs '000'). The accounting policies have been consistently applied to all the years presented.

The financial statements of the previous year were prepared in accordance with full International Financial Reporting Standards. Transition to International Public Sector Accounting Standards did not have any material effect on the comparative figures hence no prior year adjustment has been made.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise and on an accrual basis. The cash flow statement is prepared using the direct method.

2. Summary of significant accounting policies

(a) Significant judgments and sources of estimation uncertainty–IPSAS 1

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

- Useful lives of property and equipment. The Institute reviews the estimated useful lives of property and equipment at the end of each annual reporting period. Critical estimates are made by the authority members in determining depreciation rates for the property and equipment. The rates are set out in note (f).
- Provisions and contingent liabilities. The Institute reviews its obligations at the end of each balance sheet date to determine whether provisions need to be made and if there are any contingent liabilities. In the process of applying the Institute's accounting policies, management has made judgements in determining:
 - Whether assets are impaired
 - The classification of financial assets and leases
 - Provisions and contingent liabilities

b) Changes in accounting policies and estimates–IPSAS 3

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

c) Revenue recognition

i) Revenue from non-exchange transactions–IPSAS 23

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 services potential related to the asset will flow to the Institute and can be measured reliably.

Unrestricted grants are accounted for in the period when confirmation of the commitment to pay is received from the donors or the Government of Kenya (GoK).

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

Grants received for specific purposes are treated as deferred income and only credited to the income and expenditure statement when the activities for which they were provided for have been undertaken.

Grants received for specific asset purchases are treated as deferred income for asset acquisition and only credited to the income and expenditure statement when the activities for which they were provided for have been undertaken.

(ii) Revenue from exchange transactions–IPSAS 9

Rendering of services

Project income represents income generated from commissioned projects carried out by the Institute and is accounted for on an accrual basis. The income is net of withholding tax, where applicable.

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

Interest income

Interest income is recognized on an accrual basis under the effective interest rate method.

(d) Foreign currency transactions–IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

(e) Cash and cash equivalents

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

at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

For the purposes of these financial statements, cash and cash equivalents also include cash in hand deposits held at call with banks and financial assets of less than 3 months.

(f) Property and equipment–IPSAS 17

All property 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 and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

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

	Rate %
Computers	33.3
Motor vehicles	25.0
Furniture and fittings	12.5
Office equipment	12.5

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property 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.

(g) Intangible assets–IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

at cost less any accumulated amortization and accumulated impairment losses.

The costs are amortized on a straight line basis over the expected useful lives, not exceeding three years.

(h) Financial instruments–IPSAS 29

(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 Institute determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

(j) Financial liabilities

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other payables, accruals and staff gratuity fund, plus directly attributable transaction costs.

(k) Taxation

The Institute does not have tax exemption certificate. However, under section 27 of the Kenya Institute for Public Policy Research and Analysis Act (KIPPR Act), subject to other applicable laws, the Institute is exempt from taxes as the Minister for the time being responsible for Finance may by notice in the Gazette specify.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

Therefore, no provision for tax liability has been made in the financial statement.

The directors are of the opinion that the tax exemption should be applicable irrespective of the absence of a specific Gazette notice/approval from the Minister of Finance.

(l) Employee benefits–IPSAS 25

Retirement benefit plans

The Institute operates a gratuity scheme for its qualifying staff. Under the plan, the employees are entitled to 12.5% of their monthly basic salary for every month of service. This scheme is classified as a defined benefit retirement scheme and is accounted for under the projected unit credit method with valuations being internally carried out by the institute annually. Re-measurements relating to actuarial gains and losses are recognised in the statement of comprehensive income and current service costs as well as net interest expense/income are recognised in profit or loss.

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

(m) Budget information–IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the institute. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis timing or Institute differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

(n) Related parties–IPSAS 20

The Institute regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Institute, or vice versa. The Government of Kenya and members of key management are regarded as related parties and comprise the board of directors and the senior management team.

(o) Provisions–IPSAS 19

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

(p) Contingent liabilities

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

(q) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(r) Subsequent events–IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2016.

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

3. Transfers from other governments–gifts and services-in-kind	2016	2015
	Shs'000'	Shs'000'
Grant income		
Support from the Government of Kenya (GoK)	248,480	240,918
Support from development partners	29,243	67,626
Total grant income	277,723	308,544
Support from the Government of Kenya is net of development Grant income deferred for development project, Ksh 33,356,257.		
4. Rendering of services		
Project Income	105,983	36,131
Total project income	105,983	36,131
Made up of:		
US - Africa Relations (ACBF)		622
Various Projects from the Brookings Institute		3,316
Development of KeNHA Research & Development Strategy (KeNHA)		4,575
Analysis of Expenditure in Support of Agriculture in Kenya (FAO)		973
Youth Save (Washington University)	169	2,784
Consultancy on Capacity Building (PPOA)		2,758
Baseline Revenue Analysis (OCOB)	5,647	8,455
Impact Assessment (Columbia University)		1,974
AACES NGO Community Partnerships (ACBF)	901	799
MAFAP (FAO)		1,164
Assessment of Equality & Inclusion (NGEC)	13,245	8,713
IDS (Institute of Dev Studies) - ESCOBX	3,632	
Preliminary Green Economy Indicators (UNEP)	5,624	
University of Queensland	942	
Gothenburg University (FORMAS)	3,607	
Domestic Climate Financing Policy Dialogue (FANRPAN)	112	
Green Growth Diagnostics for Africa (IDS)	5,656	
National Values & Principles of Governance Survey (State Dept of Interior)	27,801	
ODI (Development Progress Regional Dialogue)	5,004	
Assessment of Status of Devolution (State Dept. for Devolution)	27,363	
Strengthening PFM of the County Govt. (TTI)	5,302	
Micro and Small Enterprises in Kenya (MSEA)	619	
Impact of Monetary and Fiscal Policies on Pension Schemes (RBA)	359	
	105,983	36,131

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

5.	Finance income– external investments	2016 Shs'000'	2015 Shs'000'
	Investment income (Treasury Bills Interest)	38,778	26,871
	Interest received on bank deposits	1,580	1,211
	Total finance income - external investments	40,358	28,082
6.	Other operating income		
	Sale of KIPPRA publications	82	18
	Sale of tender documents	0	0
	Other income	907	2,439
	Total other operating income	989	2,457
7.	Employment costs		
	Employee related costs– salaries and wages	145,783	169,066
	Recruitment cost	2,206	727
	Medical cost	11,843	11,741
	Group Life Insurance	848	829
	Other staff costs	1,012	(374)
		161,692	181,989
8.	Depreciation and amortization expense		
	Property and equipment	6,168	8,260
	Intangible assets	593	0
	Total depreciation and amortisation expense	6,761	8,260
9.	Repairs and maintenance		
	Property and equipment	1,605	2,122
	Other repairs and maintenance	182	84
	Total repairs and maintenance	1,787	2,206

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

	2016 Shs '000	2015 Shs '000
10. General expenses		
Provision for doubtful receivables	0	0
Motor vehicle expenses	2,309	1,284
Postage & courier	172	217
Telephone	1,301	911
Internet	3,040	2,155
Stationery	1,630	1,324
Library	711	2,068
Publications	10,896	10,890
Legal fees	925	1,912
Audit fees	2,539	900
Travel	13,857	3,782
Research costs	78,450	36,555
Other expenses	5,284	6,117
Training and Workshops	34,877	22,794
Board Expenses	10,305	5,837
Bank Charges	492	362
Rent	18,782	17,161
Insurance	1,075	1,702
Total general expenses	186,645	115,971
11. Cash and cash equivalents		
Bank	275,089	226,325
Cash in hand	8	2
	275,097	226,327

For the purpose of the statement cash flow, the year end cash and cash equivalents comprise the following:

Cash and bank balances	275,097	226,327
Financial assets maturing within 91 days (Note 13)	233,027	232,936
	508,124	459,263

Not included within cash and cash equivalents are funds designated for the gratuity scheme (Note 17) and EFD liability (Note 14).

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

12. Receivables from exchange transactions	2016	2015
	Shs '000'	Shs '000'
Accrued project income	31,835	27,474
Provisions for impairment	(31,835)	(27,474)
Accrued project income	1,909	-
KeNHA performance guarantee	4,782	4,782
Rent deposit	3,017	3,017
ACBF ACEES receivables	1,609	4,071
Prepaid insurance	2,200	
Prepaid rent	480	615
Car park deposits	332	332
Security bid – Ministry of Culture and National Heritage	182	182
Due from UAP	-	58
Salary advance	73	-
	14,584	13,057
13. Investments in treasury bills		
Held to maturity		
Opening balance	328,715	280,544
Additional investments made during the year, net of liquidations	57,842	48,171
Closing balance	386,557	328,715
Held-to-maturity investments can be analysed as follows:		
Maturing within 91 days (Note 11)	233,027	232,936
Maturing after 91 days	153,530	95,779
	386,557	328,715

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

14. Environment for Development (EFD) – Kenya Account

The Institute entered into an agreement with the Environment Economics Unit (EEU) at Gothenburg University represented by the Environment for Development - Kenya (EFD Kenya) in 2007 for a 3 - year research collaboration. Funds received from Gothenburg University are normally to support specific annual budgeted activities. Surplus funds

at the end of each year are normally carried forward to the following year and remain a liability to EEU. The Institute normally charges the Unit a nominal rent and proportionate level of overheads. The outstanding EFD balance as at 30 June 2016 was Shs. 9.2 million (2015: Shs. 16.4 million). The Institute is holding the same amount in a separate bank account for repayment of this liability, which is presented separately from cash and cash equivalents.

15. Property and equipment Year ended 30 June 2016

	Land	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
	Shs'000'	Shs'000'	Shs'000'	Shs'000'	Shs'000'	Shs'000'
Cost						
At start of year	-	24,661	10,095	10,633	8,797	54,186
Additions			1,470	9,653	1,834	12,957
Disposal				(5,525)		(5,525)
At end of year	-	24,661	11,565	14,761	10,631	61,618
Depreciation						
At start of year		17,957	7,238	7,903	7,382	40,480
Charge for the year		3,352	404	1,171	1,241	6,168
Depreciation on Disposal				(3,876)		(3,876)
At end of year		21,309	7,642	5,198	8,623	42,772
Net book value	-	3,352	3,923	9,563	2,008	18,846

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

Year ended 30 June 2015

Cost						
At start of year	-	24,661	9,259	10,077	7,996	51,993
Additions			836	556	801	2,193
At end of year		24,661	10,095	10,633	8,797	54,186
Depreciation						
At start of year		13,513	6,276	6,619	5,812	32,218
Charge for the year		4,444	962	1,284	1,570	8,260
At end of year		17,957	7,238	7,903	7,382	40,478
Net book value		6,705	2,857	2,730	1,415	13,708

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

	2016 Shs '000	2015 Shs '000
16. Intangible assets - Software costs		
Cost		
At the start of the year	0	7,466
Additions	5,923	0
At the end of the year	<u>5,923</u>	<u>7,466</u>
Amortization		
At start of year	0	7,465
Charge for the year	593	1
At end of year	<u>593</u>	<u>7,466</u>
Net book value	5,330	0

17. Retirement benefit obligations

The institute operates a gratuity scheme for qualifying employees which qualifies as a defined benefit scheme. Under the plan, the employees are entitled to 12.5% of their monthly basic salary for every month of service. The monthly gratuity is paid to a separate gratuity bank account maintained internally by the institute from where gratuity is paid out from whenever a staff contract comes to an end or whenever an employee leaves employment. Interest earned from the fund is transferred to the institute

and treated as interest income for the period. The staff gratuity fund (see non - current asset section of the balance sheet) represents the total funds held with respect of gratuity. This amount is represented by the gratuity bank account balance amounting to Shs. 25,867,639.

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

	2016 Shs'000'	2015 Shs'000'
Present value of internally funded obligations	<u>25,868</u>	<u>23,350</u>

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

	2016 Shs'000'	2015 Shs'000'
At start of year	23,350	19,190
Utilised during the year	(10,344)	(9,482)
Charge to profit or loss	12,678	13,566
Interest earned during the year	184	76
At end of year	<u>25,868</u>	<u>23,350</u>

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

	2016 Shs'000'	2015 Shs'000'
	<u>12,678</u>	<u>13,566</u>

NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

	2016	2015
	Shs'000'	Shs'000'
18. Other payables		
Projects payable	147	889
GoK payable	3,739	2,079
ACBF payable	828	1,478
TTI payable	380	
	5,094	4,446
19. Deferred income		
Support from the Government of Kenya (GoK)	280,915	247,559
Represent the balance of Development Grant received for KIPPRA Headquarters' project, accumulated over the years.		
20. Other accrued liabilities (provision for outstanding leave days)		
	2016	2015
	Shs'000'	Shs'000'
At start of year	4,735	6,272
Payment to staff during the year	(90)	(65)
Charge/(credit) to profit or loss	(973)	(1,472)
At end of year	3,672	4,735
21. Commitments		
Operating lease commitments - as a lessee		
The future minimum lease payments payable under non-cancellable operating leases are as follows:		
Not later than 1 year	5,062	5,062
Later than 1 year and not later than 5 years	14,889	14,889
	19,951	19,951

22. Risk management objectives and policies

Financial risk management

The Institute's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk.

The Institute's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Institute's financial performance.

Risk management is carried out by the management under policies approved by the Board of Directors. Management identifies and evaluates financial risks in close co-operation with various departmental heads. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk and investment of excess liquidity.

(a) Market Risk

- Foreign exchange risk

The Institute is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The risk arises from future transactions, assets and liabilities in the statement of financial position date. The Institute manages foreign exchange risk by converting its foreign currency collection into local currency on an on-going basis to cater for its operational requirements. As a result, the Institute does not hold large amounts of foreign currency deposits.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

None of the financial assets that are fully performing has been renegotiated in the last year.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

(c) Liquidity risk

Cash flow forecasting is performed by the Finance Committee of the Institute by monitoring the Institute's liquidity requirements to ensure it has sufficient cash to meet operational needs. All liquidity policies and procedures are subject to review of the management and approval by the Board of Directors. The ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Institute's short, medium and long-term funding and liquidity management requirements.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Institute's management maintains flexibility in funding by maintaining availability under committed credit lines.

No undiscounted liquidity risk analysis has been presented as there are no financial liabilities that mature more than 12 months.

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NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

25. Related party transactions and balances	2016	2015
	Shs'000'	Shs'000'
The following transactions were carried out with related parties.		
(i) Support from Government of Kenya	248,825	240,918
(ii) Land - Donated by Government of Kenya	64,000	0
(iii) Board of Directors	10,305	5,837
(iv) Senior Management	46,867	45,558
	57,172	51,395

24. Events after the reporting period

No material events or circumstances have arisen between the accounting date and the date of this report.

The KIPPRA Act No. 15 of 2006 was enacted in December 2006 and became operational effective on 1st February 2007, making the Institute a semi-autonomous State Corporation under the Ministry of Devolution and Planning.

25. Contingent liabilities

Under section 27 of the Kenya Institute for Public Policy Research and Analysis Act (KIPPRA Act), subject to other applicable laws, the Institute is exempt from taxes as the Minister for the time being responsible for Finance may by notice in the Gazette specify. Therefore, no provision for tax liability has been made in the financial statements.

There is no output VAT that is charged by the Institute on services rendered that would normally be subject to VAT at the standard rate.

26. Incorporation

The Kenya Institute for Public Policy Research and Analysis is a non-profit making organization and was formally established through Legal Notice No. 56 in The Kenya Gazette of 9 May 1997.

27. Prepaid Income	Shs'000'
Income (Strengthening PFM in County Gvts) 70% of 17,673,691	12,371,584
Impact of Monetary & Fiscal Policies on Pension Schemes 70% of 1,195,672	836,970
Contribution of Micro and Small Enterprises in Kenya (MSEA)	1,444,699
Total	14,653,253

28. Presentation currency

The financial statements are presented in Kenya Shillings (Shs) to the nearest a thousand Shillings.