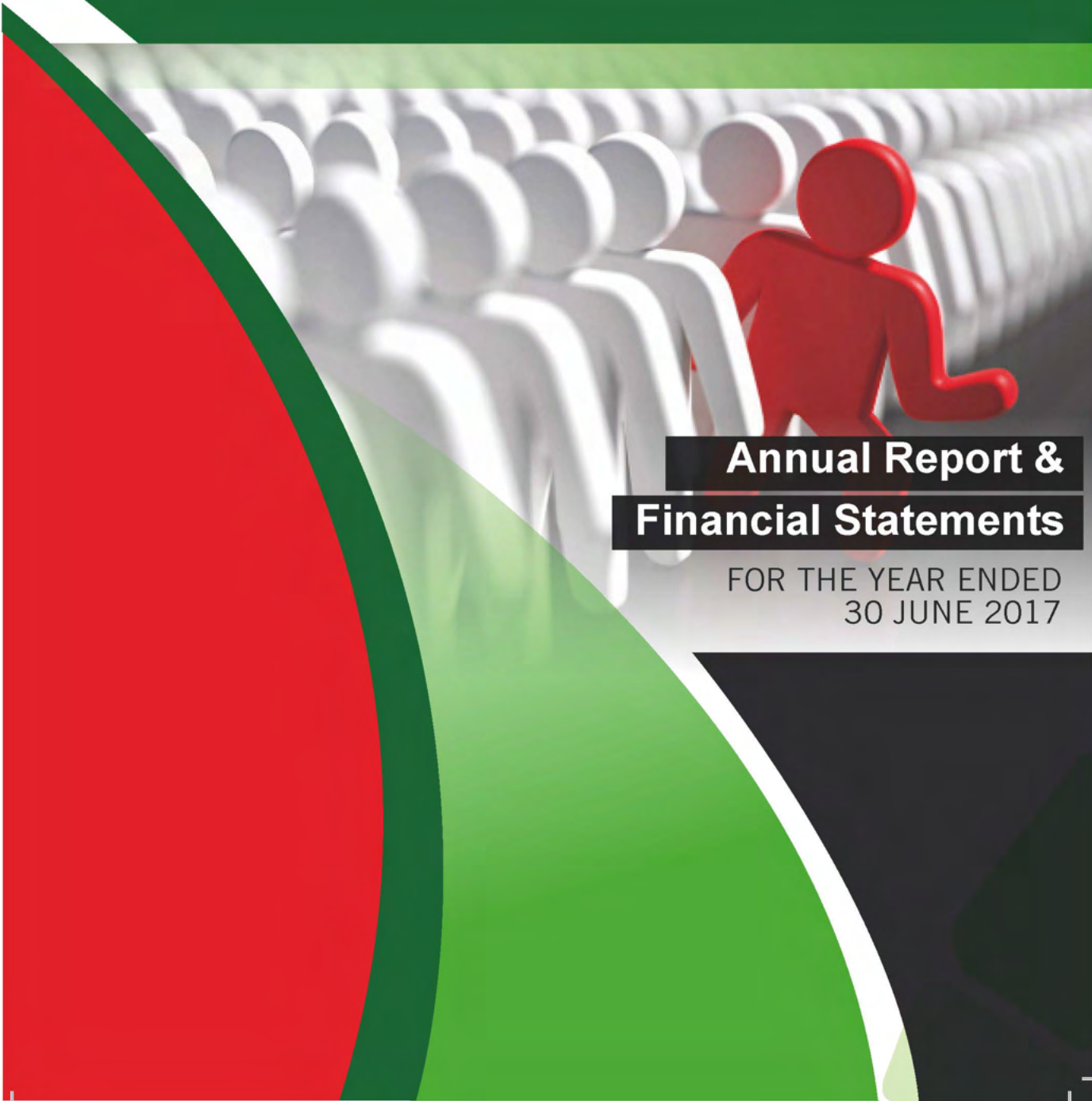




The KENYA INSTITUTE for PUBLIC  
POLICY RESEARCH and ANALYSIS



# **Annual Report & Financial Statements**

FOR THE YEAR ENDED  
30 JUNE 2017



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

**REPORT**

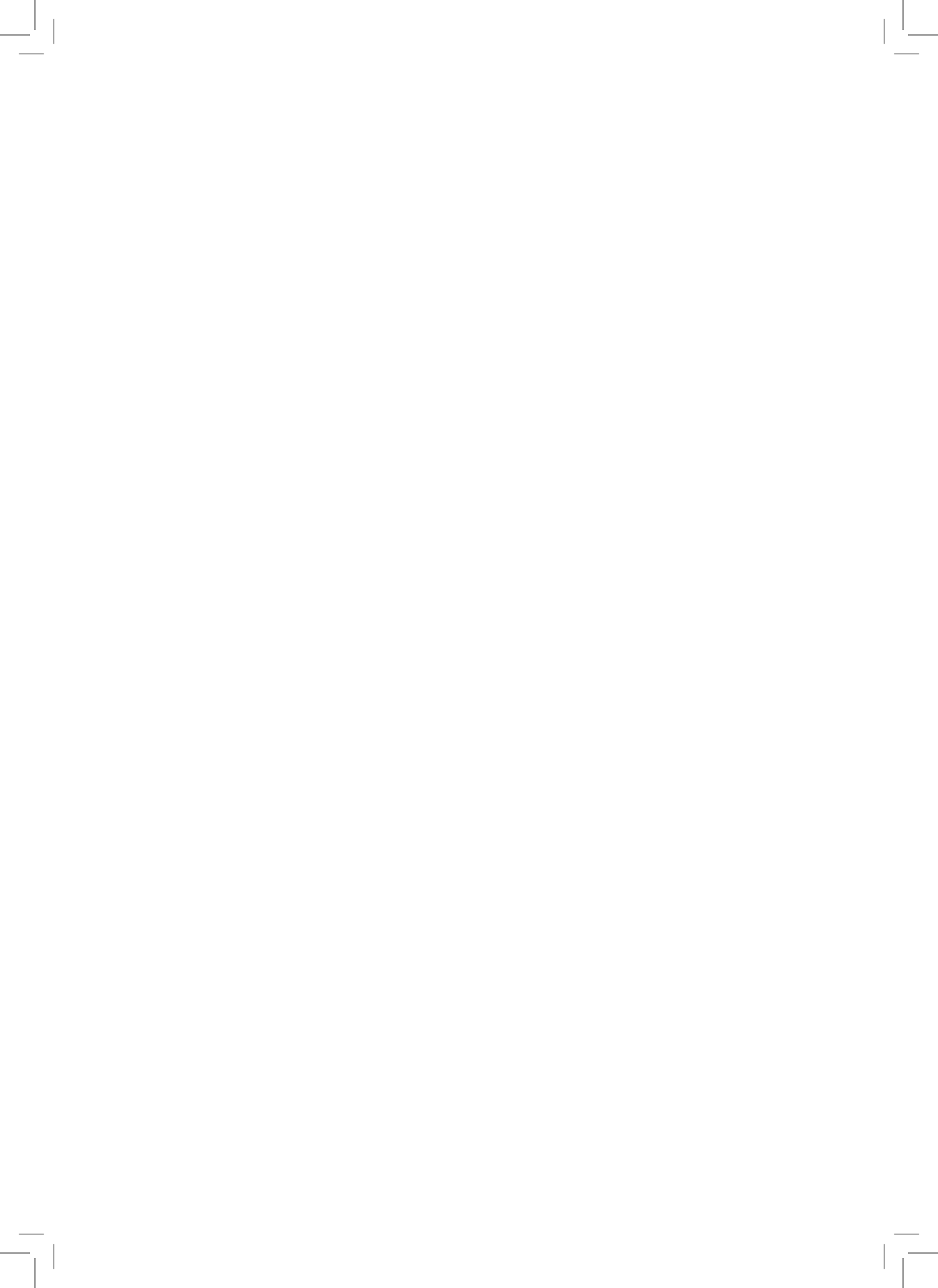
**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2017**





# **Annual Report and Financial Statements for the Financial Year Ended 30 June 2017**

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



## **Vision**

An international centre of excellence in public policy research and analysis

## **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

Kenya Institute for Public Policy Research and Analysis  
2nd Floor Bishops Garden Towers, Bishops Road  
P. O. Box 56445-00200, Nairobi  
Tel: +254 20 4936000; 2719933/4; Cell 0736 712724; 0724 256078  
Fax +254 20 2719951  
Email: [admin@kippra.or.ke](mailto:admin@kippra.or.ke)  
Website: [www.kippra.org](http://www.kippra.org)

# CONTENTS

|   |    |
|---|----|
| I: KEY INSTITUTE INFORMATION AND MANAGEMENT .....               | 6  |
| II: THE BOARD OF DIRECTORS .....                                | 8  |
| III: MANAGEMENT TEAM .....                                      | 12 |
| IV: CHAIRMAN'S STATEMENT .....                                  | 13 |
| V: REPORT OF THE EXECUTIVE DIRECTOR .....                       | 14 |
| VI: CORPORATE GOVERNANCE STATEMENT .....                        | 15 |
| VII: CORPORATE SOCIAL RESPONSIBILITY STATEMENT .....            | 16 |
| VIII: CORPORATE INFORMATION .....                               | 17 |
| IX: BOARD COMMITTEES .....                                      | 19 |
| X: REPORT OF THE DIRECTORS .....                                | 20 |
| XI: STATEMENT OF DIRECTORS' RESPONSIBILITIES .....              | 51 |
| XII: STATEMENT OF FINANCIAL PERFORMANCE .....                   | 52 |
| XIII: STATEMENT OF FINANCIAL POSITION .....                     | 53 |
| XIV: STATEMENT OF CHANGES IN NET ASSETS .....                   | 54 |
| XV: STATEMENT OF CASH FLOWS .....                               | 55 |
| XVI: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS ..... | 56 |
| XVII: NOTES ON THE FINANCIAL STATEMENTS .....                   | 57 |



# 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 2017 and who had direct fiduciary responsibility were:

|                     |   |
|---------------------|---|
| Dr Rose Ngugi       | Executive Director                                      |
| Dr Augustus Muluvi  | Head, Productive Sector Division                        |
| Dr Eldah Onsomu     | Head, Social Sector Division                            |
| Mr Benson Kiriga    | Ag. Head, Macroeconomics, Division                      |
| Mr Moses Njenga     | Ag. Head, Private Sector Development Division           |
| Dr Chris H. Onyango | Ag. Head, Trade and Foreign Policy                      |
| Dr Helen Hoka       | Ag. Head, Infrastructure and Economic Services Division |
| Mr Mogeni Ong'era   | Accountant  |
| Mr Felix Murithi    | Head, Knowledge Management and Communications Division  |
| Ms Hellen Anyumba   | Ag. Head, Human Resource and Administration             |
| Ms Caroline Mukiira | Senior Legal Officer                                    |

## (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 is guided by a Board Charter.

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.

**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 recommend 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;

assesses periodically 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; review 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.

**(f) Institute headquarters**

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

**(g) Institute Contacts**

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

**(h) Principal Banker**

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

**(i) Independent Auditor**

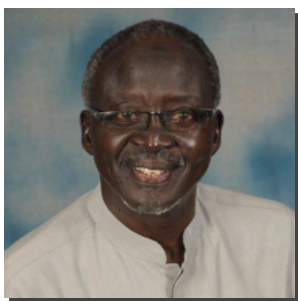
Auditor General  
Kenya National Audit Office  
Anniversary Towers,  
University Way  
P.O. Box 30084-00100  
Nairobi

**(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 Rose Ngugi**

Dr Rose Ngugi is the Executive Director of the Kenya Institute for Public Policy Research and Analysis (KIPPRA). She 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, she was a Senior Advisor in the Office of Executive Director, Africa Group 1, International Monetary Fund, and Washington DC. Dr Ngugi has been a member of Central Bank of Kenya, Monetary Policy Committee and has vast teaching experience in the University of Nairobi, School of Economics.

Dr. Ngugi has published widely. Her research interests are in public policy, financial sector, investments, reforms and institutional issues. She holds a PhD from Business School Birmingham University, UK specializing in Financial Markets, a Masters and Bachelors degree in Economics from the University of Nairobi, Kenya.



**Ms Sabina Maghanga**

Ms Sabina Maghanga is the Director in charge 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 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, fund raising and setting of impact assessment systems. 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. 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.



**Dr Hassan G. Roba**

Dr 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 currently 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 Mwongeli**

Ms Mwongeli 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, Cooperative 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. Chege is a Political Economist with special interest in governance and economic development in Sub-Saharan Africa, and 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 .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.



**Dr Phoebe Josiah**

Dr Phoebe Ayugi Josiah was appointed as a Director of the Board of KIPPRA on 21st October 2016. She received her education at Makerere University Kampala Uganda, where she graduated with BSc (Hons) in Zoology, Botany and Chemistry and later obtained her MSc and PhD in Medical Parasitology, Entomology, Public Health and Epidemiology. She is a Chevening Scholar, following successful completion of her PhD while on Chevening Scholars Fellowship from 1987 to 1991.

Between July 2002 and August 2015, she worked at KEMRI as a Chief Research Officer in various capacities. She played a pivotal role, while heading the Corporate Affairs and Partnerships Department, in enhancing the corporate image of KEMRI and strengthening collaborative research initiatives with partner institutions, donor agencies, the private sector and communities. Previously, she has also worked for the Ministry of Health as a Researcher and Trainer, and various UN agencies and NGOs as a Technical Advisor and a Research Consultant. She has been a Trainer, an Honorary Lecturer and a visiting Scholar at several institutions locally, regionally and globally. She has authored and co-authored several publications including policy papers.



**Mr Musa N. Kathanje**

Mr Musa Kathanje was appointed to the KIPPRA Board as the Alternate to the Cabinet Secretary, National Treasury in October 2015. He is currently the Director of Macro and Fiscal Affairs Department at the National Treasury. He Joined the National Treasury in June 2013 as Head of Macro Division on secondment from the Central Bank of Kenya where he served as Head of Monetary Policy Analysis Division in the Research Department. Mr Kathanje has over 21 years of experience in Monetary Policy Formulation, Macroeconomic Policy Formulation and Analysis, Fiscal Policy as well as regional economic integration gained from both the Central Bank of Kenya (June 1996 to June 2013) and at the National Treasury (June 2013 to date). He holds both Bachelors and Masters Degrees from the University of Nairobi and is currently finalising a Phd in Business Administration - Finance from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya. He holds among others, a certificate in Macroeconomic modeling under the United Nations/African Research Network for Development Policy Analysis from the University of Pretoria, South Africa.



**Prof. Marangu Marete**

Prof. Marangu is a Policy Advisor in the Office of the third President and a Special Envoy for Water Africa.



### III: MANAGEMENT TEAM



**Dr Rose Ngugi**  
PhD in Economics (Financial Markets)  
Executive Director



**Dr Helen Hoka**  
PhD in Economics  
Ag. Head, Infrastructure and Economic Services Division



**Dr Augustus Muluvi**  
PhD in Economics  
Head, Productive Sector Division



**Mr Mogeni Ong'era**  
MBA (Finance), BBA, CPS(K), CPA(K)  
Ag. Senior Accountant



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



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



**Mr Moses Njenga**  
MA in Economics  
Ag. Head Private Sector Development Division



**Ms Hellen Anyumba**  
MSc Human Resources  
Ag. Human Resource Manager



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



**Ms Caroline Mukiira**  
LLM, Masters in Law  
Senior Legal Officer



**Dr Christopher Hugh Onyango**  
PhD in Economics  
Ag. Head, Trade and Foreign Policy



**Mr Samuel Githinji**  
MSc Finance, CPA (K), CIA, CRMA  
Senior Internal auditor



**Mr Peter M. Munene**  
MA Economics  
Senior Supply Chain Management Officer



## IV: CHAIRMAN'S STATEMENT

The past year was noteworthy for KIPPRA, not only in the reach of its policy research but also in marking 20 years in providing public policy advice. KIPPRA remains well positioned to continue in its mission to provide quality policy advice to the government of Kenya and other stakeholders by improving the quality and effectiveness of public policy through dialogue and analysis. Our approach has been to conduct objective, evidence-based research and capacity building that will contribute to national development goals. This report highlights some of our successes and aspirations.

The quality and impact of KIPPRA's research has been our main strength. The Institute was ranked second in Sub-Saharan Africa in an analysis conducted in 2016 by the American think tank Foreign Policy Research Institute (FPRI). Listing KIPPRA among the global 'GO TO' think tanks points to the fact that producing high quality research will remain a key element of sustained success and will allow KIPPRA to make an important contribution to public policy dialogue and implementation.

In financial year 2016/17, we made advances on three important strategic objectives namely research, partnerships and networking as well as dissemination and initiatives came to fruition. With regard to research, the timely completion of the 2017 Kenya Economic Report (KER) is noteworthy. The report provides an in-depth analysis of the Kenyan economy and prospects for the next three years and is tabled before the National Assembly by the Cabinet Secretary for Devolution and Planning. This is a clear demonstration that the institute's technical advice is being received at the highest level of decision making in Kenya.

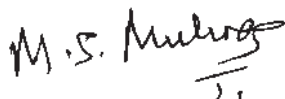
Secondly, fostering partnerships and networks has not only ensured the sustainability of the Institute's initiatives but also supported KIPPRA's research influence towards impact on public policy. The Institute continued to expand its network with

national, regional and international partners. During the period, the Institute collaborated with various institutions in various projects including the African Capacity Building Foundation (ACBF), Think Tank Initiative, World Bank, the International Monetary Fund, Strathmore University, the United Nations Economic Commission for Africa (UNECA) and the Food and Agriculture Organization (FAO) among others.

Thirdly, the Institute has continued to scale up investments in dissemination of research findings. Thus, we seek to go beyond simply producing comprehensive public policy research but also endeavour to make it easy to understand, share it and make it accessible. In our efforts to increase KIPPRA's visibility through the internet and social media we have redesigned our website and introduced , new research products and innovations such as the e-newsletter, alerts of new publications, blogs, upcoming events and economic market analysis.

During the year, the Board recruited a new Executive Director, Dr Rose Ngugi. Dr Ngugi joined the Institute on 25 January 2017 and brings long-standing managerial and research experience. Her knowledge of public policy issues, having served as a member of Central Bank of Kenya, Monetary Policy Committee and most recently as a Senior Advisor in the Office of Executive Director, Africa Group 1, International Monetary Fund and Washington DC, will contribute positively to the Institute's growing mandate. Dr Ngugi is expected to build strong partnerships with key government ministries, agencies and other stakeholders to propel KIPPRA towards being the think tank of choice in informing policy. With yet another strong performance for 2016/17, the Institute will move forward drawing from its inherent strengths in conducting quality research in order to sustain the breadth and impact of public policy.

Once again, I thank KIPPRA staff, management, Board, the Government of Kenya, our key development partners, ACBF and TTI of IDRC and others for working together towards realizing the vision and mission of the Institute.



**Prof. M. S. Mukras**  
**Chairman, KIPPRA Board of Directors**  
**2017**

## V: REPORT OF THE EXECUTIVE DIRECTOR

As we celebrate 20 years of existence, it marks a key moment for growth and change at KIPPRA. The Institute has the opportunity to build on a strong foundation, to define and expand its future role in providing evidence-based prescriptions in implementing solutions to national development challenges. The achievements highlighted in our 2016-17 Annual Report reflect our consistent research focus to address public policy issues. The report also provides an overview of the activities in relation to research, participation in government taskforces, capacity building initiatives, dissemination forums and strategic partners we have worked with in the past year.

Our mission to conduct objective and evidence research in informing public policy continues to guide our endeavor to inform policy through rigorous and participatory research. Each research paper or project represents the Institute's commitment to addressing pressing policy concerns. To highlight some key projects the Institute undertook I wish to note the research in Agriculture sector, particularly capacity issues in the tea value-chain, on tenets of Agribusiness, Trade and Leadership. In addition some of the core research highlighted governance issues especially related to National Values and Principles of Governance, equality and inclusion as well as public service compliance. Our 7 research areas prepared and published 81 research reports including discussion papers, policy briefs and client reports and 10 articles were published in reputable peer referred journals. 29 media articles and appeared in over 20 citations in major national media outlets. In parallel with our research, we have continued to develop our engagement with the policy community participating in 50 taskforces and thematic working groups held 132 policy roundtables and 106 dissemination workshops from our research outputs.

The 2017 Kenya Economic Report (KER) was also prepared and completed on time and KIPPRA will make every effort to ensure that KER continues to offer quality advice to government and disseminate

its findings to local and international audiences. 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 317 officers from government and public sectors in various bespoke trainings as well as 11 Young Professionals.

To support these other activities in the Institute we received financial support from, the Government of Kenya (GoK). The GoK budget support for the year was Ksh 485 million. However to augment GoK funding, KIPPRA this year raised Ksh 71 million in contracted research and Kshs 75 million from development partners such as the African Capacity Building Foundation (ACBF) and Think Tank Initiative (TTI). Besides KIPPRA enjoying a favourable cash position throughout the year, the Institute ensured prudent expenditure and worked closely with development partners to ensure efficient programme implementation. Strategic decisions and prudent resource management have continued to bear fruits for the institute. This notwithstanding, ACBF support will come to end in June 2017 and as we continue to get support from the government and TTI, we take cognizance of the need to diversify our funding sources. To this end we are in the process of developing a resource mobilisation strategy that will ensure sustainability of the Institute.

In conclusion, the Chairman has noted our achievements this year and in reiterating his sentiments, I wish thank all staff for the hard work in the past year period and for making it a success. I urge them to continue serving the Institute and the country with dedication, sacrifice and utmost responsibility.

To our stakeholders, we continue to affirm our commitment. We shall strive in the coming year to remain true to the Institute's core mission of contributing to the development of Kenya by producing and disseminating policy research that meets the highest standards of relevance, quality, objectivity and impact.



**Dr Rose Ngugi**  
**Executive Director, KIPPRA**  
**2017**

## VI: CORPORATE GOVERNANCE STATEMENT

KIPPRA practices good corporate governance in order to achieve the best possible level of organizational performance. Effective governance is the most fundamental among imperatives for successful, effective and sustainable think tanks. It was recognised from the onset of KIPPRA's establishment that for the Institute to support policy formulation within the Government of Kenya, both operational autonomy and an effective governance framework were requisite for the institute to effectively achieve its mandate.

The Institute undertook training of the Board and management in Mwongozo code of governance for state corporations. The training covered effectiveness of Boards, transparency and disclosure, accountability, risk management, internal controls, ethical leadership and good corporate citizenship.

The Board of Directors, is the focal point of corporate governance in the Institute, is ultimately responsible for accountability, performance and affairs of the Institute. In pursuit of good governance the Board is guided by the Board Charter, performance contracts and evaluation systems, ISO 9001:2008 standard and Mwongozo code of conduct. Through the Board's guidance, the institute improved its performance and productivity, enhanced stakeholder confidence, attracted partners, and induced more stable sources of financing.

The Board carries out its responsibilities in accordance with the highest ethical standards. The Board strives for consensus in decision-making, and

conducts informed decision-making and exercises good judgment in the establishment of the Institute's strategic direction, safeguarding the Institute's resources, and monitoring corporate performance. The Board members are appointed by the Cabinet Secretary by virtue of their integrity, knowledge and experience in matters relating to public policy, a basic understanding of the management of public finances, personal management and social science research procedures.

There are four oversight committees, namely: Finance, Audit, Programmes, and General Purposes committee. Committee members are appointed based on their skills and expertise in relation to the role/function of each committee. The Board Committees and the full Board are expected to hold at least four meetings each year, on quarterly basis. The Committees and the Board may hold additional meetings as circumstances may require. Organizational goals and values of the Institute are stated and articulated in the Institute's Strategic Plan, Annual Work Plans, and the Service Charter. The Institute is running a five-year strategic plan that is implemented through annual work plans. The Strategic plan is reviewed mid-way, while annual work plans are reviewed on a quarterly basis. Implementation of the Strategic Plan, Work Plan, and Service Charter is monitored through the annual Performance Contract agreement signed between the Board and the government (parent ministry), between the Executive Director and the Board, and between the Executive Director and Heads of Divisions.

## 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 impacts 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.

**During 2016/17, the Institute undertook the following CSR activities:**

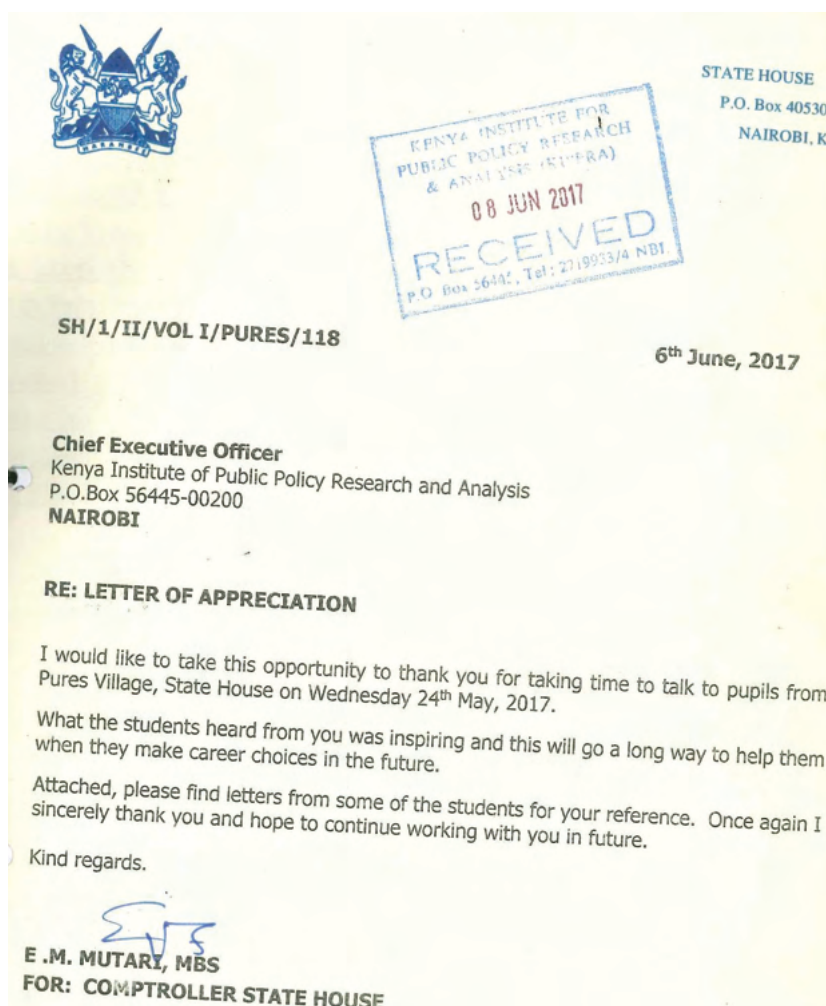
### Linking research and education

On Saturday, 27th May, 2017 KIPPRA staff visited Gathirimu Girls' High School, Mitahato and Ndiriti Day Secondary Schools in Kiambu County. The KIPPRA

team was led by the Executive Director, Dr Rose Ngugi. Some of the activities included tree planting and sensitizing the students on how to conduct research, effects of climate change, youth empowerment, values, and innovation.

### Building capacity of future policy makers

On Wednesday, 24<sup>th</sup> May, 2017 KIPPRA hosted fifty eight (58) high school students who are part of the PUPILS REWARD SCHEME (PURES). These are the students who scored the highest marks in the Kenya Certificate of Primary Education (KCPE) within their counties. The students were enlightened about the role of research in public policy, KIPPRA's history and the ethical use of social media to disseminate information.



## VIII: CORPORATE INFORMATION

### BOARD OF DIRECTORS

1. Prof Mohamed S. Mukras, EBS: 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, OGW: Alternate for PS, Ministry of Foreign Affairs and 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
13. Dr Phoebe Josiah: Gazetted 27th October 2016

### SENIOR MANAGEMENT TEAM

1. Dr Rose Ngugi: Executive Director
2. Dr Augustus Muluvi: Head, Productive Sector Division
3. Mr Benson Kiriga: Ag. Head, Macroeconomics Division
4. Dr Eldah Onsomu: Head, Social Sector Division
5. Mr Moses Njenga: Ag. Head, Private Sector Development Division
6. Dr Helen H. Osiolo: Head, Infrastructure and Economic Services Division
7. Dr Christopher Hugh Onyango: Ag. Head, Trade and Foreign Policy Division
8. Mr Mogeni Ong'era: Ag. Senior Accountant
9. Mr Felix Murithi: Head, Knowledge Management & Communications Division
10. Ms Hellen Anyumba: Ag. Head of Human Resource Management Division
11. Ms Caroline Mukiira: Senior Legal Officer
12. Mr Samuel Githinji: Senior Internal Auditor
13. Mr Peter M. Munene: Senior Supply Chain Management Officer



## **REGISTERED OFFICE**

Bishops Garden Towers  
2<sup>nd</sup> 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

## IX: BOARD COMMITTEES

The Board has four standing Committees, which are required to meet at least 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.

The membership of the various committees was as follows:

### 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  
Dr. Phoebe Josiah

### 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 Mwangeli  
Mr Musa Kathanje  
Ms Sabina Maghanga  
Prof. Marangu Marete  
Dr. Phoebe Josiah

### Human Resource and General Purposes Committee

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

## X: REPORT OF THE DIRECTORS

The Board of Directors submit their annual report and financial statements for the year ended 30 June 2017, 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 a 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 2016-2017. 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

### 3. RESEARCH AND POLICY ANALYSIS

The institute is on course in achieving its vision of becoming an international centre of excellence in public policy research and analysis. Over the years, KIPPRA has established itself as a key player in the public policy process. The Institute's research agenda is aligned to national development goals as outlined in the Vision 2030 and its five-year Medium Term Plans.

The implementation of the Constitution of Kenya 2010 has brought about several structural reforms including devolution that will form key aspects of KIPPRA's policy research agenda. Other key strategic areas include contribution to the realization of the African Union Agenda 2030 and the Sustainable Development Goals (SDGs), regional integration and strengthening capacity in policy formulation and implementation. The Institute will continue to respond to emerging policy concerns and opportunities that shape the country's current and future social-economic, political, cultural and environmental policy landscape.

By the end of the fourth quarter in 2016/17, the institute had produced 49 research reports (see annex) on Agriculture, Energy, Regional Trade, Devolution and National values. In addition KIPPRA staff published 10 articles in reputable peer referred journals and 29 media articles and appeared in over 20 citations in major national media outlets.

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 2017

The Kenya Economic Report 2017 focuses on how to exploit available opportunities in economic integration to strengthen macroeconomic performance and secure a strong sustainable and inclusive growth. Regional economic integration is an essential ingredient of economic development strategy for Africa because it helps the countries achieve economies of scale and enhance competitiveness, which are necessary for structural transformation. In Africa, regional economic integration also enables countries to enhance domestic and foreign investments as well as promote peace and security. Kenya aspires to transform from a lower middle income country to an upper middle income country by the year 2030. This aspiration is valid and attainable because most of the economic fundamentals are largely in place to enable the country take off.

To attain the upper middle income category and sustain growth that creates employment opportunities, reduces poverty, and provides access to essential services by the poor, the economy needs to grow at an annual rate of 10%. This requires accelerated growth in private investments to reach investment/GDP ratio of 30% and over 9% growth in exports.

However, Kenya's trade balance has been deteriorating in the recent past owing to low levels of diversification and narrow export markets and increased competition in domestic and regional markets by imported products from China and India. The study recommends that exploiting opportunities in regional integration can boost growth in investments and exports. Besides, establishment of the African Continental Free Trade Area provides an opportunity for Kenya to penetrate markets outside the EAC and COMESA regions. This requires improvement of business environment, promoting value addition and diversifying production.

The report is available in the KIPPRA library and website (<http://kippra.or.ke/kippra-publications-2/#7-kenya-economic-report>)

## **Transforming Agribusiness, Trade and Leadership: A Capacity Needs Assessment of the Tea Value Chain in Kenya**

The study's key objective was to conduct a capacity needs assessment of the tea value-chain, focusing on Agribusiness, Trade and Leadership with aim of informing the design and implementation of Kenya's Capacity Development Program. Agriculture is the backbone of Kenya's economy. The Tea Industry in particular contributes immensely to socio-economic development of the country and plays an important role in Kenya's socio-economic development as it is the leading industrial crop in terms of its contribution to the GDP.

The report analyzed the institutional and human capacities of the tea value chain in Kenya which was necessitated by the need to initiate transformative actions necessary for enhancing the sub-sector's productivity and contributions to national economic growth and development. Kenya's transformation agenda in Agriculture spans many decades which have been aimed at strengthening agribusiness trade and international competitiveness as envisioned by Kenya's Vision 2030.

Interventions identified from the capacity needs assessment are envisaged to create impetus for the Agriculture sector to contribute towards national development. The plan going forward is that lessons from the capacity needs assessment will also be replicated to other industrial crops and other productive sectors of the economy.

The study was conducted with funding from the African Capacity Building Foundation (ACBF) in collaboration with KIPPRA, the Public Service Transformation Division (PSTD) of Ministry of Public Service, Youth and Gender Affairs (the Project Development Team) and the Ministry of Agriculture, Livestock, Fisheries and Blue Economy.

## **The Status of National Values and Principles of Governance, 2015**

The Constitution of Kenya (2010) recognizes that the realization of National Values and Principles of Governance (NV&PG) articulated in Article 10 is essential for national development. Once grounded in all facets of Kenya's society, the NV&PG should transform Kenya's socio-economic and political landscape towards the attainment of both the Kenya Vision 2030 and the global Sustainable Development Goals. Consequently, the study focused on the following key aspects of the NV&PGs: Measurability of values and principles; Level of Awareness of National Values; Aspect of Compliance with Legal Provisions; Enforcement Mechanisms; Prioritization of Values; and Impacts of the previous Report on Measures Taken and Progress Achieved in the Realization of National Values and Principles of Governance.

Policy interventions identified in the study included need to enhance awareness and prioritization of National Values and Principles of Governance; ensuring compliance of Actors to Legal Provisions; Strengthening enforcement mechanisms; and need to develop and institutionalize monitoring and impact evaluation mechanisms. The recommendations were gazetted and were used to inform the 2017 President's Report on Measures Taken and Progress Achieved in the Realization of National Values and Principles of Governance. The study was funded by the State Department of the Interior and Coordination of National Government, Directorate of National Cohesion and National Values.

## **Status of Equality and Inclusion in Kenya**

The study on Equality and Inclusion in Kenya was a collaborative effort between the national Gender and Equality Commission (NGEC) and the Kenya Institute for Public Policy Research and Analysis. Its aim was to measure performance towards service delivery and to establish the extent to which the principles of equality and inclusion had been implemented in employment, political representation, social protection and education in Kenya. Kenya's global commitments are directly linked to the MDGs and subsequently Sustainable Development Goals and further driven by policies and legal



frameworks that aim at addressing equality and inclusion, specifically, Kenya Vision 2030, currently under implementation through successive Medium Term Plans – 2008-12 and 2013-17.

The study recommended interventions towards addressing unemployment and poverty, and the need for extensive social protection interventions. The policy issue emanates from the fact that current initiatives reach a small proportion of those in need and interventions and their coordination remains weak. Effective implementation of recommendations proposed in this study would enable the country improve inclusion and eliminate inequalities in the various sectors of the economy.

### **Evaluation Report for the Year 2015/2016 on Public Service Compliance with the Values and Principles in Articles 10 & 232 of the Constitution**

The objective of the study was to build on Public Service Commission (PSC) earlier monitoring and evaluation (M&E) initiatives in improving the framework for generating quality data with which to assess Public Service compliance with Chapter 6 and Articles 10 and 232 of the Constitution. The study assessed the responsiveness of systems and structures for the implementation of values and principles in the Ministries, Departments and Agencies (MDAs) in the public service; and determined the extent to which each of the provided indicators had been implemented in the respective MDAs.

Public service values and principles are instrumental in determining, guiding, and informing the development of a corporate culture, which is necessary in the dynamic environment of regular change in which public officers face competing demands and obligations. Public service delivery processes are also important as an outcome and for promoting public trust, confidence and democratic governance. Effective public management also requires that public actions, such as planning, budgeting and programme implementation, are conducted within a framework guided by clear values and principles transformed into actions.

The Study recommendations are being implemented by the respective MDAs with aim of enhancing compliance to the requirements of public service values and principles of governance.

### **Green Investment Diagnostics for Africa: What are the Binding Constraints to Investment in Renewables in Kenya and Ghana?**

What is holding back investment in renewable technologies in Kenya and Ghana where the economics would support this investment? This is the main question the study addressed. The vast potential of renewable energy is seldom realised in many African countries, in spite of the many pledges made by donors and international financiers. This is not due to a lack of policies supporting investment. Many African countries have renewable energy targets, FiT, or import duty exemptions for renewable energy technologies. In some cases these policies are not fully implemented. In others they are implemented but they are not targeting the most binding constraints to investment. Whatever the reason for their lack of success, it is clear that simply introducing formal policies is not enough.

The study developed and tested the Green Investment Diagnostics methodology designed to help policy makers identify the most important obstacles to investment in the renewable energy technologies most suited to their countries, and deliver effective reforms to remove these obstacles. Constraints could arise from the lack of attractive projects, the lack of appropriate finance, or both. In many cases, there are a large number of issues that may be holding back investment. An important characteristic of this framework is that it helps to narrow down the hundreds of potential constraints to a handful of the most pressing. The method for achieving this relies on robust international comparisons of data drawn from a diverse set of credible sources. The study triangulated the evidence with interviews with stakeholders and with diagnostic signals to assess the importance of each constraint.

While constraints are likely to be country-specific, there are commonalities. Analysis of Kenya and Ghana has shown, for example, FiT that provide a guaranteed income to generators for a period of

time will only succeed when there is a reliable off-taker that can pay those fees, or a solvent state that can take responsibility through sovereign guarantees. Previous successful FiT also had a market large enough to make it worth the effort of calculating an appropriate tariff. Incentive mechanisms open to everyone, without total capacity caps or a procedure to prioritize proposals, are likely to clog small African power systems. When there is not a deficit in generation capacity, strategies to mobilize foreign aid would be best addressed to the electrification of the last mile or the improvement of transmission and distribution networks, instead of to already profitable renewable energy generation technologies.

While there are commonalities, they will manifest themselves in very different ways in different contexts. An approach that targets support to the needs of each particular country is therefore likely to be more effective than simply importing policies that have enjoyed success elsewhere. Given this, we invite donors and national policy makers to replicate this exercise to better target their support to green growth in developing countries.

## 4. CAPACITY BUILDING FOR POLICY FORMULATION

### Young Professionals

The Young Professionals (YPs) programme is the Institute's flagship capacity building programme, its main objective is to train and enhance technical competence of young professionals from both private and public sectors in public policy research. It was established in 2003 with financial support from the Africa Capacity Building Foundation (ACBF). The 2016-17 cohort of eleven (11) YPs successfully completed their training in June 2017. The YPs are required to attend technical training courses on public policy process, research methods, econometrics and macroeconomic modeling. Additionally they are required to produce at least one research report as a prerequisite to graduating from the programme.

### Training for government officers

During the period under review, the Institute trained 317 officers from both the public and private sector, as shown in the annex. The Institute under-performed in building capacity of government and private sector officers, through tailor-made short training courses, organized in collaboration with stakeholders. A total of 317 officers were trained in the year. These included training of 20 officers from the Agriculture Food Authority (AFA) on Project Funding Environment in the Agricultural Sector; 40 government officers from NCPD and the Public Service Commission on policy analysis and measuring compliance in public service values; and 40 officers on Constitutional Provisions and Legislations governing Values and Principles of Public Service among others.

## 5. POLICY ENGAGEMENT AND COMMUNICATION

### Roundtables

During the period, the Institute held more than 132 roundtables. Among the key roundtables held, was one with the IMF and World Bank Parliamentary Network. The visiting delegation had representation from participating Members of Parliament and Senators from around the world. The Network brings together a key development partner and participating members of parliament and senators who are charged with developing policies in their respective countries and whose collaboration is necessary for creating awareness among parliamentarians on the role of the World Bank and IMF. The Network provides a platform for parliamentarians globally to campaign for increased accountability and transparency in international financial institutions and multilateral development financing.

The Institute also held a roundtable meeting with Institute of Policy Analysis and Research (IPAR)-Rwanda with a focus on sharing lessons between the institutions.

## Taskforces and working groups

The Institute participated in 50 government-constituted task forces, working groups and steering committees (see annex). Most notable is the role that KIPPRA played in the preparation of the National Policy and legislation to support enhancement of County Governments' Own-Source Revenue. KIPPRA has been a member of the Inter-agency working committee that has been involved. The draft policy was completed in September 2016. As part of public consultation, the IMF Technical Assistance mission reviewed the draft policy and legislation and submitted their feedback to the working committee in October 2016. The Inter-Agency committee conducted stakeholder validation/public participation through County forums in March 2017. KIPPRA was given the lead role in developing the policy, while the Attorney General's office was in charge of drafting of the legislation.

## Communication and Dissemination

The Institute distributed 9,840 hard copies of publications to stakeholders and convened 106 dissemination forums for the year, comprising of workshops, conferences and other meetings such as direct presentation/submission to policy makers (e.g. parliamentary committees) in collaboration with other stakeholders.

## 6. PARTNERSHIPS AND NETWORKING

Fostering partnerships and networks is a strategic objective for KIPPRA because they not only ensure the sustainability of the Institute's initiatives but to also support KIPPRA's research influence towards impact on public policy. The institute works with partners in a variety of ways including collaboration in applying for funding proposals and providing technical advice.

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 and African Capacity Building Foundation (ACBF), Think Tank Initiative, World Bank, the International Monetary Fund, Strathmore University, United Nations Economic Commission for Africa (UNECA), The Food and Agriculture Organization (FAO), Research for Poverty Alleviation (REPOA, Tanzania), Advocates Coalition for Development and Environment (ACODE-Uganda), Horn Economic and Social Policy Institute (HESPI- Ethiopia), Kenya Revenue Authority (KRA), among others.

## 7. OTHER NEWS AND EVENTS

KIPPRA celebrated 20 years of existence: On 9th May, 2017 KIPPRA marked an important milestone of being in existence for 20 years. During this time, the Institute has worked closely with the government and the private sector in formulating public policy. Activities to mark 20 years include, re-launching the Institute's website, rebranding of key publications and producing a documentary on KIPPRA's history.

**ISO certification:** KIPPRA has adopted the ISO 9001: 2008 standard to assure quality of its products and services. These measures are adequately documented and communicated to staff, and KIPPRA is in the process of transitioning to ISO 9001: 2015.

**Performance Contract:** KIPPRA is among the Government Ministries, agencies and state corporations that have been involved in Performance Contracting since it was started by the Government. Over the years, KIPPRA's performance has either been "Good" or "Very Good". Many factors have contributed to this performance, but key among them is the financial standing of the Institute, service delivery, research outputs and human resource development factors. In 2016/17 KIPPRA participated in the 13th cycle of performance contracting.

**Customer Satisfaction Survey:** KIPPRA conducts a biennial customer satisfaction survey which was conducted in June 2017. The overall customer satisfaction for the year was at 86.6 per cent. This was a significant improvement from a 72 per cent satisfaction rate for the survey done in 2014. Some key findings and recommendations include areas in enhancing KIPPRA's visibility and make the public aware of the Institutes products and processes and map KIPPRA's customers. The recommendations of the survey will be incorporated in 2017/18 work plan for implementation.

## ANNEX

### SUMMARY OF MAJOR OUTPUTS 2016/2017

#### Research Papers

|     | Description  | Division                 |
|-----|--|--------------------------|
| 1.  | Inclusive growth dynamics for Kenya  | Macroeconomics           |
| 2.  | Variant analysis for KIPPRA-Treasury Macroeconomic Model (KTMM II)   | Macroeconomics           |
| 3.  | Debt sustainability analysis for Kenya   | Macroeconomics           |
| 4.  | Status of Kenyan economy report: Macroeconomic Working Group (MWG) quarterly report  | Macroeconomics           |
| 5.  | Transforming livestock production in Kenya: The case of Narok and West Pokot counties  | Productive Sector        |
| 6.  | Effects of capital assets on livelihood-based outcomes from livestock production among youth in the semi-arid lands of Kenya                           | Productive Sector        |
| 7.  | Transforming agribusiness, trade and leadership: A capacity needs assessment of the tea value chain  | Productive Sector        |
| 8.  | Development finance for climate resilience in Kenya: A comparative study of funding approaches for climate resilience outcomes in Isiolo County, Kenya | Productive Sector        |
| 9.  | The value chain and the policy framework in Kenya: An overview   | Productive Sector        |
| 10. | Towards a climate-smart tea industry in Kenya: Key elements of a new strategy  | Productive Sector        |
| 11. | Finance for resilience building and ecosystem-based adaptation in Kenya: A comparative study of local and national managed funds (Policy brief)        | Productive Sector        |
| 12. | Effects of capital assets on livelihood-based outcomes from livestock production among youth in the semi-arid lands of Kenya (Policy Brief)            | Productive Sector        |
| 13. | Funding adaptation in Kenya's dry lands (Policy brief)   | Productive Sector        |
| 14. | Enhancing formal access to water through management of non-revenue water (Policy brief)  | Productive Sector        |
| 15. | Funding adaptation in Kenya: Lessons from national and local managed funds (Policy brief)  | Productive Sector        |
| 16. | Rising to the challenges of the EU-EAC Economic Partnership Agreement: The case for Kenya (Policy brief for Office of the President)                   | Trade and Foreign Policy |
| 17. | Exploration of soft power potential as a policy instrument in Kenya  | Trade and Foreign Policy |
| 18. | Kenya's trade in tripartite Free Trade Area: Multidimensional effects of distance and overlapping membership   | Trade and Foreign Policy |



|     |  |                                      |
|-----|--|--------------------------------------|
| 19. | Resolution of territorial disputes between Kenya and her neighbours  | Trade and Foreign Policy             |
| 20. | Services trade liberalization and regulatory reforms in Kenya: Effects on employment   | Trade and Foreign Policy             |
| 21. | Trade and welfare implications of the tripartite Free Trade Area on Kenya: A partial equilibrium analysis                            | Trade and Foreign Policy             |
| 22. | Tobacco use and its effects on poverty in Kenya  | Social Sector                        |
| 23. | Tobacco use and its effects on poverty in Kenya (Policy brief)   | Social Sector                        |
| 24. | The population dividend: Implications for Kenya's development  | Social Sector                        |
| 25. | Strategies for financing healthcare in Kenya   | Social Sector                        |
| 26. | Child vulnerabilities and access to primary education in Kenya   | Social Sector                        |
| 27. | Impact of ICT on price dispersions and producer welfare in agricultural markets  | Social Sector                        |
| 28. | An assessment of health care delivery in Kenya   | Social Sector                        |
| 29. | National values and principles of governance (Policy brief)  | Social Sector                        |
| 30. | Equality and inclusion in Kenya (Policy brief)   | Social Sector                        |
| 31. | Evaluation of compliance to values and principles of public service, 2015/16 (Policy brief)  | Social Sector                        |
| 32. | Critical view of crucial considerations for enhancing the "One Tablet Per Child" project in Kenya                                    | Infrastructure and Economic Services |
| 33. | Cook stove technology adoption: Evidence from Kenya  | Infrastructure and Economic Services |
| 34. | Scaling up water supply services in Kenya  | Infrastructure and Economic Services |
| 35. | Efficiency of water service providers in Kenya   | Infrastructure and Economic Services |
| 36. | Situational analysis of metropolitan planning and development in Kenya   | Infrastructure and Economic Services |
| 37. | Green investment diagnostics for Africa: What are the binding constraints to investment in renewables in Kenya and Ghana?            | Infrastructure and Economic Services |
| 38. | Macroeconomic effects of a low carbon electricity transition in Kenya and Ghana: An exploratory dynamic General Equilibrium Analysis | Infrastructure and Economic Services |
| 39. | From growth to green investment diagnostics  | Infrastructure and Economic Services |
| 40. | Cost and returns of renewable energy in Sub-Saharan Africa: A comparison of Kenya and Ghana  | Infrastructure and Economic Services |
| 41. | Determinants of research and development investments by Kenyan manufacturing firms   | Infrastructure and Economic Services |
| 42. | Appraisal of counterfeiting in Kenya   | Private Sector Development           |
| 43. | Market structure, efficiency and performance of banking industry in Kenya  | Private Sector Development           |

|     |   |            |
|-----|---|------------|
| 44. | The interface between resource governance and inter-ethnic violence               | Governance |
| 45. | Policing reforms to enhance security  | Governance |
| 46. | Determinants of public participation in Kenya counties                            | Governance |
| 47. | Navigating security challenges for Kenya growth in 2017 and beyond (Policy brief) | Governance |

## KIPPRA FLAGSHIP REPORT

| Description   | Division      |
|---|---------------|
| Kenya Economic Report 2017: Sustaining Kenya's economic development by deepening and expanding economic integration in the region | All Divisions |

## POLICY ANALYSIS (MEDIA/BLOG POSTS/POLICY MONITOR)

|  | Description   | Division                             |
|--|---|--------------------------------------|
| <b>Blogs and Policy Monitor Articles</b> |   |                                      |
| 1.                                       | How effective are fiscal rules in ensuring fiscal discipline in Kenya?                            | Macroeconomics                       |
| 2.                                       | Interest rate capping in Kenya: Likely implications and lessons from other country experiences    | Macroeconomics                       |
| 3.                                       | Kenya economic outlook  | Macroeconomics                       |
| 4.                                       | The paradox of a poor continent rich in natural resources: What must be done to reverse the trend | Social Sector                        |
| 5.                                       | How to achieve gender parity in politics  | Social Sector                        |
| 6.                                       | How to get more women into leadership   | Social Sector                        |
| 7.                                       | The transformative benefits of the Standard Gauge Railway   | Infrastructure and Economic Services |
| 8.                                       | Minimization of cost in public infrastructure investments   | Infrastructure and Economic Services |
| 9.                                       | Amend anti-corruption laws to effectively to fight the vice                                       | Governance                           |
| 10.                                      | Exploiting Kenya's potential as a coastal state   | Trade and Foreign Policy             |
| <b>Media Articles</b>                    |   |                                      |
| 11.                                      | Time for Africa to build capacity for resource mobilization                                       | Productive Sector                    |
| 12.                                      | Can sovereign wealth fund help us avoid resource curse?   | Productive Sector                    |
| 13.                                      | New mining law will benefit artisanal miners  | Productive Sector                    |
| 14.                                      | Children bearing brunt of ongoing drought   | Productive Sector                    |
| 15.                                      | Coffee task force proposals may throw lifeline to ailing industry                                 | Productive Sector                    |
| 16.                                      | Kenya to gain a lot from Tokyo Summit   | Productive Sector                    |
| 17.                                      | How to advance Kenya economic, political interests through TICAD                                  | Trade and Foreign Policy             |

|                        |   |                                      |
|------------------------|---|--------------------------------------|
| 18.                    | The role of intellectual dissidence in redefining Africa's position in the world                        | Trade and Foreign Policy             |
| 19.                    | There's great potential in maritime heritage  | Trade and Foreign Policy             |
| 20.                    | Water vending business must be strictly regulated   | Trade and Foreign Policy             |
| 21.                    | Renewable energy ventures on the rise in Kenya  | Infrastructure and Economic Services |
| 22.                    | Capping bank interest rates will harm market  | Private Sector Development           |
| 23.                    | Islamic finance: New opportunities for driving development agenda                                       | Private Sector Development           |
| 24.                    | Amend laws to address irregular land allocation in Kenya  | Governance                           |
| 25.                    | Kenyans paying more for fuel  | Infrastructure and Economic Services |
| 26.                    | Eyes on Tanzania, Burundi as EPA tops Dar talks at Heads of State Summit                                | Trade & Foreign Policy               |
| 27.                    | KIPPRA supports an open-sky policy to entice charter flights  | Infrastructure and Economic Services |
| 28.                    | Changing motorists' behavior is possible  | Infrastructure and Economic Services |
| 29.                    | How to achieve gender parity in politics  | Social Sector                        |
| 30.                    | Abolish women representative position   | Social Sector                        |
| <b>Media Citation</b>  |   |                                      |
| 31.                    | Overreliance on export destinations affecting tea returns   | Productive Sector                    |
| 32.                    | Kenya Institute for Public Policy Research and Analysis (KIPPRA) signing 2016/2017 performance contract | KIPPRA                               |
| 33.                    | Kenya launches capacity needs assessment for tea sector   | Productive Sector                    |
| 34.                    | KIPPRA initiates accountability study in 6 counties   | Trade and Foreign Policy             |
| 35.                    | KIPPRA wants setting up of special economic zones fast-tracked  | Private Sector Development           |
| 36.                    | Is Kenya getting a raw deal from trade ties with China?   | Trade and Foreign Policy             |
| <b>TV Appearance</b>   |   |                                      |
| 37.                    | National Green Growth Conference  | Productive Sector                    |
| 38.                    | Sustainable Development Goals   | Private Sector Development           |
| 39.                    | National Green Growth Conference  | Productive Sector                    |
| 40.                    | Public empowerment initiatives in Kenya done by Institute for Social Accountability                     | Governance                           |
| <b>Press Briefings</b> |   |                                      |
| 41.                    | Interview by journalist; Policies and operating environment for Kenyan agriculture                      | Productive Sector                    |

## JOURNAL ARTICLES/BOOK CHAPTERS

|     | Description   | Division                             |
|-----|---|--------------------------------------|
| 1.  | Implication of Economic Partnership Agreements (EPAs) on Kenya. Journal of World Economic Research Vol. 5, No. 3: 15-25 Published on 31st August, 2016.   | Trade and Foreign Policy             |
| 2.  | Transmission of international prices to domestic markets in Kenya: The case of food and crude-oil markets during the 2007-8 global crisis. Journal of Economics and Sustainable Development. Vol.7, No.14:pp 83 -93, 2016.  | Trade and Foreign Policy             |
| 3.  | Trade facilitation and foreign direct investment flows in Kenya (eds) by Teh, R., Smeets, M. Jallab, M.S. and Chaudhri, F., in Trade costs and inclusive growth: Case studies presented by WTO Chair-holders. WTO Publications, Geneva, Switzerland, 14th November 2016.  | Trade and Foreign Policy             |
| 4.  | Assertive resource diplomacy for sustainable development in East Africa. Book chapter by Hekima Institute of Peace Studies and International Relations  | Trade and Foreign Policy             |
| 5.  | Willingness to pay for improved Energy in Kenya. Renewable Energy Journal, 112: 104-112   | Infrastructure and Economic Services |
| 6.  | Determinants of micro and small Enterprises growth in Kenya. Journal of Small Business and Enterprise Development, Vol. 24(1): pp. 105-118, 2017  | Private Sector Development           |
| 7.  | The role of family financial socialization and financial management skills on youth saving behaviour. Journal of Adolescence Volume 59, 2017  | Private Sector Development           |
| 8.  | Africa's development metamorphosis: Lessons from China. Journal of Research in Humanities and Social Sciences. Volume 2, No. 1  | Governance                           |
| 9.  | Corporate governance and bank performance: A case of Kenya's banking sector. Journal of Research in Humanities and Social Sciences. Volume 1, No. 1. Pp. 33 – 47  | Governance                           |
| 10. | Kenya's industrial development: Policies, performance, and prospects Kenya, in Manufacturing transformation: comparative studies of industrial development in Africa and emerging Asia edited by Carol Newman, John Page, John Rand, Abebe Shimeles, Måns Söderbom, and Finn Tarp Oxford University Press, 2016 | Governance                           |

## CAPACITY BUILDING (YPS/GOVERNMENT OFFICERS/OTHERS)

|    | Description   | Division          |
|----|---|-------------------|
| 1. | Research methods course   | Macroeconomics    |
| 2. | Macro modeling training including officers from PBO   | Macroeconomics    |
| 3. | Project funding environment: The agricultural sector. For the Agriculture Food Authority (AFA) officers | Productive Sector |

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|-----|---|--------------------------|
| 4.  | Training for Laikipia University students on public policy process  | Productive Sector        |
| 5.  | KIPPRA Young Professionals trained on public policy process, Research methods   | Productive Sector        |
| 6.  | Training of 31 pupils of St Austin's Academy on the role of mathematics in public policy research                               | Trade and Foreign Policy |
| 7.  | Training 40 government officers (NCPD senior staff) on measuring compliance in public service values                            | Social Sector            |
| 8.  | Training on data collection for public service study – 40 participants  | Social Sector            |
| 9.  | Training on data collection for the health assessment study – 40 participants   | Social Sector            |
| 10. | Training 63 government officers on technology models for SMEs in Kenya: Common principles and best practices                    | Private Sector           |
| 11. | Training 40 research assistants on constitutional provisions and legislations governing values and Principles of public service | Governance               |

## TASKFORCES AND WORKING GROUPS

|     | Description   | Division          |
|-----|---|-------------------|
| 1.  | Macroeconomic Working Group   | Macroeconomics    |
| 2.  | MTP III Secretariat   | Macroeconomics    |
| 3.  | Inter-Agency Working Committee on Preparation of a National Legislation/Policy to Support Enhancement of County Government Own Source Revenue | Macroeconomics    |
| 4.  | NEPAD, African Peer Review Mechanism Second Country Self-Assessment   | Macroeconomics    |
| 5.  | Public Finance Sub-Committee, ICPAK   | Macroeconomics    |
| 6.  | Inter-ministerial Technical Working Committee on the Development of National Extractive Policy (NEP)  | Productive Sector |
| 7.  | Steering Committee in the Extractives Baraza  | Productive Sector |
| 8.  | Technical Committee Mining Royalty Sharing Framework  | Productive Sector |
| 9.  | Technical Working Committee on Migration, Environment and Climate Change: Evidence for Policy (MECLEP) Technical Working Group – NEMA         | Productive Sector |
| 10. | Multi-sectoral Technical Working Group on Development of Country Mining Vision (CMV) - Ministry of Mining                                     | Productive Sector |
| 11. | Technical Committee on the Veterinary Policy (Completion of Implementation Plan)  | Productive Sector |
| 12. | T21 Technical Advisory Group (TAG) Meeting on Changing Course In Global – Kenyan Agriculture  | Productive Sector |
| 13. | Agriculture Policy Analysis Group (APAG)  | Productive Sector |
| 14. | Inter-ministerial Technical Committee on Deltas in Kenya  | Productive Sector |



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| 15. | Technical Committee on Devolved Climate Finance   | Productive Sector                    |
| 16. | National Trade Negotiations Council (NTNC)  | Trade and Foreign Policy             |
| 17. | Trade in Services Committee   | Trade and Foreign Policy             |
| 18. | Ad hoc TICAD VI Conference Planning, Side Events and Sub-Committee  | Trade & Foreign Policy               |
| 19. | The Inter Agency Technical Committee (IATC) Taskforce Responsible for CARPS   | Social Sector                        |
| 20. | Population Dividend Steering Committee  | Social Sector                        |
| 21. | Social Protection Technical Committee   | Social Sector                        |
| 22. | Curriculum Development Research Committee   | Social Sector                        |
| 23. | Secondary Education Fees Implementation Technical Committee   | Social Sector                        |
| 24. | Poverty Eradication Commission Committee  | Social Sector                        |
| 25. | Child Poverty Technical Committee   | Social Sector                        |
| 26. | Special Needs Education Survey Technical Committee  | Social Sector                        |
| 27. | Population Policy Review Committee  | Social Sector                        |
| 28. | Equality and Inclusion Technical Working Group  | Social Sector                        |
| 29. | Public Service Values Technical Working Group   | Social Sector                        |
| 30. | MTP III: Education  | Social Sector                        |
| 31. | MTP III: Labour and Social Protection   | Social Sector                        |
| 32. | MTP III: Health; HIV and AIDS   | Social Sector                        |
| 33. | MTP III: Science, Technology and Innovation   | Social Sector                        |
| 34. | Technical Working Group on Gender and Social Inclusion Policy   | Social Sector                        |
| 35. | Road Sector Investment Programme under Ministry of Transport  | Infrastructure and Economic Services |
| 36. | Technical Committee - Road Inventory and Condition Survey (RICS)  | Infrastructure and Economic Services |
| 37. | Taskforce on the Development of the Integrated National Maritime Policy under Ministry of Transport                 | Infrastructure and Economic Services |
| 38. | Cyber Security under Ministry of ICT  | Infrastructure and Economic Services |
| 39. | National Steering Committee for the Development of a National Water Policy for Kenya under Ministry of Water        | Infrastructure and Economic Services |
| 40. | Planning Committee on Annual Construction Research, Conference and Exhibition under National Construction Authority | Infrastructure and Economic Services |
| 41. | MTP III Ministry of Energy – Oil, Gas and Mineral Working Group,  | Infrastructure and Economic Services |
| 42. | MTP III – Environment, water and Irrigation   | Infrastructure and Economic Services |
| 43. | Coffee Sub-sector Implementation Committee under the Office of the President  | Private Sector                       |

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| 44. | Global Competitiveness Index Executive Opinion Survey Committee organized by KenInvest   | Private Sector |
| 45. | Sustainable Development Goals Interagency Technical Committee (IATC) of the Ministry of Devolution and Planning                                  | Private Sector |
| 46. | Micro, Small and Medium Enterprises (MSME) Survey Technical Committee  | Private Sector |
| 47. | Participation in MTP III Technical Working Group for Manufacturing Sector  | Private Sector |
| 48. | ICPAK Public Policy and Governance Committee   | Governance     |
| 49. | Anti-Corruption Policy Development Technical Committee- in conjunction with office of Attorney General and Ethics and Anti-Corruption Commission | Governance     |
| 50. | Participation in MTP III – Devolution Thematic Group   | Governance     |

## ORGANIZED/PARTICIPATED SEMINARS/ WORKSHOPS

|     | Description   | Division          |
|-----|---|-------------------|
| 1.  | Gender and tax workshop by ICTD in Accra, Ghana   | Macroeconomics    |
| 2.  | International Tax Justice Academy, Nairobi, Kenya   | Macroeconomics    |
| 3.  | Engendering the Illicit Financial Flows (IFFs) Discourse, Nairobi, Kenya  | Macroeconomics    |
| 4.  | Pan African Conference on Illicit Financial Flows and taxation, Abuja, Nigeria  | Macroeconomics    |
| 5.  | UNECA Economic Outlook Workshop   | Macroeconomics    |
| 6.  | Climate Change Workshop - UNDP  | Macroeconomics    |
| 7.  | Statistics Norway, Oslo   | Macroeconomics    |
| 8.  | FANRPAN Annual General Meeting, organized by FANRPAN, Accra Ghana   | Productive Sector |
| 9.  | 10th Africa Farm Management Association (AFMA) Conference Organized by University of Mauritius/AFMA, Mauritius  | Productive Sector |
| 10. | Seed Policy and Legislation in Kenya  | Productive Sector |
| 11. | MTEF Budget Hearings for Agriculture, Rural and Urban Development (ARUD) Sectors  | Productive Sector |
| 12. | MTEF Sector Hearings for Environment Protection, Water and Natural Resources Sector report  | Productive Sector |
| 13. | Green Growth Conference: Inclusive Green Growth as a Catalyst to Economic Development in Kenya  | Productive Sector |
| 14. | Devolved Climate Change Workshop  | Productive Sector |
| 15. | Mining Royalties Sharing Framework  | Productive Sector |
| 16. | 7th Africa Day for Food and Nutrition Security titled “Investing in Food Systems for Improving Child Nutrition: Key to Africa’s Renaissance”, Accra Ghana | Productive Sector |

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| 17. | Key Findings from EAC Regional Case Study – Agricultural Production, Climate Change, Trade and Food security UN-ECA- ACPC COPP22, Morocco                        | Productive Sector        |
| 18. | National Conference on Land and Mining Stakeholder Forum (Organisers- Taita Resource Trust, Thamani Trust and Friedrich Ebert Stiftung)                          | Productive Sector        |
| 19. | Innovative Business Solutions and Projects in East Africa Oil and Gas Industry- Organiser - PIEA   | Productive Sector        |
| 20. | The African Studies Association of Australasia and the Pacific (AFSAAP) Conference (Organiser - AFSAAP)  | Productive Sector        |
| 21. | Working Retreat on the Development of the National Extractive Policy (NEP) – by Technical working Committee, organized by UNDP/Ministry of Mining                | Productive Sector        |
| 22. | Roundtable Meeting on Mainstreaming Agro-ecology/ Ecological Organic Agriculture within CAADP and their Investment Strategies in Africa. Bio-vision Africa Trust | Productive Sector        |
| 23. | MAFAP- Public Expenditure Database Update Retreat by KIPPRA  | Productive Sector        |
| 24. | 3rd Annual Regional Network of Agricultural Policy Research Institutes (ReNAPRI) Stakeholders Conference. Tegemeo Institute – Egerton University                 | Productive Sector        |
| 25. | The Future of Agriculture In Kenya: Policy Research and Implications for Policy and Practice. Futures Consortium, PLAAS, CABI, Nairobi                           | Productive Sector        |
| 26. | Multi-sectoral Technical working Group on Development of Country Mining Vision (CMV)   | Productive Sector        |
| 27. | Validation Workshop for Draft National Biotechnology Policy  | Productive Sector        |
| 28. | Technical Workshop on the Preparation of the Bi-annual country report on the Malabo Declaration  | Productive Sector        |
| 29. | Academia and Research Institutions Agricultural Sector Development Strategy (ASDS) Review Workshop   | Productive Sector        |
| 30. | Scaling-Up P-4-P Model of Pro-smallholder Farmer Market Development in Africa  | Productive Sector        |
| 31. | Enhancing Small-holder Productivity in Kenya: Evidence from a Randomized Controlled Trial of New Seed Varieties  | Productive Sector        |
| 32. | ACBF/KIPPRA Kenya Transforming Agribusiness, Trade and Leadership: A Capacity Needs Assessment of the Tea Value Chain and Project Document                       | Productive Sector        |
| 33. | National Value Chain Forum Agriculture Sector Development Support Programme (ASDSP)  | Productive Sector        |
| 34. | Enhancing Small-holder Productivity in Kenya: Evidence from a Randomized Controlled Trial of New Seed Varieties  | Productive Sector        |
| 35. | Public Sector Hearings: Public Administration and International Relations Sector   | Trade and Foreign Policy |
| 36. | The Second High-Level Meeting (HLM2) on Global Partnership for Effective Development Cooperation   | Trade and Foreign Policy |

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| 37. | Extractive Industries in Africa: Addressing Conflicts and Integrating Sustainable Development. Presented a Paper on “Assertive Resource Diplomacy for Sustainable Development in East Africa”  | Trade and Foreign Policy |
| 38. | HESPI Conference on IGAD Economies 2016: “Imperatives for Attaining the Sustainable Development”. Presented a Paper titled “Rethinking Africa’s Industrialization Strategy using Kenya as an Example”  | Trade and Foreign Policy |
| 39. | Leadership in Africa in the 21st Century: What Role for Intellectuals? Presented a paper on “The role of Intellectual Dissidence in Redefining Africa’s Position in the World.” Organized by the Inter Region Economic Network (IREN)  | Trade and Foreign Policy |
| 40. | COMESA Trade and Customs Committee Meeting: Presented a Paper titled “Trade in Services and Manufacturing Productivity in COMESA” in a meeting Organized by the COMESA Secretariat, Lusaka Zambia  | Trade and Foreign Policy |
| 41. | EAC Meeting of the Sectoral Committee on Trade held in Arusha, Tanzania  | Trade and Foreign Policy |
| 42. | Official Launch of County PEFA Assessment  | Trade and Foreign Policy |
| 43. | Technical Workshop on South-South and Triangular Cooperation for Sustainable Development   | Trade and Foreign Policy |
| 44. | The 3rd Annual Research Forum “Boosting Intra-African Trade Through RECs: Perspectives From COMESA Regional Integration Programmes”. Presented paper on “Estimating Intra-COMESA Trade Potential in Extractives: A Stochastic Frontier Approach” and discussed paper on “Telecommunication, Intra-Trade and Economic Growth within COMESA” | Trade and Foreign Policy |
| 45. | Expert Group Meeting for the Joint ECA/AUC/AfDB publication on “Assessing Regional Integration in Africa 2016 (ARIA VII) on the theme “Bringing the CFTA About”, Addis Ababa, Ethiopia, Discussed Chapter on “Adjustment Costs and Related Support”  | Trade and Foreign Policy |
| 46. | Unlocking the Trade Potential of the EAC, Kampala, Uganda  | Trade and Foreign Policy |
| 47. | National Values National workshop  | Social Sector            |
| 48. | National Workshop on Education   | Social Sector            |
| 49. | Harnessing the Demographic Dividend in Africa  | Social Sector            |
| 50. | Participation in 2017/18 Sector Hearing Workshops for Education  | Social Sector            |
| 51. | Participation in 2017/18 Sector Hearing workshops for Health   | Social Sector            |
| 52. | Participation in 2017/18 Sector Hearing Workshops for Social Protection  | Social Sector            |
| 53. | Population Policy Analysis Technical Report Presentation   | Social Sector            |
| 54. | Steering Committee on Demographic Dividend   | Social Sector            |
| 55. | Measurement of Public Sector Labour Productivity   | Social Sector            |

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| 56. | Retreat to Prepare Status of Devolution Report  | Social Sector                        |
| 57. | National Public Dialogue Forum on the Findings of a Social Audit on the Public Empowerment Initiatives  | Social Sector                        |
| 58. | Service Delivery Indicators   | Social Sector                        |
| 59. | Public Service Values Report Dissemination  | Social Sector                        |
| 60. | National Values Workshop  | Social Sector                        |
| 61. | Demographic Dividend and its Implications on Social Economic Development for Kenya  | Social Sector                        |
| 62. | National Adolescent and Youth Survey Preliminary Report   | Social Sector                        |
| 63. | Dissemination of NCPD Policy to NCPD Senior Management  | Social Sector                        |
| 64. | Nine (9) Regional Workshops on National Values and Principles of Governance in Kenya  | Social Sector                        |
| 65. | One Size Fits All? SDG 16 and Achieving Progress in Reducing Violence in Sub-Saharan Africa Policy Workshop   | Social Sector                        |
| 66. | Technical Working Group Meeting on Gender and Social Inclusion Policy   | Social Sector                        |
| 67. | Stakeholders Consultation Workshop on the Working Draft Policy on Public Participation  | Social Sector                        |
| 68. | Energy, Infrastructure and Information, Communications Technology (Sector, organized by Treasury  | Infrastructure and Economic Services |
| 69. | 15 <sup>th</sup> IREN Eastern Africa Media Forum on Big Data, organized by Inter Region Economic Network (IREN)   | Infrastructure and Economic Services |
| 70. | Launch of National Spatial Plan, organized by Ministry of Lands and Physical Planning   | Infrastructure and Economic Services |
| 71. | Kenya Cyber Crime Conference 2016, organized by The Nairobi Law Institute   | Infrastructure and Economic Services |
| 72. | CIO Event, organized by CIO   | Infrastructure and Economic Services |
| 73. | Review of the National ICT Sector Policy, organized by State Department of Broadcasting and Telecommunication in the Ministry of Information, Communications and Technology | Infrastructure and Economic Services |
| 74. | Kenya Roads Sector Investment Programme Workshop  | Infrastructure and Economic Services |
| 75. | Preparation of Transport Strategic Plan, organized by Ministry of Transport   | Infrastructure and Economic Services |
| 76. | Kenya Railways Strategic Plan Workshop  | Infrastructure and Economic Services |
| 78. | Towns and Cities Planning and Development Conference  | Infrastructure and Economic Services |
| 79. | Workshop on Innovative Business Solutions and Projects in East Africa Oil and Gas Industry  | Infrastructure and Economic Services |
| 80. | 10th Annual Eastern and Southern Africa Water and Sanitation (ESAWAS) Conference  | Infrastructure and Economic Services |



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| 81.  | Workshop on Promoting Investments in Renewable Energy   | Infrastructure and Economic Services |
| 82.  | Workshop on Unlocking Investments in Africa: What are the Binding Constraints?  | Infrastructure and Economic Services |
| 83.  | Twenty-sixth Session of the Governing Council of UN-Habitat   | Infrastructure and Economic Services |
| 84.  | EFD-Kenya Policy Research Review Workshop   | Infrastructure and Economic Services |
| 85.  | Water Policy and Transition Plan  | Infrastructure and Economic Services |
| 86.  | MTP III – Environment, Water and Irrigation   | Infrastructure and Economic Services |
| 87.  | Water Policy and Transition Plan  | Infrastructure and Economic Services |
| 88.  | Water Policy and Transition Plan  | Infrastructure and Economic Services |
| 89.  | Rainwater Smart Management in Sub-Saharan Africa  | Infrastructure and Economic Services |
| 90.  | Launch of Water Services Performance Report 2016  | Infrastructure and Economic Services |
| 91.  | Launch of Annual Water Sector Report  | Infrastructure and Economic Services |
| 92.  | Road Sector Investment Programme II: Multi Criteria Analysis Workshop   | Infrastructure and Economic Services |
| 93.  | Workshop on Innovative Business Solutions and Projects in East Africa Oil and Gas Industry  | Infrastructure and Economic Services |
| 94.  | Stakeholders' validation workshop on Kenya Economic Report 2017   | All Divisions                        |
| 95.  | Stakeholders' Workshop on Kenya Economic Report 2017  | All Divisions                        |
| 96.  | Update on Tobacco Control Policies in Kenya: Excise Taxes organized by African Capacity Building Foundation                         | Private Sector                       |
| 97.  | Public Hearings for Medium Term Budget. Made a Presentation on Report for the General Economic and Commercial Affairs (GECA) Sector | Private Sector Development           |
| 98.  | China-Africa Media and Think Tanks Symposium  | Governance                           |
| 99.  | Towards a Model for Conflict Reduction and Management. Organized by the Defence Decision Support Institute (DDSI)                   | Governance                           |
| 100. | A Local Governance Workshop on Improving Performance of Kenya Urban Areas. Organized by Institute of Economic Affairs (IEA)         | Governance                           |
| 101. | East African Economic Outlook - Kenya's Context Convened by ACODE   | Governance                           |
| 102. | Status of Devolution in Kenya. Convened by State Department of Devolution   | Governance                           |

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| 103. | National Elections Conference. Organized by Independent Electoral and Boundaries Commission and Ethics and Anti-Corruption Commission                | Governance |
| 104. | Climate Change Adaptation Mechanisms in Africa. Organized by Care International Africa Learning Forum on Adaptation (ALFA 2017)                      | Governance |
| 105. | 4th Annual Devolution Conference   | Governance |
| 106. | Methodological Workshop on Organized Criminal Gangs and National Cohesion in Kenya. Organized by National Cohesion and Integration Commission (NCIC) | Governance |

## ROUNDTABLES

|     | Description  | Division          |
|-----|--|-------------------|
| 1.  | Roundtable on green growth diagnostics with IDS (UK)   | Macroeconomics    |
| 2.  | PPRA vs KIPPRA discussion on 30% procurement spend on 14th February 2017   | Macroeconomics    |
| 3.  | Kenya Norway discussion on modeling MOU  | Macroeconomics    |
| 4.  | World Bank KIPPRA on oil and gas revenue management  | Macroeconomics    |
| 5.  | ACODE consultative meeting   | Macroeconomics    |
| 6.  | Kenya economic update roundtable   | Macroeconomics    |
| 7.  | Genesis-UK vs KIPPRA – Fiscal policy in Kenya  | Macroeconomics    |
| 8.  | KIPPRA– corys-UK fiscal space and political economy analysis in Kenya  | Macroeconomics    |
| 9.  | KIPPRA-IMF meeting on KNBS data users  | Macroeconomics    |
| 10. | Status of Kenyan economy – Renaissance Capital –UK   | Macroeconomics    |
| 11. | Macroeconomic analysis for Kenya – Institute of International Finance-USA  | Macroeconomics    |
| 12. | Kenya macro environment – Renaissance Capital –SA  | Macroeconomics    |
| 13. | KIPPRA-Barclays Bank SA economic analysis for Kenya  | Macroeconomics    |
| 14. | KIPPRA/NETFUND on research collaboration   | Productive Sector |
| 15. | FAO Senior Policy Advisor/KIPPRA to explore collaboration with FAO   | Productive Sector |
| 16. | Breakfast meeting on the competitiveness of key food staples in Kenya  | Productive Sector |
| 17. | KIPPRA/Pakistan findings on food security and nutrition status of smallholder households across Western, Eastern, Coastal and Central Kenyan regions | Productive Sector |
| 18. | KIPPRA/UNICEF Collaboration- Social protection and planning for child  | Productive Sector |
| 19. | KIPPRA/FAO on the evaluation of FAO country programmes   | Productive Sector |
| 20. | University of Sussex and Ghana   | Productive Sector |
| 21. | World Bank/KIPPRA roundtable on oil and gas  | Productive Sector |
| 22. | Roundtable on diaspora   | Productive Sector |

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| 23. | Roundtable on making agricultural subsidies smart for Kenya   | Productive Sector        |
| 24. | Strengthening financial management of Kenyan counties   | Productive Sector        |
| 25. | National Environment Trust Fund (NETFUND)   | Productive Sector        |
| 26. | Launch of the climate change fund readiness programme   | Productive Sector        |
| 27. | ASDSP baseline survey launch preparatory meeting  | Productive Sector        |
| 28. | Roundtable with ACODE   | Productive Sector        |
| 29. | KIPPRA/Prof. Ncube on development of Dynamic Stochastic General Equilibrium Model (DSGEM)   | Productive Sector        |
| 30. | KIPPRA/MAFAP on review of the MAFAP outputs   | Productive Sector        |
| 31. | TTI/KIPPRA monitoring meeting   | Productive Sector        |
| 32. | National Extractive Policy (NEP) Inter-Ministerial Technical Committee meeting  | Productive Sector        |
| 33. | Consultations on FAO-CPE evaluation, Marsabit County  | Productive Sector        |
| 34. | Consultations on FAO-CPE evaluation Laikipia County   | Productive Sector        |
| 35. | Consultations on FAO-CPE evaluation Samburu County  | Productive Sector        |
| 36. | IPAR-Rwanda visit to KIPPRA, 26th April 2017  | Productive Sector        |
| 37. | Evaluation of FAO projects in Kenya   | Productive Sector        |
| 38. | Evaluation of FAO projects in Kenya   | Productive Sector        |
| 39. | Nairobi urban food systems  | Productive Sector        |
| 40. | Collaboration of think tanks and civil society  | Productive Sector        |
| 41. | Agha Khan University of Media and Communication   | Productive Sector        |
| 42. | Food and security statistic situation in Kenya USDA Mission to Kenya  | Productive Sector        |
| 43. | Validation of CAN report  | Productive Sector        |
| 44. | Roundtable on “Strengthening Public Financial Management of the County Governments in Kenya”  | Trade and Foreign Policy |
| 45. | Consultative Meeting with Advocates Coalition for Development and Environment (ACODE) Uganda to establish areas of partnership and cooperation with strategic partners in terms of public policy research and advocacy in Eastern and Southern Africa | Trade and Foreign Policy |
| 46. | Short experience sharing visit by HESPI   | Trade and Foreign Policy |
| 47. | PEFA data requirement meeting Utalii  | Trade and Foreign Policy |
| 48. | Meeting with UNECA team on strengthening accountability in National Development Planning in Africa  | Trade and Foreign Policy |
| 49. | Courtesy Call by US Embassy officials at KIPPRA   | Trade and Foreign Policy |
| 50. | Courtesy call by Norwegian Macro Modeling Working Group   | Trade and Foreign Policy |
| 51. | Data confirmation workshop for County PEFA assessment to appraise staff from the counties of the data that the county PEFA assessment will need in course of actual fieldwork   | Trade and Foreign Policy |

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| 52. | Courtesy call by the Korea Institute for (KIEP) researchers to discuss about e-health services in Kenya as well as the Vision 2030 strategy and international trade environment | Trade and Foreign Policy             |
| 53. | Courtesy call by quantum global to discuss about trainings and development of DSGE and CGE models   | Trade and Foreign Policy             |
| 54. | Public service values   | Social Sector                        |
| 55. | Population policy review  | Social Sector                        |
| 56. | Population dividend steering committee meetings   | Social Sector                        |
| 57. | Inter-ministerial steering committee on demographic dividend  | Social Sector                        |
| 58. | Social protection technical committee meetings  | Social Sector                        |
| 59. | Poverty Eradication Commission committee meetings   | Social Sector                        |
| 60. | National values meetings with PSC   | Social Sector                        |
| 61. | Equality and inclusion study meetings   | Social Sector                        |
| 62. | Curriculum development research committee meetings  | Social Sector                        |
| 63. | Social audit on the public empowerment initiatives  | Social Sector                        |
| 64. | Proposed revenue analysis project   | Social Sector                        |
| 65. | 5 IATC meetings   | Social Sector                        |
| 66. | Labour productivity   | Social Sector                        |
| 67. | Early childhood education   | Social Sector                        |
| 68. | National policy and gender technical committee meetings   | Social Sector                        |
| 69. | National Adolescence and Youth Survey (NAYS) technical committee meetings   | Social Sector                        |
| 70. | Population dividend and social economic impacts of the NCPD   | Social Sector                        |
| 71. | Special needs education survey technical committee meetings.  | Social Sector                        |
| 72. | 47 county consultations on compliance to public service values and principles of governance   | Social Sector                        |
| 73. | 47 county consultations on health assessment  | Social Sector                        |
| 74. | Expert group meeting on effective regulatory systems for service delivery and structural transformation in Africa: Infrastructure development and the case of power pools       | Infrastructure and Economic Services |
| 75. | KARA business Eexpo and Conference  | Infrastructure and Economic Services |
| 76. | Expert group meeting on macroeconomic frameworks for an inclusive green economy in Africa   | Infrastructure and Economic Services |
| 77. | Kenya urban dialogue series on housing and basic services in urban Kenya – “What Way Forward”, World Bank Group   | Infrastructure and Economic Services |
| 78. | EFD Kenya sensitization meeting, organized by EFD center-Kenya  | Infrastructure and Economic Services |
| 79. | Meeting on green growth diagnostics project , organized by KIPPRA/IDS   | Infrastructure and Economic Services |

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| 80.  | KENHA R&D strategy, organized by KIPPRA   | Infrastructure and Economic Services |
| 81.  | KIPPRA-University of California, Berkeley, organized by KIPPRA  | Infrastructure and Economic Services |
| 82.  | Collaboration between KIPPRA and Gibbs International, organized by KIPPRA   | Infrastructure and Economic Services |
| 83.  | Preparation of transport strategic plan, organized by KIPPRA  | Infrastructure and Economic Services |
| 84.  | Norway renewable energy seminar, Royal Norwegian Embassy, Nairobi, 20th June 2017.  | Infrastructure and Economic Services |
| 85.  | Korea Institute for International Economic Policy (KIEP)  | Infrastructure and Economic Services |
| 86.  | Green Climate Fund for Electric Mobility in Kenya   | Infrastructure and Economic Services |
| 87.  | Nairobi Metropolitan Transport Authority (NAMATA), Harmonization of Transport in the Metro  | Infrastructure and Economic Services |
| 88.  | Leveraging infrastructure services as key enablers of the 2030 Agenda for Sustainable Development   | Infrastructure and Economic Services |
| 90.  | NCA ACoRCE-2016 Planning Meetings   | Infrastructure and Economic Services |
| 91.  | Informational interview on infrastructure finance, organized by KIPPRA and South Africa Institute of International Affairs  | Infrastructure and Economic Services |
| 92.  | Interview on extent to which climate policies are integrated into water and energy sectors at city level in Kenya, organized by KIPPRA, DIE and ACTs                | Infrastructure and Economic Services |
| 93.  | Sustainable urban economic development roundtable with McKinsey Institute   | Infrastructure and Economic Services |
| 94.  | Roundtable with Oxford Business Group on Infrastructure Indicators in Kenya   | Infrastructure and Economic Services |
| 95.  | Roundtable with Overseas Development Institute  | Infrastructure and Economic Services |
| 96.  | Roundtable on status of devolution in Kenya: Report Ministry of Devolution and Planning   | Infrastructure and Economic Services |
| 97.  | Discussion on manufacturing sector performance and constraints, organized by KIPPRA   | Private Sector Development           |
| 98.  | KIPPRA meeting with China Communication Construction Company, organized by KIPPRA   | Private Sector Development           |
| 99.  | Innovation week organized by University of Nairobi  | Private Sector Development           |
| 100. | SME dissemination workshop of a study titled "Interventions that work at the bottom of the Pyramid" organized by Strathmore University and University of Notre Dame | Private Sector Development           |
| 101. | Industrial Development in Africa: Kaizen and Beyond organized by JICA   | Private Sector Development           |



|      |  |                            |
|------|--|----------------------------|
| 102. | Supporting manufacturing in Kenya: Scoping new activities organized by ODI   | Private Sector Development |
| 103. | Newton Utafiti Fund organized by British Council   | Private Sector Development |
| 104. | Indo-Africa ICT Expo 2016 organized by ICT Authority NASSCOM and TEPC  | Private Sector Development |
| 105. | Stakeholders' workshop organized by Kenya National Innovation Agency (KENIA)   | Private Sector Development |
| 106. | Launch of the Sustainable Development Goals (SDGs) in Kenya  | Private Sector Development |
| 107. | Regional Anti-Illicit Trade Conference: Enhancing the Regional and National Regulatory frameworks to protect EAC Investments and Consumers organized by East African Business Council (EABC) | Private Sector Development |
| 108. | Roundtable presentation of the findings of the study Status of Devolution in Kenya, organized by the State Department for Devolution   | Private Sector Development |
| 109. | Consultative meeting with Advocates Coalition for Development and Environment (ACODE)  | Private Sector Development |
| 110. | KIPPRA-MSEA workshop to review fieldwork instruments   | Private Sector Development |
| 111. | Overseas Development Institute workshop on age of Cchoice for development Ffinance organized by ODI  | Private Sector Development |
| 112. | Consultative Meeting with Adam Smith International on FDI Investment in Africa organized by KIPPRA   | Private Sector Development |
| 113. | 2nd FSD Kenya annual lecture on financial inclusion organized by FSD Kenya   | Private Sector Development |
| 114. | Roundtable presentation of the research instruments and methodology for MSE Coordination Strategy to the MSEA Board  | Private Sector Development |
| 115. | Innovation pathways to inclusive structural change workshop organized by the African Centre for Technology Studies (ACTS)  | Private Sector Development |
| 116. | Roundtable with UNECA on partnership in implementation of Kenya's trade policy   | Private Sector Development |
| 117. | Conference on FDI, SMEs, firm growth and trade in Kenya  | Private Sector Development |
| 118. | Towards private sector-led development – Lessons learnt from experiences   | Private Sector Development |
| 119. | Roundtable on Kenya's business environment and effects on small enterprises with Kenya National Chamber of Commerce (KNCC)   | Private Sector Development |
| 120. | Roundtable on analysis on the funding gap at national and county level to inform on capital markets products and services with Capital Markets Authority (CMA)                               | Private Sector Development |

|      |   |                            |
|------|---|----------------------------|
| 121. | Promoting youth and female entrepreneurship: Evidence-based policy options  | Private Sector Development |
| 122. | Roundtable with Capital Markets Authority (CMA) to identify areas for research and data sharing collaboration   | Private Sector Development |
| 123. | Gender and financial inclusion: From Evidence to Action workshop  | Private Sector Development |
| 124. | Roundtable on issues affecting business community   | Private Sector Development |
| 125. | National validation workshop on the Kenya Investment Policy   | Private Sector Development |
| 126. | Capital markets regulatory sandbox validation workshop  | Private Sector Development |
| 127. | Fourth annual devolution conference   | Governance                 |
| 128. | Launch of a citizen perception survey on issues of public importance in Kenya, organized by Africa Centre for Open Governance (AfriCOG), Kenyans for Peace With Truth and Justice | Governance                 |
| 129. | Methodological workshop on Organized criminal gangs and National cohesion in Kenya, organized by National Cohesion and Integration Commission (NCIC)                              | Governance                 |
| 130. | Research validation workshop – Effectiveness of community-led security mechanisms in East Africa, organized by The Centre for Human Rights and Policy Studies (CHRIPS)            | Governance                 |
| 131. | Issues affecting business community organized by Kenya National Chamber of Commerce & Industry (KNCCI)  | Governance                 |
| 132. | Launch of IEA policy debate for five socio-economic issues in Kenya: Elections 2017, organized by Institute of Economic Affairs (IEA)   | Governance                 |

## CONTRACTED RESEARCH WORK

|    | Description   | Division                          |
|----|---|-----------------------------------|
| 1. | PPRA – 30% Procurement Spend  | Macroeconomics                    |
| 2. | Impact of Monetary and Fiscal Policies on Pension Schemes Investments – Retirement Benefits Authority (RBA) Project   | Macroeconomics and Private Sector |
| 3. | ACBF- Capacity Needs Assessment and Project Development for the Public Service Transformation Programme for Transforming Agribusiness, Trade and Leadership in the Tea Sub-sector | Productive Sector                 |
| 4. | UNECA-ACPC Assessing the Impact of Climate Change and Agricultural Policy on Smallholder Farmers' Welfare in East Africa  | Productive Sector                 |
| 5. | MAFAP- Agricultural Public Expenditure Review- Tracking of Agriculture Public Expenditure in Kenya  | Productive Sector                 |
| 6. | Evaluation of FAO programme 2013-2016   | Productive Sector                 |
| 7. | UNECA Project on Climate Change, Food Security and Trade  | Trade and Foreign Policy          |

|     |   |                                      |
|-----|---|--------------------------------------|
| 8.  | Transforming Agribusiness, Trade and Leadership: A Capacity Needs Assessment of the Tea Value Chain in Kenya<br>Monitoring and Analyzing Food and Agricultural Policies (MAFAP) project for Kenya | Trade and Foreign Policy             |
| 9.  | Public Expenditure and Financial Accounting (PEFA)  | Trade and Foreign Policy             |
| 10. | Review of Population Policy   | Social Sector                        |
| 11. | Status of National Values and Principles of Governance  | Social Sector; Governance            |
| 12. | Equality and Inclusion in Kenya Status Survey   | Social Sector; Governance            |
| 13. | 2015/16 Evaluation of Compliance to Values and Principles of Public Service   | Social Sector; Governance            |
| 14. | Development of Kenya Railways Strategic Plan  | Infrastructure and Economic Services |
| 15. | Green Growth Diagnostic for Africa - Examining Renewable Energy Investment in Kenya   | Infrastructure and Economic Services |
| 17. | National Coordination Strategy for MSEs in Kenya – Micro and Small Enterprise Authority Project   | Private Sector Development           |
| 18. | Assessment of Status of Devolution in Kenya   | Governance                           |





## 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 2017

##### REPORT ON THE FINANCIAL STATEMENTS

##### Qualified Opinion

I have audited the accompanying financial statements of Kenya Institute for Public Policy Research and Analysis set out on pages 3 to 27, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, 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 2017, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standard (Accrual Basis) and comply with Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

##### Basis for Qualified Opinion

##### 1. Investment in Treasury Bills

The statement of financial position reflects nil balance in respect of investment in treasury bills as at 30 June 2017 (2016 - Kshs.386,557,000). However, cash and cash equivalents balance was Kshs.760,168,000 as at 30 June 2017 (2016 - Kshs.300,965,000). The interest income received from the cash held by the Institute reduced from Kshs.40,358,000 in 2015/2016 to Kshs.22,421,000 in 2016/2017 financial year as a result of the above action. In the circumstances, the Institute apparently lost an opportunity to increase its other income for the period under

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*Report of the Auditor-General on the Financial Statements of Kenya Institute of Policy Research Analysis for the year ended 30 June 2017*

*Promoting Accountability in the Public Sector*

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review. The management did not give satisfactory reasons for the decision to discontinue investment in the treasury bills.

## **2. Project Income**

Disclosed in Note 4 to the financial statements is project income totalling Kshs.79,963,000 for the year ended 30 June 2017. Some of the projects commenced before and were spreading beyond the financial year under review. However, the basis of how the revenue allocation was done between the prior years, current financial year and subsequent years was not provided for audit verification. In addition, an adjustment of Kshs.10,493,437 processed to increase the project's income for the year has not been fully explained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Institute for Public Policy Research and Analysis in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance to the audit of the financial statements for the current year. Except for matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no key audit matters to communicate in my report of the year under review.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standard (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

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*Report of the Auditor-General on the Financial Statements of Kenya Institute of Policy Research Analysis for the year ended 30 June 2017*



### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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

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

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

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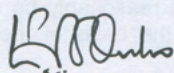
*Report of the Auditor-General on the Financial Statements of Kenya Institute of Policy Research Analysis for the year ended 30 June 2017*



- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**28 June 2018**

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*Report of the Auditor-General on the Financial Statements of Kenya Institute of Policy Research Analysis for the year ended 30 June 2017*

## 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 30 June 2017. 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 30 June 2017. 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 30 June 2017, 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 28th September, 2017 and signed on its behalf by:



**DIRECTOR**



**DIRECTOR**

## XII: STATEMENT OF FINANCIAL PERFORMANCE

|  | Notes   | 2017<br>Shs'000' | 2016<br>Shs'000' |
|--|---------|------------------|------------------|
| <b>Revenue from non-exchange transactions</b>          |         |                  |                  |
| Transfers from government – gifts and services-in-kind | 3       | 323,562          | 277,723          |
| <b>Revenue from exchange transactions</b>              |         |                  |                  |
| Rendering of services                                  | 4       | 79,963           | 105,983          |
| Finance income – external investments                  | 5       | 22,421           | 40,358           |
| Other operating income                                 | 6       | 117              | 989              |
|  |         | <b>102,501</b>   | <b>147,330</b>   |
| <b>Total revenue</b>                                   |         | <b>426,063</b>   | <b>425,053</b>   |
| <b>Expenses</b>  |         |                  |                  |
| Employment costs                                       | 7       | (196,439)        | (161,692)        |
| Depreciation and amortization expense                  | 8       | (10,835)         | (6,761)          |
| Repairs and maintenance                                | 9       | (1,365)          | (1,787)          |
| General expenses                                       | 10      | (156,026)        | (176,340)        |
| Board Expenses   | 23(iii) | (17,995)         | (10,305)         |
| <b>Total expenses</b>                                  |         | <b>(382,660)</b> | <b>(356,885)</b> |
| <b>Other gains</b>                                     |         |                  |                  |
| Gain on foreign exchange transactions                  |         | 889              | 4,230            |
| Loss on disposal of property and equipment             |         | -                | (1,385)          |
| <b>Net surplus for the year</b>                        |         | <b>44,292</b>    | <b>71,013</b>    |
| <b>Total comprehensive income for the year</b>         |         | <b>44,292</b>    | <b>71,013</b>    |

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 28th September, 2017 and signed on its behalf by:

:



**DIRECTOR**



**DIRECTOR**

## XIII: STATEMENT OF FINANCIAL POSITION

|  |       | As at 30 June         |                       |
|--|-------|-----------------------|-----------------------|
|  | Notes | 2017<br>Shs'000'      | 2016<br>Shs'000'      |
| <b>ASSETS</b>  |       |                       |                       |
| <b>Current assets</b>  |       |                       |                       |
| Cash and cash equivalents                                    | 11    | 760,168               | 300,965               |
| Receivables from exchange transactions                       | 12    | 15,314                | 14,584                |
| Investments in Treasury bills                                | 13    | -                     | 386,557               |
| Environment for Development (EFD) - Kenya Account            | 14    | 9,607                 | 9,224                 |
|  |       | <u>785,089</u>        | <u>711,330</u>        |
| <b>Non-current assets</b>                                    |       |                       |                       |
| Property and equipment                                       | 15    | 20,084                | 18,846                |
| Intangible assets  | 16    | 2,849                 | 5,330                 |
|  |       | <u>22,933</u>         | <u>24,176</u>         |
| <b>Total assets</b>  |       | <b><u>808,022</u></b> | <b><u>735,506</u></b> |
| <b>LIABILITIES</b>   |       |                       |                       |
| <b>Current liabilities</b>                                   |       |                       |                       |
| Income received in advance                                   | 27    | -                     | 14,653                |
| Trade and other payables from exchange transactions/accruals | 18    | 7,030                 | 5,094                 |
| Deferred income  | 19    | 303,559               | 280,915               |
| EFD-Kenya Account  | 14    | 9,607                 | 9,224                 |
| Other accrued liabilities                                    | 20    | 5,375                 | 3,672                 |
|  |       | <u>325,571</u>        | <u>313,558</u>        |
| <b>Non-current liabilities</b>                               |       |                       |                       |
| Retirement benefit obligations                               | 17    | 42,079                | 25,868                |
| <b>Total liabilities</b>                                     |       | <u>367,650</u>        | <u>339,426</u>        |
| <b>Net assets</b>  |       | <b><u>440,372</u></b> | <b><u>396,080</u></b> |
| Accumulated funds  |       | <u>440,372</u>        | <u>396,080</u>        |
|  |       | <b><u>440,372</u></b> | <b><u>396,080</u></b> |

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 28th September, 2017 and signed on its behalf by:



**DIRECTOR**



**DIRECTOR**

## XIV: STATEMENT OF CHANGES IN NET ASSETS

|   | Accumulated funds<br>Shs'000' | Total<br>Shs'000' |
|---|-------------------------------|-------------------|
| <b>Year ended 30 June 2016</b>          |                               |                   |
| At start of year                        | 325,067                       | 325,067           |
| Total comprehensive income for the year | <u>71,013</u>                 | <u>71,013</u>     |
| At end of year                          | <u>396,080</u>                | <u>396,080</u>    |
| <b>Year ended 30 June 2017</b>          |                               |                   |
| At start of year                        | 396,080                       | 396,080           |
| Total comprehensive income for the year | <u>44,292</u>                 | <u>44,292</u>     |
| At end of year                          | <u>440,372</u>                | <u>440,372</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 28th September, 2017 and signed on its behalf by:



**DIRECTOR**



**DIRECTOR**



## XV: STATEMENT OF CASH FLOWS

|   | Notes   | 2017<br>Shs'000'      | 2016<br>Shs'000'      |
|---|---------|-----------------------|-----------------------|
| <b>Operating activities</b>                             |         |                       |                       |
| <b>Receipts</b>   |         |                       |                       |
| Government grants                                       |         | 270,781               | 281,836               |
| Development partners grants                             |         | 75,425                | 29,243                |
| Rendering of services                                   |         | 54,815                | 118,630               |
| Other income  | 6       | <u>117</u>            | <u>989</u>            |
|   |         | 401,138               | 430,698               |
| <b>Payments</b>   |         |                       |                       |
| Compensation of employees                               |         | 175,894               | 161,428               |
| Goods and services                                      |         | 139,229               | 159,063               |
| Board Expenses  | 23(iii) | 17,995                | 10,305                |
| Rent paid   |         | <u>18,203</u>         | <u>19,262</u>         |
|   |         | 351,321               | 350,058               |
| Net cash from operating activities                      |         | <u>49,817</u>         | <u>80,640</u>         |
| <b>Investing activities</b>                             |         |                       |                       |
| Cash paid for purchase of property and equipment        | 15      | (8,188)               | (12,957)              |
| Cash paid for purchase of property and equipment        | 16      | (1,404)               | (5,923)               |
| Net movement in financial assets maturing after 91 days |         | 162,641               | (57,751)              |
| Cash from sale of property and equipment                |         | -                     | 264                   |
| Income earned from Treasury bills investment            | 5       | 21,834                | 38,778                |
| Interest received                                       | 5       | <u>587</u>            | <u>1,580</u>          |
| Net cash (used in) investing activities                 |         | 175,470               | (36,009)              |
| Increase in cash and cash equivalents                   |         | <u>225,287</u>        | <u>44,630</u>         |
| <b>Movement in cash and cash equivalents</b>            |         |                       |                       |
| At start of year  |         | 533,992               | 459,263               |
| Increase  |         | 225,287               | 44,630                |
| Effect of exchange rate changes                         |         | <u>889</u>            | <u>4,230</u>          |
| At end of year  | 11      | <u><u>760,168</u></u> | <u><u>533,992</u></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 28th September 2017 and signed on its behalf by:



**DIRECTOR**



**DIRECTOR**

## XVI: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

|   | 2016-2017      | 2016-2017        | 2016-2017      | 2016-20167     | 2016-2017       |
|---|----------------|------------------|----------------|----------------|-----------------|
| <b>Revenue</b>                              |                |                  |                |                |                 |
| Think Tank Initiative (TTI)                 | 30,000         | -                | 30,000         | 33,103         | (3,103)         |
| African Capacity Building Foundation (ACBF) | 50,000         | 20,000           | 70,000         | 42,322         | 27,678          |
| GoK Grant and Subsidies                     | 400,000        | (129,219)        | 270,781        | 270,781        | -               |
| Rendering Service                           | 70,000         | -                | 70,000         | 79,963         | (9,963)         |
| Spending from Retained Earnings             | 25,000         | -                | 25,000         | -              | 25,000          |
| Finance Income                              | 20,000         | -                | 20,000         | 22,421         | (2,421)         |
| <b>Total Income</b>                         | <b>595,000</b> | <b>(109,219)</b> | <b>485,781</b> | <b>448,590</b> | <b>37,190</b>   |
| <b>Expenses</b>                             |                |                  |                |                |                 |
| <b>Operating Costs</b>                      |                |                  |                |                |                 |
| Compensation of Employees                   | 280,000        | (77,574)         | 202,426        | 196,439        | 5,987           |
| Goods and Services                          | 240,264        | (9,745)          | 230,519        | 139,229        | 85,290          |
| Finance Costs                               | 500            | 100              | 600            | 510            | 90              |
| Rent Paid                                   | 22,000         | (2,000)          | 20,000         | 18,162         | 1,838           |
| Other Payments (Capital & Development)      | 52,236         | (20,000)         | 32,236         | 8,677          | 22,644          |
| <b>Total Expenditure</b>                    | <b>545,000</b> | <b>(109,219)</b> | <b>485,781</b> | <b>381,927</b> | <b>103,854</b>  |
| <b>Surplus for the period</b>               | <b>-</b>       | <b>-</b>         | <b>-</b>       | <b>66,663</b>  | <b>(66,663)</b> |

## XVII: NOTES ON THE FINANCIAL STATEMENTS

### A. GENERAL INFORMATION

Kenya Institute for Public Policy Research and Analysis (KIPPRA) is established by and derives its authority and accountability from KIPPRA Act 2006. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide quality public policy advice to the Government of Kenya by conducting objective research and analysis and through capacity building in order to contribute to the achievement of national development goals.

### B. ADOPTION OF NEW AND REVISED STANDARDS

- a) First time adoption of Accrual Basis IPSAS - IPSAS 33

IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs

The institute adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity

- b) Separate Financial Statements - IPSAS 34

It prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements

The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.

- c) Consolidated Financial Statements - IPSAS 35

Establish principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. The institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.

- d) Investments in Associates and Joint Ventures - IPSAS 36

The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the

equity method when accounting for investments in associates and joint ventures. The entity does not have investments in associates or joint ventures.

- e) Joint Arrangements - IPSAS 37

Establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. The institute does not have an interest in a joint arrangement and therefore the standard does not apply.

- f) Disclosure of Interests in Other Entities - IPSAS 38

Require an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. The institute does not have interests in other entities and therefore the standard does not apply

### 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 International Public Sector Accounting 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.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

### 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 judgments 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).

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.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

### 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 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

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

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 an 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 (KIPPRA Act 2006), 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.

### 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 31% 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 2017.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

| Transfers from other governments—gifts and services-in-kind | 2017                  | 2016                  |
|---|-----------------------|-----------------------|
|   | Shs'000'              | Shs'000'              |
| <b>Grant income</b>   |                       |                       |
| Support from the Government of Kenya (GoK)                  | 248,137               | 248,480               |
| Support from development partners                           | <u>75,425</u>         | <u>29,243</u>         |
| <b>Total grant income</b>                                   | <b><u>323,562</u></b> | <b><u>277,723</u></b> |

Support from the Government of Kenya is net of development Grant income deferred for development project, Ksh 22,644,319.

#### 4. Rendering of services

|  |                      |                       |
|--|----------------------|-----------------------|
| Project Income   | <u>79,963</u>        | <u>105,983</u>        |
| <b>Total project income</b>  | <b><u>79,963</u></b> | <b><u>105,983</u></b> |
| <b>Made up of:</b>   |                      |                       |
| Youth Save (Washington University)   |                      | 169                   |
| Consultancy on Capacity Building (PPOA)                                    |                      |                       |
| Baseline Revenue Analysis (OCOB)   |                      | 5,647                 |
| Impact Assessment (Columbia University)                                    |                      |                       |
| AACES NGO Community Partnerships (ACBF)                                    |                      | 901                   |
| MAFAP (FAO)  | 2,197                |                       |
| Assessment of Equality & Inclusion (NGEC)                                  |                      | 13,245                |
| IDS (Institute of Dev Studies) - ESCOBX                                    | 937                  | 3,632                 |
| Preliminary Green Economy Indicators (UNEP)                                | 3,820                | 5,624                 |
| University of Queensland   | -                    | 942                   |
| Gothenburg University (FORMAS)   | -                    | 3,607                 |
| Domestic Climate Financing Policy Dialogue (FANRPAN)                       | 112                  | 112                   |
| Green Growth Diagnostics for Africa (IDS)                                  | 4,006                | 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)                                | 12,372               | 5,302                 |
| Micro and Small Enterprises in Kenya (MSEA)                                | 4,111                | 619                   |
| Impact of Monetary & Fiscal Policies on Pension Schemes (RBA)              | 2,033                | 359                   |
| AFCOP Workshop (ACBF)  | 6,528                |                       |
| Values and Principles of Public Service (PSC)                              | 25,594               |                       |
| Assessment of Health Care Delivery in Kenya (REPOA)                        | 2,142                |                       |
| Development of Kenya Railways Strategic Plan                               | 5,824                |                       |
| Joint Kenya Country Programme Evaluation (FAO)                             | 3,289                |                       |
| Tobacco Workshop (ACBF)  | 4,216                |                       |
| Public Procurement Regulatory Authority                                    | 2,782                |                       |
|  | <b>79,963</b>        | <b>105,983</b>        |

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

|  |                          |                          |
|--|--------------------------|--------------------------|
| <b>5. Finance income– external investments</b>     | <b>2017<br/>Shs'000'</b> | <b>2016<br/>Shs'000'</b> |
| Investment income (Treasury Bills Interest)        | 21,834                   | 38,778                   |
| Interest received on bank deposits                 | 587                      | 1,580                    |
| <b>Total finance income - external investments</b> | <b>22,421</b>            | <b>40,358</b>            |
| <b>6. Other operating income</b>                   |                          |                          |
| Sale of KIPPRA publications                        | 51                       | 82                       |
| Sale of tender documents                           | 0                        | 0                        |
| Other income                                       | 66                       | 907                      |
| <b>Total other operating income</b>                | <b>117</b>               | <b>989</b>               |
| <b>7. Employment costs</b>                         |                          |                          |
| Employee related costs– salaries and wages         | 179,379                  | 145,783                  |
| Recruitment cost                                   | 1,197                    | 2,206                    |
| Medical cost                                       | 12,539                   | 11,843                   |
| Group Life Insurance                               | 673                      | 848                      |
| Other staff costs                                  | 2,651                    | 1,012                    |
|  | <b>196,439</b>           | <b>161,692</b>           |
| <b>8. Depreciation and amortization expense</b>    |                          |                          |
| Property and equipment                             | 6,950                    | 6,168                    |
| Intangible assets                                  | 3,885                    | 593                      |
| <b>Total depreciation and amortisation expense</b> | <b>10,835</b>            | <b>6,761</b>             |
| <b>9. Repairs and maintenance</b>                  |                          |                          |
| Property and equipment                             | 1,221                    | 1,605                    |
| Other repairs and maintenance                      | 144                      | 182                      |
| <b>Total repairs and maintenance</b>               | <b>1,365</b>             | <b>1,787</b>             |

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

|  |  | 2017<br>Shs '000 | 2016<br>Shs '000 |
|--|--|------------------|------------------|
| <b>10. General expenses</b>  |  |                  |                  |
| Provision for doubtful receivables   |  | 0                | 0                |
| Motor vehicle expenses   |  | 2,452            | 2,309            |
| Postage & courier  |  | 280              | 172              |
| Telephone  |  | 586              | 1,301            |
| Internet   |  | 3,655            | 3,040            |
| Stationery   |  | 3,266            | 1,630            |
| Library  |  | 1,387            | 711              |
| Publications   |  | 10,342           | 10,896           |
| Legal fees   |  | -                | 925              |
| Audit fees   |  | 1,799            | 2,539            |
| Travel   |  | 26,634           | 13,857           |
| Research costs   |  | 47,863           | 78,450           |
| Other expenses   |  | 3,437            | 5,284            |
| Training and Workshops   |  | 34,734           | 34,877           |
| Bank Charges   |  | 510              | 492              |
| Rent   |  | 18,162           | 18,782           |
| Insurance  |  | 919              | 1,075            |
| <b>Total general expenses</b>  |  | <b>156,026</b>   | <b>186,645</b>   |
| <b>11. Cash and cash equivalents</b>   |  |                  |                  |
| Bank   |  | 760,119          | 275,089          |
| Cash in hand   |  | 49               | 8                |
|  |  | <b>760,168</b>   | <b>275,097</b>   |
| For the purpose of the statement cash flow, the year end cash and cash equivalents comprise the following: |  |                  |                  |
| Cash and bank balances   |  | 760,168          | 275,097          |
| Financial assets maturing within 91 days (Note 13)   |  | -                | 233,027          |
|  |  | <b>760,168</b>   | <b>508,124</b>   |

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

| Account Name          | Account No. | Currency   | Amount  | Exchange Rate | 2017 (Shs '000') |
|-----------------------|-------------|------------|---------|---------------|------------------|
| KIPPRA-ACBF           | 6433060031  | Ksh        |         |               | 122              |
| KIPPRA-Projects       | 6433060047  | USD        | 279,148 | 98.55         | 27,510           |
| KIPPRA-Projects       | 6433060052  | Ksh        |         |               | 127,533          |
| KIPPRA-TTI            | 6433060073  | Ksh        |         |               | 25,941           |
| KIPPRA-GoK            | 6433060094  | Ksh        |         |               | 36,146           |
| KIPPRA-Sustainability | 6433060115  | Ksh        |         |               | 500,788          |
| KIPPRA-Gratuity       | 6433060107  | Ksh        |         |               | 42,079           |
| Petty Cash            |             | Ksh        |         |               | 49               |
| <b>Total</b>          |             | <b>Ksh</b> |         |               | <b>760,168</b>   |

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

| <b>12. Receivables from exchange transactions</b>                | <b>2017</b>      | <b>2016</b>      |
|--|------------------|------------------|
|  | <b>Shs '000'</b> | <b>Shs '000'</b> |
| Accrued project income   | 31,835           | 31,835           |
| Provisions for impairment  | (31,835)         | (31,835)         |
| Accrued project income   | 10,493           | 1,909            |
| KeNHA performance guarantee                                      | -                | 4,782            |
| Rent deposit   | 3,017            | 3,017            |
| ACBF ACEES receivables   | 500              | 1,609            |
| Prepaid insurance  | -                | 2,200            |
| Prepaid rent   | 520              | 480              |
| Car park deposits  | 332              | 332              |
| Security bid – Ministry of Culture and National Heritage         | 182              | 182              |
| Due from UAP   | -                | -                |
| Salary advance   | 270              | 73               |
|  | <b>15,314</b>    | <b>14,584</b>    |
| <b>13. Investments in Treasury bills</b>                         |                  |                  |
| <b>Held to maturity</b>  |                  |                  |
| Opening balance  | 386,557          | 328,715          |
| Additional investments made during the year, net of liquidations | 271,609          | 57,842           |
| Closing balance  | 658,166          | 386,557          |
| Held-to-maturity investments can be analysed as follows:         |                  |                  |
| Maturing within 91 days (Note 11)                                | -                | 233,027          |
| Maturing after 91 days   | -                | 153,530          |
|  | -                | <b>386,557</b>   |

## 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 2017 was Shs. 9.4 million (2016: Shs. 9.6 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 2017

|                          | Land          | Motor vehicles | Furniture and fittings | Office equipment | Computer equipment | Total         |
|--------------------------|---------------|----------------|------------------------|------------------|--------------------|---------------|
|                          | Shs'000'      | Shs'000'       | Shs'000'               | Shs'000'         | Shs'000'           | Shs'000'      |
| <b>Cost</b>              |               |                |                        |                  |                    |               |
| At start of year         | 64,000        | 24,661         | 11,565                 | 14,761           | 10,631             | 61,618        |
| Additions                |               |                | 1,338                  | 4,807            | 2,043              | 8,188         |
| Disposal                 |               |                |                        |                  |                    |               |
| At end of year           | <u>64,000</u> | <u>24,661</u>  | <u>12,903</u>          | <u>19,568</u>    | <u>12,674</u>      | <u>69,806</u> |
| <b>Depreciation</b>      |               |                |                        |                  |                    |               |
| At start of year         |               | 21,309         | 7,642                  | 5,198            | 8,623              | 42,772        |
| Charge for the year      | -             | 3,352          | 512                    | 2,011            | 1,075              | 6,950         |
| Depreciation on Disposal |               |                |                        |                  |                    |               |
| At end of year           | <u>-</u>      | <u>24,661</u>  | <u>8,154</u>           | <u>7,209</u>     | <u>9,698</u>       | <u>49,722</u> |
| <b>Net book value</b>    | <u>64,000</u> | <u>-</u>       | <u>4,749</u>           | <u>12,359</u>    | <u>2,976</u>       | <u>20,084</u> |

**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 proposed an alternative.

### Year ended 30 June 2016

|                       |               |               |               |               |               |               |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Cost</b>           |               |               |               |               |               |               |
| At start of year      | 64,000        | 24,661        | 10,095        | 10,633        | 8,797         | 54,186        |
| Additions             |               |               | 1,470         | 9,653         | 1,834         | 12,957        |
|                       |               |               |               | (5,525)       |               | (5,525)       |
| At end of year        | <u>64,000</u> | <u>24,661</u> | <u>11,565</u> | <u>14,761</u> | <u>10,631</u> | <u>61,618</u> |
| <b>Depreciation</b>   |               |               |               |               |               |               |
| 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         |
|                       |               |               |               | (3,876)       |               | (3,876)       |
| At end of year        | <u>-</u>      | <u>21,309</u> | <u>7,642</u>  | <u>5,198</u>  | <u>8,623</u>  | <u>42,772</u> |
| <b>Net book value</b> | <u>64,000</u> | <u>3,352</u>  | <u>3,923</u>  | <u>9,563</u>  | <u>2,008</u>  | <u>18,846</u> |



## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

|   | 2017<br>Shs '000 | 2016<br>Shs '000 |
|---|------------------|------------------|
| <b>16. Intangible assets - Software costs</b> |                  |                  |
| <b>Cost</b>                                   |                  |                  |
| At the start of the year                      | 5,923            | 0                |
| Additions                                     | 1,404            | 5,923            |
| At the end of the year                        | 7,327            | 5,923            |
| <b>Amortization</b>                           |                  |                  |
| At start of year                              | 593              | 0                |
| Charge for the year                           | 3,885            | 1593             |
| At end of year                                | 4,478            | 593              |
| <b>Net book value</b>                         | <b>2,849</b>     | <b>5,330</b>     |

### 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 31% 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 retained in the account 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. 42,078,673

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.

|  | 2017<br>Shs'000' | 2016<br>Shs'000' |
|--|------------------|------------------|
| Present value of internally funded obligations | 42,079           | 25,868           |

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

|                                 | 2017<br>Shs'000' | 2016<br>Shs'000' |
|---------------------------------|------------------|------------------|
| At start of year                | 25,868           | 23,350           |
| Utilised during the year        | (14,480)         | (10,344)         |
| Charge to profit or loss        | 30,655           | 12,678           |
| Interest earned during the year | 36               | 184              |
| At end of year                  | 42,079           | 25,868           |

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:

| 2017<br>Shs'000' | 2016<br>Shs'000' |
|------------------|------------------|
| 42,079           | 25,868           |

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

|  | 2017<br>Shs'000' | 2016<br>Shs'000' |
|--|------------------|------------------|
| <b>18. Other payables</b>  |                  |                  |
| Projects payable   | -                | 147              |
| GoK payable  | 7,030            | 3,739            |
| ACBF payable   | -                | 828              |
| TTI payable  | -                | 380              |
|  | <b>7,030</b>     | <b>5,094</b>     |
| <b>19. Deferred income</b>   |                  |                  |
| Support from the Government of Kenya (GoK)   | 303,559          | 280,915          |
| Represent the balance of Development Grant received for KIPPRA Headquarters' project, accumulated over the years.  |                  |                  |
| <b>20. Other accrued liabilities (provision for outstanding leave days)</b>  |                  |                  |
|  | 2017<br>Shs'000' | 2016<br>Shs'000' |
| At start of year   | 3,672            | 4,735            |
| Payment to staff during the year   | (67)             | (90)             |
| Charge/(credit) to profit or loss  | 1,771            | (973)            |
| At end of year   | <b>5,375</b>     | <b>3,672</b>     |
| <b>21. Commitments</b>   |                  |                  |
| <b>Operating lease commitments - as a lessee</b>   |                  |                  |
| Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term |                  |                  |
| The future minimum lease payments payable under non-cancellable operating leases are as follows:   |                  |                  |
|  | 2017<br>Shs'000' | 2016<br>Shs'000' |
| Not later than 1 year  | 5,062            | 5,062            |
| Later than 1 year and not later than 5 years   | 14,889           | 14,889           |
|  | <b>19,951</b>    | <b>19,951</b>    |

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

### 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.

## NOTES ON THE FINANCIAL STATEMENTS (CONTINUED)

| 23. Related party transactions and balances                       | 2017<br>Shs'000' | 2016<br>Shs'000' |
|---|------------------|------------------|
| The following transactions were carried out with related parties. |                  |                  |
| (i) Support from Government of Kenya                              | 247,223          | 248,825          |
| (ii) Land - Donated by Government of Kenya                        | 64,000           | 64,000           |
| (iii) Board of Directors  | 17,995           | 10,305           |
| (iv) Senior Management  | 51,032           | 46,867           |
|   | <b>69,027</b>    | <b>51,395</b>    |

### 24. Events after the reporting period

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

### 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 of 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.

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 Planning, National Development and Vision 2030.

### 27. Presentation currency

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







### **For More Information Contact:**

Kenya Institute for Public Policy Research and Analysis  
Bishops Road, Bishops Garden Towers  
P.O. Box 56445-00200, Nairobi  
Tel: 2719933/4  
Cell: 0736712724, 0724256078  
Email: [admin@kippra.or.ke](mailto:admin@kippra.or.ke)  
Website: <http://www.kippra.org>  
Twitter: [@kipprakenya](https://twitter.com/kipprakenya)