

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

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TABLED BY: HON OWEN BATA, MP DEPUTY MAJORITY LEADER

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HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT LOAN NO.6768-KE

FOR THE YEAR ENDED
30 JUNE, 2023

STATE DEPARTMENT
FOR TRANSPORT





HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

STATE DEPARTMENT FOR TRANSPORT

PROJECT GRANT/CREDIT NUMBER: 6768-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

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*Horn of Africa Gateway Development Project
Annual Report and Financial Statements
for the financial year ended June 30, 2023*

Table Contents

Page

1. Acronyms and Glossary of Terms	ii
2. Project Information and Overall Performance	iii
3. Statement of Performance against Project's Predetermined Objectives	x
4. Environmental and Sustainability reporting	xii
5. Statement of Project Management responsibilities.....	xiv
6. Report of the Independent Auditor on Financial Statements for Horn of Africa Gateway Development Project.	xvi
7. Statement of Receipts and Payments for the year ended 30th June 2023.	1
8. Statement of Financial Assets as at 30 th June 2023.....	2
9. Statement of Cash flow for the year ended 30 th June 2023	3
10. Statement of Comparison of Budget and Actual amounts for year ended 30 th June 2023	4
11. Significant Accounting Policies.....	5
12. Notes to the Financial Statements.....	12
13. Prior Year Auditor-General's Recommendations	19
14. Annexes	20

1. Acronyms and Glossary of Terms

CBK	Central Bank of Kenya
HoAGDP	Horn of Africa Gateway Development Project
ICPAK	Institute of Certified Public Accountants of Kenya
SDoT	State Department of Transport
IDA	International Development Association
NEMA	National Environment Management Authority
IPSAS	International Public Sector Accounting Standards
SESA	Strategic Environmental and Social Assessment
INTP	Integrated National Transport Policy
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements
for the financial year ended June 30, 2023*

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Horn of Africa Gateway Development Project (HoAGDP).

Objective

The key objective of the project is:

- a) To improve movement of people and goods and digital connectivity and access to social services to Communities at designated locations along the targeted sections of the Isiolo -Mandera regional Road Corridor and,
- b) To improve the capacity of selected transport-related Institutions in Kenya.

Address

The project headquarters offices are Nairobi City, Nairobi County, Kenya.

The address of its registered office is:

HoAGD Project
State Department for Transport
Transcom House
P.O. Box 52692-00200
NAIROBI

Contacts: The following are the project contacts

Telephone: (254) 2729200

E-mail: ps@transport.go.ke

Website: www.transport.go.ke

2.2 Project Information

Project Start Date:	7 th October, 2020
Project End Date:	30 th June, 2028
Project Manager:	Mr Wilson Njuki
Project Sponsor:	International Development Association (WORLD BANK)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department for Transport
Project number	Credit No. 6768-KE
Strategic goals of the project	To strengthen Institutional and build capacity in the State Department for Transport (SDoT) and Associated Institutions to effectively coordinate the development of the transport sector
Summary of Project Strategies for achievement of strategic goals	<p>(a) Finalizing the development of a 50-Year Integrated Multi-modal Transport Master plan.</p> <p>(b) Provision of technical assistance and to build capacity at SDoT to effectively oversee and monitor the performance of all modes of transport in the country.</p> <p>(c) Review of the Traffic Act;</p> <p>(d) Undertake appropriate studies on the appropriate locations for establishing a dry port along the Isiolo-Mandera Regional Road Corridor;</p> <p>(e) Support to Kenya Railways Corporation in setting up fully-fledged dedicated Commuter Rail Unit as well as Standard Gauge Railway (SGR) Unit to undertake business development</p>

***Horn of Africa Gateway Development Project
Annual Report and Financial Statements
for the financial year ended June 30, 2023***

	<p>and monitor operations and maintenance of the Commuter Rail Services and SGR system respectively; and</p> <p>(f) Enhance the capacity of the marine training school at Kisumu.</p> <p>(g) Development of a National Electric Mobility Policy</p> <p>(h) Support the undertaking of Strategic Environmental Social Impact Assessment (SESA) on the reviewed Integrated National Transport Policy (INTP)</p> <p>(i) Acquisition of three project vehicles</p>
Areas that the project was formed to intervene	In addition to the main project components of roads construction and laying of Viber cabling to support ICT, institutional strengthening and capacity building for the State Department for Transport (SDoT) and Associated Institutions was considered.
Project duration	The project started on 7th October 2020 and is expected to run until 30 th June 2028

2.4 Bankers

The following are the bankers for the project:

Central Bank of Kenya
P.O Box 75104-00200
Nairobi, Kenya

2.5 Independent Auditor

The project is audited by the:
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

2.6 Roles and Responsibilities

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Wilson Njuki	Chief Economist	Qualified	Project Coordinator
Pauline Tanu	Finance Officer	Qualified	Project Finance Officer
Priscah Ochanda	Accountant	Qualified	Project Accountant
Robert Nakhungu	Procurement Officer	Qualified	Project Procurement officer

2.7 Funding summary

The Project is for duration of eight years from 2020 to 2028 with an approved budget of Euro 10,700,000 equivalent to Kshs 1.3 billion as highlighted in the table below:

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2023)		Undrawn balance to date	
	Donor currency Euro (A)	Kshs (A ²)	Donor currency Euro (B)	Kshs (B ²)	Donor currency Euro (A)-(B)	Kshs (A ²)-(B ²)
Loan						
IDA WORLD BANK	10,700,000	1,342,850,000	444,444	58,355,555	10,255,556	1,284,494,445
Total	10,700,000	1,342,850,000	444,444	58,355,555	10,255,556	1,284,494,445

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements
for the financial year ended June 30, 2023*

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date (30 th June 2023)	
	<i>Donor currency Euro</i> (A)	<i>Kshs</i> (A')	<i>Donor currency Euro</i> (B)	<i>Kshs</i> (B')	<i>Donor currency Euro</i> (A)-(B)	<i>Kshs</i> (A')-(B')
IDA	444,444	58,355,555	269,503	35,644,382.35	174,941	22,969,762
Total	444,444	58,355,555	269,503	35,385,792	174,941	22,969,762

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *Budget performance against actual amounts for current year and for cumulative to-date,*

In the year 2022/2023, the actual budget performance was Kshs. 32,986,312, against a budget of KShs 300,000,000 thus absorption rate of 11%. Cumulative expenditure to date is Kshs 35,644,382 against cumulative budget of Kshs 546,300,000, thus 6.5% absorption.

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

There has been little progress

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

The project absorption rate for the year 2021/2022 was 10%.

- iv) *List the implementation challenges and recommended next steps*

a) *Frequent changes of the project implementation team and when the new team is put in place they are not trained on the World Bank procedures to effectively execute the PIT mandates;*

b) *Delayed execution in the procurements due to inadequate capacity in the procurements sections*

2.9 Summary of Project Compliance:

The Project Implementation is in full compliance with the PFM guidelines and procedures. All necessary approvals were obtained from the donor before any commitment was done. The Project has adhered to Bank regulations and other statutory Acts

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

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

- a) The movement of people and goods and digital connectivity and access to social services to Communities at designated locations along the targeted sections of the Isiolo- Manderu Regional Road Corridor; and
- b) The capacity of selected transport related institutions in Kenya.

Progress on attainment of strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: There was little progress in the financial year 2022/2023

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
<i>Horn of Africa Gateway Development Project</i>	<i>To improve the movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo Mander Regional Road Corridor</i>	<i>Improved efficiency of road transport along the Isiolo-Mandera Regional Road Corridor</i>	<i>Reduction in average travel time and travel cost</i>	<i>Activities are at preparatory stages</i>
	<i>To improve the capacity of selected transport related institutions.</i>	<i>Improved institutional capacity and arrangements in the transport subsector</i>	<i>RTI strengthened CRU created and operationalized SGR Unit created and operationalized SESA on Reviewed INTP E-mobility Policy Developed 50 Year Transport Master Plan Developed Vehicles Acquired</i>	<i>Tender to equip school awarded EOI evaluated, to be Awarded Q1 Tender was unresponsive to be re-advertised One vehicle delivered, tender for two awarded</i>

4. Environmental and Sustainability reporting

Overall environmental Safeguards Performance of the HOAGDP is moderately satisfactory while the Environment Risk-Rating is considered substantial because of the implementation of reviewed Integrated National Transport Policy and the 50-Year Transport Master Plan.

i. Sustainability strategy and profile

Project is likely to result in both positive and negative impacts on different categories of the population

ii. Environmental performance

The project aims at environmental conservation by undertaking SESA and implementation of carbon emission reduction strategies such as improving rail transport services to reduce number of vehicles.

iii. Employee welfare

Capacity building of staff to carry out its responsibilities, including on Monitoring and evaluation of the project; Building the capacity of the newly established SGR/Commuter Rail Unit; Training of staff both individual and group training; Skills upgrade through workshops and seminars.

iv. Market place practices-

a) Responsible Supply chain and supplier relations-

The organisation maintains good business practices by adhering to the set act and regulations, i.e. The Public Procurement and Asset Disposal Act 2015 And Regulations 2020.

b) Responsible ethical practices

Adherence to socially accepted work place ethics and the rule of the law

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements
for the financial year ended June 30, 2023*

c) Regulatory impact assessment

Adherence to regulatory statutes such as NEMA regulations, safety and security

v. Community Engagements

*Stakeholders' participation in the implementation of the project activities and
Collaboration with local communities to plant trees*

5. Statement of Project Management responsibilities

The *Principal Secretary* for the Department for Transport and the *Project Coordinator* for Horn of Africa Gateway Development Project (HOAGD project) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the State Department for Transport and the *Project Coordinator* for *HOAGD project* accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

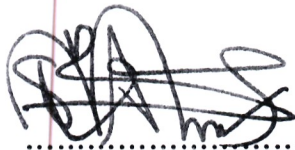
The *Principal Secretary* for the Principal Secretary for the State Department for Transport and the *Project Coordinator* for *HOAGD project* are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The *Principal Secretary* for the State Department for Transport and the *Project Coordinator* for *HOAGD project* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements
for the financial year ended June 30, 2023*

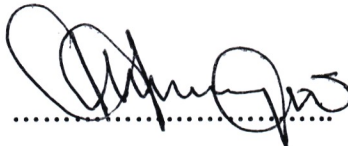
The Principal Secretary for the State Department for Transport and the *Project Coordinator* for *HOAGDP project* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the State Department for Transport and the *Project Coordinator* for *HOAGD project* on 24 October 2023 and signed by:



Name Mr. Mohamed
Daghar
Principal Secretary



Name Mr. Wilson Njuki
Project Coordinator

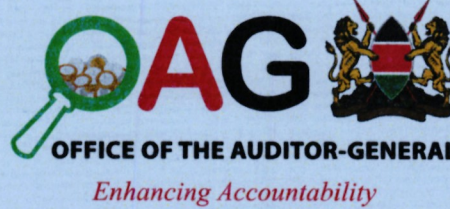


Name Priscah Ochanda
Project Accountant
ICPAK Member No:13464



REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT LOAN NO.6768-KE FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR TRANSPORT

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Horn of Africa Gateway Development Project Loan No.6768 KE set out on pages 1 to 20, which comprise of the

statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Horn of Africa Gateway Development Project Loan No.6768 KE as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement between the International Development Association (IDA) and the Republic of Kenya dated 07 October, 2020 and the Public Finance Management Act, 2012.

In addition, the special account statement presents fairly, the special account transactions and the ending balance has been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Horn of Africa Gateway Development Project Loan No.6768 KE Management in accordance with ISSAI 130 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budgeted receipts of Kshs.300,000,000 against actual receipts of Kshs.nil thereby resulting in an under-collection of Kshs.300,000,000 or 100% of the budgeted receipts. Further, the statement reflects total budgeted expenditure of Kshs.300,000,000 against actual payments of Kshs.32,727,722 resulting in an under-expenditure of Kshs.267,272,278 or 89% of the budgeted expenditure.

The under-collection of receipts and under-expenditure is an indication that the Project may not have achieved the planned objectives.

My opinion is not modified due to the effects of the above matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, an observation was made where the statement of receipts and payments reflected purchase of goods and services total expenditure of Kshs.35,108,015 which as had been disclosed in Note 11.3 to the financial statements related to training. However, no approved training needs assessment in support of the expenditure was provided for audit review. Further, included in the expenditure on training is an amount of Kshs.1,301,300 issued as imprest for finalization of the medium-term budget for 2022/2023 financial year for the State Department for Transport. No letter of no objection was provided in respect to the expenditure. However, contrary to the Public Sector Accounting Standards Board Template, Management has not given the progress made in addressing the matter or given any explanation on how the above issue has been resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Delay in Project Implementation

During the year under review, the approved budget for proceeds from borrowings and the budgeted project expenditure was an amount of Kshs.300,000,000. However, no receipts from borrowings were received and only Kshs.32,727,772 was spent from the brought forward balances of the Project. The cumulative expenditure to date is Kshs.35,385,793 against the expected amount of Kshs.546,300,000 thus indicating a low uptake of funds of 6.5% and the Project is in its third year of implementation.

In the circumstances, the general and specific objectives, outcome and performance of the project may not be realized in a timely way which will impact negatively on service delivery to the public.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Agency (IDA), I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 November, 2023



*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

7. Statement of Receipts and Payments for the year ended 30th June 2023.

	2022 -2023			2021-2022			Cumulative to-date (From inception)
	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts							
Transfer from Government entities					32,449,945		32,449,945
Loan from external development partners	2	-	-	-	-	-	58,355,555
Total receipts		-	-	-	32,449,945	-	90,805,500
Payments							
Purchase of goods and Services	3	4,250,678	-	4,250,678	35,108,015	-	39,358,693
Acquisition of Non-Financial Asset	4	28,477,044		28,477,044		-	28,477,044
Total payments		32,727,722	-	(32,727,722)	(35,108,015)	-	67,835,737
Surplus/Deficit		(32,727,722)	-	(32,727,722)	(2,658,070)	-	22,969,762

.....
Name: Mr. Mohamed Daghar
Principal Secretary

.....
Name: Mr. Wilson Njuki
Project Coordinator

.....
Name Priscah Ochanda
Project Accountant
ICPAK Member No: 13464

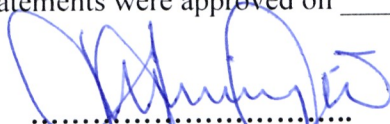
8. Statement of Financial Assets as at 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	5.A	22,969,762	55,697,484
Total Cash and Cash equivalents		22,969,762	55,697,484
Net Assets		22,969,762	55,697,484
Represented By			
Fund Balance B/fwd.	6	55,697,484	58,355,555
Prior Year adjustments		-	-
Surplus/(Deficit) for the Year		(32,727,722)	(2,658,071)
Net Financial Position		22,969,762	55,697,484

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2023 and signed by:



Name Mr. Mohamed Daghar
Principal Secretary



Name: Mr Wilson Njuki
Project Coordinator



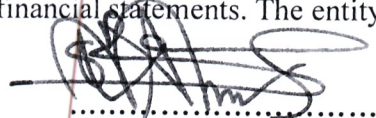
Name Priscah Ochanda
Project Accountant
ICPAK Member No: 13464

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements
for the financial year ended June 30, 2023*

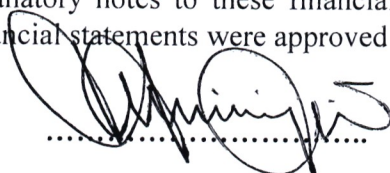
9. Statement of Cash flow for the year ended 30th June 2023

Description	Notes	2022/2023	2022/2021
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	-	32,449,945
Total receipts		-	32,449,945
Payments			
Compensation of employees	3	-	35,108,015
Purchase of goods and services	3	4,250,678	-
Social security benefits		-	-
Acquisition of non-financial assets	4	28,477,044	-
Total Payments		32,727,722	35,108,015
Net receipts/(payments)		(32,727,722)	(2,658,071)
Adjustments during the year			
Net cash flow from operating activities		-	-
Cashflow from investing activities		-	-
Net cash flows from investing activities		-	-
Cash flow from financing activities			
Net increase in cash and cash equivalents		(32,727,722)	(2,658,071)
Cash and cash equivalent at beginning of the year	5A	55,697,484	58,355,555
Cash and cash equivalent at end of the year	5A	22,969,762	55,697,484

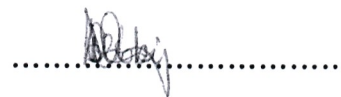
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 24 October 2023 and signed by:



Name: Mr. Mohamed
Daghar
Principal Secretary



Name: Mr. Wilson Njuki
Project Coordinator



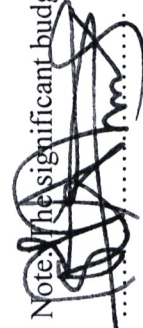
Name: Priscah Ochanda
Project Accountant
ICPAK Member No: 13464

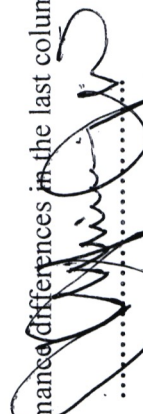
**Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023**

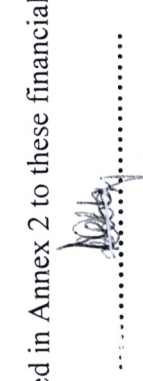
10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=d-c	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings	300,000,000	-	300,000,000	-	300,000,000	0%
Miscellaneous receipts						
Total Receipts	300,000,000		300,000,000		300,000,000	0%
Payments						
Compensation to employees	-	-	-	-	-	-
Purchase of goods and services	233,000,000	-	233,000,000	4,250,678	228,749,322	1.8%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	67,000,000	-	67,000,000	28,477,044	38,522,956	42.5%
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Total Payments	300,000,000		300,000,000	32,727,722	267,272,278	10.9%
Surplus or Deficit						

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.


Name Mr. Mohamed Daghar
Principal Secretary


Name: Mr. Wilson Njuki
Project Coordinator


Name: Priscah Ochanda
Project Accountant
ICPAK Member No: 13464

11. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

The financial statements are for Horn of Africa Gateway Development Project under the State Department for Transport. The financial statements are for the reporting entity (Horn of Africa Gateway Development Project) as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

Horn of Africa Gateway Development Project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received.

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

v) Proceeds from borrowing.

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

vi) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

e) Recognition of payments

The Project recognises all payments when the event occurs, and the related cash has been paid out by the Project.

i) Compensation to employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

g) 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 short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

i) Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

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.

Horn of Africa Gateway Development Project does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of (*Horn of Africa Gateway Development Project*) in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

l) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

m) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties' column in the statement of receipts and payments.

n) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

o) Comparative figures

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

p) Subsequent events

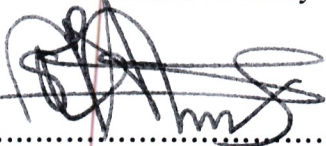
There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

q) Prior period adjustments

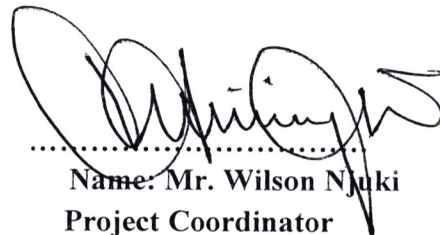
Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior period adjustments.

Guidance Notes:

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



.....
Name: Mr. Mohamed Daghar
Principal Secretary



.....
Name: Mr. Wilson Njuki
Project Coordinator

12. Notes to the Financial Statements

1. Transfers from Government entities

These represent counterpart funding and other receipts from government as follows:

Description	2022/2023	2021/2022	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through State Department for Transport</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	32,449,945	32,449,945
	-	32,449,945	32,449,945

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

2. Loan from External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description	Date received	Amount in loan currency Kshs	2022/2023			2021/22		Cumulative to date Kshs
			Loans received in actual amount Kshs	Loans received as direct payment* Kshs	Total amount in Kshs	Total amount in Kshs		
Loans received from Multilateral Donors								
International Development Association (IDA)	18-06-2021	-	-	-	-	58,355,555	58,355,555	58,355,555
Total	-	-	-	-	-	58,355,555	58,355,555	58,355,555

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

3. Purchase of Goods and Services

Description	2022/2023			2021/2023		Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	-	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-	-
Domestic travel and subsistence	-	-	-	-	-	-
Foreign travel and subsistence	4,250,678	-	4,250,678	-	-	4,250,678
Printing, advertising, and information supplies	-	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-	-
Training payments	-	-	-	35,108,015	35,108,015	35,108,015
Hospitality supplies and services	-	-	-	-	-	-
Other operating payments	-	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-	-
Routine maintenance- other assets	-	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-	-
Total	4,250,678	-	4,250,678	35,108,015	39,358,693	

Notes to the Financial Statements (Continued)

4. Acquisition of Non-Financial Assets

Description	2022/2023			2021/2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Purchase of buildings	Kshs. -	Kshs. -	Kshs. -	Kshs. -	Kshs. -
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	14,097,734	-	14,097,734	-	14,097,734
Research, studies, project preparation, design & supervision (Consultancy)	14,379,310	-	14,379,310	-	14,379,310
Total	<u>28,477,044</u>	=	<u>28,477,044</u>	=	<u>28,477,044</u>

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements (Continued)

5. Cash And Cash equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank accounts (Note 5A)	22,969,762	55,697,484
Cash in hand (Note 5B)	-	-
Cash equivalents (short-term deposits) (Note 5C)	-	-
Total	22,969,762	55,697,484

5. A Bank Accounts

Project Bank Accounts

Details	2022/2023	2021/2022
	Kshs	Kshs
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No 1000484306]	22,969,762	55,697,484
Total local currency balances	22,969,762	55,697,484
Total bank account balances	22,969,762	55,697,484

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2023 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	2022/2023	2021/2022
	Kshs	Kshs
(i) A/C Name HOFGDP-SDOT [A/c No 1000474866]		
Opening balance	598,424,644	598,144,445
Total amount deposited in the account	30,853,601	280,199
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)	<u>629,278,245</u>	<u>598,424,644</u>

Notes to the Financial Statements (Continued)

6. Fund Balance Brought Forward

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank accounts	22,969,762	58,355,555
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and retention	-	-
Total	22,969,762	58,355,555

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

13. Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved)	Not	Timeframe: (Put a date when you expect the issue to be resolved)
	Unreconciled and Unsupported Receipts and Payments		Resolved		
	Inaccuracies of Financial Statements		Resolved		
	The special deposit account (SDA)		Resolved		
	Non-Compliance with Presentation and Disclosure Requirements		Resolved		
	Budgetary Control and Performance		Resolved		
	Ineligible Expenditure on Training		Resolved		
	Delayed Implementation of Project		Resolved		

*Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

14. Annexes

Annex 1: Variance explanations - Comparative Budget and Actual amounts for Current FY

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from borrowings	300,000,000	-	0	0%	
Miscellaneous receipts	-	-	-	-	
Total Receipts	300,000,000	-	0	0%	
Payments					
Purchase of goods and services	233,000,000	4,250,678	228,749,322	1.8%	The low absorption was due to technical challenges in procurement
Acquisition of non-financial assets	67,000,000	28,477,044	38,522,956	42.5%	
Total payments	300,000,000	32,727,722	267,272,278	10.9%	

Horn of Africa Gateway Development Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 2: Other Support Documents

- i. Certificate of Balances
- ii. Bank reconciliations statement as at 30th June 2023
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)



HOA&D PROJECT STATE DEPARTMENT FOR TRANSPORT
REPUBLIC OF KENYA

F.O. 30

AS AT 30 JUNE 2023
BANK RECONCILIATION
STATION NAIROBI

Balance as per bank statement			22,969,762.35
Less			
Payment in Cashbook not in Bank Statement			
Receipts in bank and not cashbook			
Add			
Payments in bank and not cashbook			
Receipts in cashbook and not bank			
Balance as per cashbook			22,969,762.35

I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliations correct.

I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliations correct.

Reconciled By Joseph Signature [Signature] Date 5/7/23
 Verified by WAA Signature [Signature] Date 5/6/2023
 Approved By Odyo Signature [Signature] Date 5/6/23

PAYMENT IN CASH NOT IN BANK STATEMENT

DATE	PARTICULARS	AMOUNT
TOTALS		

PAYMENTS IN BANK STATEMENT NOT IN CASH BOOK

DATE	PARTICULARS	AMOUNT
TOTALS		

RECEIPTS IN BANK STATEMENT NOT IN CASH BOOK

DATE	PARTICULARS	AMOUNT
TOTALS		

RECEIPTS IN CASH BOOK NOT IN BANK STATEMENT

DATE	PARTICULARS	AMOUNT
SUB TOTAL		

02



STATEMENT OF Run date : 11 JUL 2023

CENTRAL BANK Runtime : 09:44:37

BANKI KUU YA Customer number : 122552

P.O.BOX 60000 Account number : 1000484306

NAIROBI. Account name : HORN OF AFRICA GATEWAY DEV PR -SDOT-KES

STATEMENT PE Opening Balance : 55,697,484.70

No.	Txn. Date	Value Date	Reference No.	Transaction Details	Dr. Amount	Cr. Amount	Balance
18	29-Jun-23	29-Jun-23	FT231804RS9G	Local Cash Deposit Bulk 2.58417E+23	0	258,590.00	22,969,762.35
Totals					32,986,312.35	258,590.00	
					Closing Balance :		22,969,762.35



(50)

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT - SDOT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2023**

Credit No.: IDA LOAN CREDIT NO.67680-KE (DA-F)

Bank Account No.: 1000474866 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EURO	AMOUNT EURO
1 Amount advanced by IDA			5,237,129.58
Less:			
2 Total amount documented			237,129.58
3 Outstanding amount to be documented			5,000,000.00
Represented by:			
4 Ending Special account Balance as as 30 June 2023			4,792,675.14
5 Amounts claimed but not credited as at 30 June 2023			207,324.86
6 Amounts withdrawn and not claimed			-
7 Service Charges (if not included in lines 5 and 6 above)			-
8 Interest earned (if included in Special Account)			-
9 Total advance to Special Account Year ended 30 June 2023			5,000,000.00

Discrepancy between total appearing on line 3 and 9

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

Signature

AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY

DATE: 25-08-2023



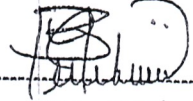
SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2023
Account No.	1000474866
Depository Bank	CENTRAL BANK OF KENYA
Address	CBK
Related Loan	HOFGDP- SDOT
Credit Agreement	
Currency	EUR

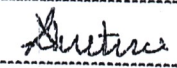
Part A - Account Activity

Beginning balance of 1st July, 2022 as per C.B.K. Ledger Account	4,557,689.60
Add:	
Total Amount deposited by World Bank	234,985.64
Total Interest earnings If deposited in account	
Total amount refunded to cover Ineligible expenditure	
Deduct:	
Total amount withdrawn	
Total service charges If not Included above in amount withdrawn	
Ending balance on 30th June, 2023	4,792,675.14

AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA

SIGNATURE:	
DATE	21.07.2023

AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY

SIGNATURE:	
DATE	25-08-2023

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2023 have been reconciled and a copy of the supporting Reconciliation Statement is attached.



Run Date: 19/07/2023
CENTRAL BANK OF KENYA
BANKI KUU YA KENYA
P.O.BOX 60000-0200
NAIROBI

Run Time: 13:24:39

STATEMENT OF ACCOUNT PAGE NO : 1

ACCOUNT NUMBER : 1000474866

ACCOUNT TITLE : HOFGDP- SDOT
30/06/2023

STATEMENT PERIOD: From 01/07/2022 To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
-----	------	--------------	---------	-------	----------------

OPENING BAL : 4,557,689.60

NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
1	16/11/2022	FT22320S7541	FUNDING	0.00	123,763.50	4681453.1
2	16/05/2023	FT23136W44X5	FUNDING.	0.00	111,222.04	4792675.14

CLOSING BALANCE : 4792675.14

END OF ACCOUNT STATEMENT

Favourites TAM.E.STMT.OF.ACCT.EPRM

More Options Find

Clear Selection

Account equals v 1000474866

Statement From equals v 20220701

Statement To equals v 20230630

TAM.E.STMT.OF.ACCT.EPRM



**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT - SDOT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2022**

Credit No.: IDA LOAN CREDIT NO.67680-KE (DA-F)

Bank Account No.: 1000474866 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		5,002,134.04
	Less:		
2	Total amount documented		2,134.04
3	Outstanding amount to be documented		5,000,000.00
	Represented by:		
4	Ending Special account Balance as as 30 June 2022		4,557,689.60
5	Amounts claimed but not credited as at 30 June 2022		
6	Amounts withdrawn and not claimed		442,310.40
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2022		5,000,000.00

Discrepancy between total appearing on line 3 and 9

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE:



Loan: IDA 67680 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya |

Project: P161305 - Horn of Africa Gateway Development Project

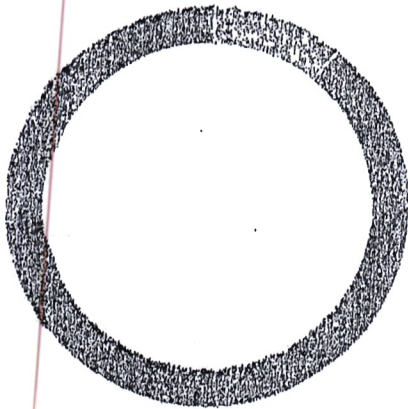
Loan Overview | Disbursements | History | Repayments | Amortization Schedule | Audit Submission |

Important Dates

Approval	Signing	Commitment Charges Start Date	Effective	First Repayment	Closing	Application Deadline	Last Repayment
08-Sep-2020	07-Oct-2020	06-Dec-2020	22-Dec-2020	01-Nov-2025	30-Jun-2028	31-Oct-2028	01-May-2050

Currency of Commitment : EUR

Show amounts in EUR



Loan Information (EUR)

Signed Amount	669,200,000.00
Cancelled	0.00
Disbursed	70,523,819.79
Undisbursed	598,676,180.21
Special Commitments	0.00
Funds Available	598,676,180.21

Funds Available (EUR)

Withdrawal Applications	238,267.36
Special Commitment Issuance Applications	0.00
Estimated Funds Available	598,437,912.85

Last Bill, IDA 67680, due on 01-May-2023

USD Equivalents

Borrower: The National Treasury and Planning

Date Payable	Currency	Amount Payable
02-May-2023	EUR	397,950.94

Original Approved Amount	750,000,000.00
Current Undisbursed	660,220,091.54
Historical Disbursed	79,395,161.15

	70,523,819.79	1.21 %	0.00 %
Principal Outstanding		Total Charges	Net Commitment Fee
Disbursed	70,523,819.79	Service Charge 1.21 %	Commitment Fee 0.50 %
Repaid	0.00	Waiver 0.00 %	Waiver 0.00 %



Loan: IDA 67680 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya

Project: P161305 - Horn of Africa Gateway Development Project

- Loan Overview | Disbursements | History | Repayments | Amortization Schedule | Audit Submission | Disbursements
- Applications | eSignatories | Beneficiaries | Contracts | Designated/UN Accounts | Category Schedule

Withdrawal Applications

Disbursement Milestone

Loan Approval Date 08-Sep-2020	Loan Signing Date 07-Oct-2020	Loan Made Effective 22-Dec-2020	Authorized Signatories Submitted to WB 09-Mar-2023	Authorized Signatories Approved 09-Mar-2023	Loan Is Ready for Disbursing Online 11-Aug-2023
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Submit Withdrawal Application

Transaction List

Showing results 1 - 10 of 56 entries

Filter by DA-F Paid Summary Value Date Search

Application						Paid						
Borrower Reference	Type	Status	Ccy	Amount	Category Summary	Ccy	Amount	Date received	Value Date	Logged by	Last Updated	
HOAGDP/SDOT/WA/6	DA-F	Completed	EUR	111,227.04	2B	EUR	111,227.04	09-May-2023	15-May-2023	Borrower	15-May-2023	
HOAGDP/SDOT/WA/5	DA-F	Completed	EUR	123,768.50	2B	EUR	123,768.50	04-Nov-2022	15-Nov-2022	Borrower	15-Nov-2022	
HOAGDP/SDOT/WA/3	DA-F	Completed	EUR	1,769.99	2B	EUR	1,769.99	15-Jun-2022	22-Jun-2022	Borrower	22-Jun-2022	
HOAGDP/SDOT/WA/2	DA-F	Completed	EUR	364.05	2B	EUR	364.05	20-Dec-2021	23-Dec-2021	Borrower	23-Dec-2021	
HOAGDP/SDOT/WA/1	DA-F	Completed	EUR	5,000,000.00	DA-F	EUR	5,000,000.00	05-Mar-2021	12-Mar-2021	Borrower	12-Mar-2021	

Loans with Inactive Advances

Replenishment applications are to be submitted in accordance with the instructions provided in the Disbursement Letter.
 If the DA is inactive for six months, the Bank notifies the borrower that it will request a refund of the outstanding balance unless, within 90 days, the borrower submits satisfactory evidence of eligible expenditures financed through the DA.
 To discuss other arrangements, including refund of funds deposited to the Designated Account, the borrower representative should contact the Finance Officer.



Loan: IDA 67680 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya

Project: P161305 - Horn of Africa Gateway Development Project

Loan Overview | Disbursements | History | Repayments | Amortization Schedule | Audit Submission | D

Applications | eSignatorle(s) | Beneficiaries | Contracts | Designated/UN Accounts | Category Schedule

Withdrawal Applications

Disbursement Milestone

Loan Approval Date 08-Sep-2020	Loan Signing Date 07-Oct-2020	Loan Made Effective 22-Dec-2020	Authorized Signatories Submitted to WB 09-Mar-2023	Authorized Signatories Approved 09-Mar-2023	Loan Is Ready for Disbursing Online 11-Aug-2023
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Submit Withdrawal Application

Transaction List

Showing results 1 - 10 of 50 entries

Filter by DA-F

Documented C

Value Date

Search

Borrower Reference	Application					Paid						Last Updated
	Type	Status	Ccy	Amount	Category Summary	Ccy	Amount	Date received	Value Date	Logged by		
HOAGDP/SDOT/WA/6	DA-F	Completed	EUR	111,227.04	2B	EUR	111,227.04	09-May-2023	15-May-2023	Borrower	15-May-2023	
HOAGDP/SDOT/WA/5	DA-F	Completed	EUR	123,768.50	2B	EUR	123,768.50	04-Nov-2022	15-Nov-2022	Borrower	15-Nov-2022	
HOAGDP/SDOT/WA/3	DA-F	Completed	EUR	1,769.99	2B	EUR	1,769.99	15-Jun-2022	22-Jun-2022	Borrower	22-Jun-2022	
HOAGDP/SDOT/WA/2	DA-F	Completed	EUR	364.05	2B	EUR	364.05	20-Dec-2021	23-Dec-2021	Borrower	23-Dec-2021	

Loans with Inactive Advances

Replenishment applications are to be submitted in accordance with the instructions provided in the Disbursement Letter.

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To discuss other arrangements, including refund of funds deposited to the Designated Account, the borrower representative should contact the Finance Officer.



Loan: IDA 67680 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya |

Project: P161305 - Horn of Africa Gateway Development Project

Loan Overview | Disbursements | History | Repayments | Amortization Schedule | Audit Submission | D

Applications | eSignator(s) | Beneficiaries | Contracts | Designated/UN Accounts | Category Schedule |

Designated Account Detail- DA-F

Account Details

Account Holder	HORN OF AFRICA GATEWAY DEVELOPMENT	DA Currency	EUR
Account Holder's Bank	CENTRAL BANK OF KENYA HAILE SELASSIE AVENUE NAIROBI Swift: CBKEKENXXX	Current Authorized Allocation	5,000,000.00
Account Number	XXXXXXXX66	Associated Categories	2B - (GDS,WKS,NC,TR CS prt D.3 SDOT)
Intermediary Bank	STANDARD CHARTERED BANK 1 BASINGHALL AVENUE LONDON Swift: SCBLGB2LXXX	Other Financing Sources	

Transaction Details

Currency (EUR) View Transaction List

Total Deposits Less Refunds	5,237,129.58
Documented	237,129.58
Outstanding Balance	5,000,000.00
Waived Documentation Amount	0.00
Transaction In Process	0.00

Loans with Inactive Advances

Replenishment applications are to be submitted in accordance with the instructions provided in the Disbursement Letter.

If the DA is inactive for six months, the Bank notifies the borrower that it will request a refund of the outstanding balance unless, within 90 days, the borrower submits satisfactory evidence of eligible expenditures financed through the DA.

To discuss other arrangements, including refund of funds deposited to the Designated Account, the borrower representative should contact the Finance Officer.



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CENTRAL
BANK OF
KENYA

The Central Bank of Kenya
P.O. Box 30000, Nairobi, Kenya
Telephone: 254 20 3000, Fax: 3340192

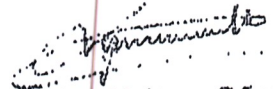
July 12, 2023

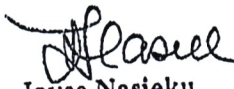
CERTIFICATE OF BALANCES

STATE DEPARTMENT FOR TRANSPORT

Customer : 122552
Balance
Date: 30-Jun-23

Account No	Account Name	Currency	Balance
1000209879	DEV-STATE DEPARTMENT FOR TRANSPORT	KES	2,119,987.85
1000209968	REC-STATE DEPT. FOR TRANSPORT	KES	10,376,011.85
1000212551	DEP-STATE DEPT. FOR TRANSPORT	KES	25,850,851.90
1000215879	THE RAILWAY DEV LEVY FUND OPERATION	KES	32,169,374.04
1000426818	RAILWAY DEV. LEVY FUND- HOLDING ACC	KES	35,519,265,131.06
1000484308	HORN OF AFRICA GATEWAY DEV PR -SDOT	KES	22,969,762.35


Priscilla Keitany (Mrs)
Authorised Signatory
Banking Services Division


Joyce Nasieku
Authorised Signatory
Banking Services Division



STATE DEPARTMENT FOR TRANSPORT
 HORN OF AFRICA GATEWAY DEV Project
 TRIAL BALANCE FOR THE YEAR ENDED JUNE 30 2023

DESCRIPTION	Dr (Ksh)	Cr (Ksh)
Fund balance b/f		55,697,484.00
purchase of goods and services	4,250,678.00	
Acquisition of Non-Financial Assets	28,477,044.00	
Bank Balances	22,969,762.00	
	55,697,484.00	55,697,484.00

Prepared By: Priscah Ochanda

Sign



Date

29/09/2023

