

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY PAPERS LAID	
<b>REPORT DATE:</b> 05 DEC 2024	DAY: Thursday
<b>TABLED BY:</b>	Hon. Kimani Ichunguah (Leader of the Majority Party)
<b>OF</b>	Anastacia

**THE AUDITOR-GENERAL**

**ON**

**EASTERN AFRICA REGIONAL TRANSPORT,  
TRADE AND DEVELOPMENT FACILITATION  
PROJECT (IDA CREDIT NO. 5638)**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**KENYA NATIONAL HIGHWAYS AUTHORITY**



**MINISTRY OF ROADS AND TRANSPORT**



**PROJECT NAME: EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT (SECOND PHASE PROGRAM)**

**IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY**

**PROJECT CREDIT NUMBER: LOAN ID 5638-KE  
PROJECT NO P-148853**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

***Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**1. Acronyms and Definition of Terms**

CBK	Central Bank of Kenya
CPA	Certified Public Accountant
EARTTDFP	Eastern Africa Regional Transport, Trade & Development Facilitation Project
ESIA	Environmental Social Impact Assessment
EXIM	Export – Import
DNP	Defects Notification Period
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IDA	International Development Association
IPSAS	International Public Sector Accounting Standards
KeNHA	Kenya National Highways Authority
Kshs.	Kenya Shillings
M&E	Monitoring and Evaluation
MoRT	Ministry of Roads and Transport
MoU	Memorandum of Understanding
NEMA	National Environment Management Authority
NLC	National Land Commission
OSBP	One Stop Border Post
PAPs	Project Affected Persons
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
RMB	Renminbi
SDG	Sustainable Development Goals
TNT	National Treasury
UA	Unit of Account
USD	United States Dollar

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**2. Project Information and Overall Performance**

**2.1 Name and registered office**

**Name:** Eastern Africa Regional Transport, Trade & Development Facilitation Projection (Second Phase Program)

**Objective:**

The objective of the Project is to improve the movement of goods and people along Lokichar to Nadapal Nakodok part of the Eldoret-Nadapal road in the Northwestern part of Kenya, in particular and to enhance connectivity between Kenya and South Sudan.

The pastoralist communities, farmers and businesses along the corridor will benefit from:

- Employment creation from pastoralist roadside markets.
- Reduction of poverty
- Savings in maintenance costs and travel time for the road users.
- Improvement of safety in travel and improvement of emergency response in the transit corridor including Eldoret-Nadapal-Nakodok which is prone to road accidents.
- The provision of fibre optic cable will improve internet access for economic development activities in the region.
- Provision of One Stop Border Post (OSBP) and trade facilitation is expected to reduce delay at the borders and improve business opportunities between Kenya and Sudan.

**Address:** Barabara Plaza,  
Jomo Kenyatta International Airport (JKIA)  
Off Mazao Road  
Nairobi Kenya

**Contacts:** Director General  
Kenya National Highways Authority  
Po Box 49712-00100  
Nairobi  
Telephone: (254) 020 495000  
E-mail: [dg@Kenha.co.ke](mailto:dg@Kenha.co.ke)  
Website: [www.kenha.co.ke](http://www.kenha.co.ke)

**2.2 Project Information**

Project Start Date:	20 <sup>th</sup> July 2015
Project End Date:	29 <sup>th</sup> December 2024
Project Engineer	Eng. Eric Wambua
Project Sponsor:	1. International Development Association (IDA) 2. Government of Kenya

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**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the State Department of Roads on behalf of the Ministry of Roads and Transport
Project number	P-148853
Strategic goals of the project	The strategic goals of the project are as follows: <ul style="list-style-type: none"> <li>i. To develop effective information communication technology infrastructure for countries in the East Africa region while easing procedures and requirements for cross-border trade.</li> <li>ii. To facilitate implementation of common market protocol and common customs territory for the East African Community (EAC)</li> <li>iii. Supporting Kenya’s Vision 2030, aiming to have Kenya achieve middle income status by 2030 by attaining annual growth of 10 percent</li> </ul>
Achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> <li>i. Providing a cost-effective transit route connecting a landlocked country to seaports.</li> <li>ii. Providing reliable all-season access road to reduce transportation costs and facilitate agriculture-based export growth.</li> <li>iii. Provision of roadside markets to serve as outlets for local products.</li> <li>iv. Facilitating cross-border trade among micro-enterprises and petty traders, who are mainly women.</li> <li>v. Assisting in transporting emergency humanitarian aid and movement of victims of conflicts.</li> </ul>
Areas that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none"> <li>i. The project is currently at 96.00% implementation with tarmac length of approximately 327 km. The transport costs have reduced tremendously and the connectivity in the Juba – Eldoret corridor which also provides a link to Turkana and West Pokot counties has improved. This has raised the living standards of the people in the region.</li> <li>ii. Due to the new road infrastructure, an attractive environment for doing business has been presented and the economic activities in the region have increased.</li> <li>iii. There is reduction in time and transportation costs of humanitarian aid since the corridor traverses a region that is home to refugees.</li> <li>iv. Creation of an efficient trade and development corridor that also involves enhanced use of ICT for internet connectivity and road management</li> </ul>
Project duration	The project started on 12 <sup>th</sup> June 2015 and is expected to run until 29 <sup>th</sup> December 2024.
Projects Components & Description	The Projects have the following components. <ul style="list-style-type: none"> <li>i) Component 1: Upgrading Selected Critical Road Infrastructure</li> </ul>

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	<p>a) Upgrading of approximately 80 km of the Lokitaung junction -Kalobeiyei River section of the Eldoret-Nadapai/Nakodok road and related supervision costs.</p> <p>b) Upgrading of approximately 80 km of the Lokitaung junction- Lodwar section of the Eldoret-Nadapal/Nakodok road; and related supervision costs.</p> <p>c) Upgrading of approximately 50 km of the Lodwar – Loichangamatak section of the Eldoret-Nadapai/Nakodok road; and related supervision costs.</p> <p>d) Construction of a bridge at Kainuk on Muruni River; and related supervision costs.</p> <p>e) Upgrading of approximately 40 km of the Loichangamatak – Lokichar section of the Eldoret-Nadapai/Nakodok road; and related supervision costs.</p> <p>f) Implementing the Resettlement Action Plans (RAPs) along the Eldoret Nadapal/Nakodok road.</p> <p>ii) Component 2: Facilitation of Regional Transport, Trade and</p> <p>iii) Development Component 3: Institutional Development and Program Management</p> <p>iv) Component 4: Enhancing Internet Connectivity</p>																				
<p>Other important background information of the project Costing and Financing USD</p>	<table border="1"> <thead> <tr> <th>Project Component</th> <th>Project Cost in Million (USD)</th> <th>IDA Financing, in Million (USD)</th> <th>% Financing, in Million (USD)</th> </tr> </thead> <tbody> <tr> <td>Upgrading Critical Road Infrastructure</td> <td>594</td> <td>426</td> <td>72</td> </tr> <tr> <td>Facilitation of Regional Transport, Trade and Development</td> <td>31</td> <td>27</td> <td>87</td> </tr> <tr> <td>Institutional Development and Program Management</td> <td>3.5</td> <td>3.5</td> <td>100</td> </tr> <tr> <td><b>Total</b></td> <td><b>628.5</b></td> <td><b>456.5</b></td> <td><b>73</b></td> </tr> </tbody> </table>	Project Component	Project Cost in Million (USD)	IDA Financing, in Million (USD)	% Financing, in Million (USD)	Upgrading Critical Road Infrastructure	594	426	72	Facilitation of Regional Transport, Trade and Development	31	27	87	Institutional Development and Program Management	3.5	3.5	100	<b>Total</b>	<b>628.5</b>	<b>456.5</b>	<b>73</b>
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**Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
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**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

National Bank of Kenya Ltd  
Hill Branch, Nairobi  
Account number 01001032733200

Cooperative Bank of Kenya  
Upper Hill Branch, Nairobi  
Account number 01141160979900

**2.5 Independent Auditor**

Auditor General  
Office of the Auditor General  
P.O Box 30084-00100  
Nairobi

**2.6 Roles and Responsibilities**

	<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
1.	Eng. Henry Gakuru	Director Development	Registered Civil Engineer	Project Implementing Team Leader
2.	Eng. Eric Wambua	Deputy Director Special Projects (EARTTDP)	Registered Civil Engineer	Team Coordinator & Construction Specialist
3.	Mr Walter Nyatwanga	Deputy Director-Environment and Social Safeguards	Registered NEMA Lead expert. Member EIK	Environment and Social Safeguards Specialist
4.	CPA. Chanje Kera	Deputy Director-Finance & Accounts	Certified Public Accountant	Project Financial Specialist
5.	Ms. Levina Wanyonyi	Deputy Director-Supply Chain Management	Certified Supply Chain Management Professional	Supply Chain Management Specialist

**Eastern Africa Regional Transport, Trade & Development Facilitation Project  
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**Project Information and Overall Performance (Continued)**

**2.7 Funding summary.**

The Project duration is from 20<sup>th</sup> July 2015 to 29<sup>th</sup> December 2024 with an approved budget of USD 500,000,000 equivalent to Kshs 49,284,758,606 and Kshs. 5,125,410,913 with an exchange rate of Ksh.107.95 to the USD as highlighted in the table below:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30th June 2024)		Undrawn balance to date (30th June 2024)	
	Donor currency (USD)	Kshs	Donor currency (Kshs)	Kshs	Donor currency (Kshs)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
International Development Association- IDA	456,551,724	49,284,758,606	418,675,134	45,195,980,680	37,876,590	4,088,777,926
<b>(ii) Counterpart funds</b>						
Government of Kenya	-	5,125,410,913	-	4,462,274,629	-	663,136,284
<b>Total</b>	<b>456,551,724</b>	<b>54,410,169,519</b>	<b>418,675,134</b>	<b>49,658,255,309</b>	<b>37,876,590</b>	<b>4,751,914,210</b>

Note: The reduction in the GOK commitment is as a result of World bank paying part of the VAT component on behalf of GOK.

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2024)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2024)		Unutilised balance to 30th June 2024)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
	USD	Kshs	USD	Kshs	USD	Kshs
<b>(i) Loan</b>						
International Development Association- IDA	418,675,134	45,195,980,680	418,633,904	45,191,529,964	41,229	4,450,719
<b>(ii) Counterpart funds</b>						
Government of Kenya	-	4,462,274,629	-	4,462,274,629	-	-
<b>Total</b>	<b>418,675,134</b>	<b>49,658,255,309</b>	<b>418,633,904</b>	<b>49,653,804,594</b>	<b>41,229</b>	<b>4,450,719</b>

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**Project Information and Overall Performance (Continued)**

**2.8 Summary of Overall Project Performance:**

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

	2023/2024			cumulative		
	Budget	Actual	%	Budget 2022/23	Actual 2023/24	%
Counterpart Funds-GOK	111,870,792	58,979,445	53%	3,882,974,984	4,387,907,844	113%
Loan from external Development Partners	6,255,000,000	5,651,881,567	90%	50,519,521,787	45,265,896,750	90%
<b>Total</b>	<b>6,366,870,792</b>	<b>5,710,861,012</b>	<b>90%</b>	<b>54,402,496,772</b>	<b>49,653,804,594</b>	<b>91%</b>

- ii) Physical progress based on outputs, outcomes, and impacts since project commencement is as follows.

- a) Total of 327 Km of Road Constructed
- b) 600 Km Fibre optic laid from Eldoret to Nadapal
- c) Reduced travel time-Average travel time between Lokichar and Lodwar disaggregated by passengers and freight (Hours) has reduced from 12 hours to 3 hours.
- d) Number of public transport service providers along Lokichar - Nadapal/Nakodok road section has increased hence improved movement of people and goods.
- e) Selected Critical Road Infrastructure Upgraded along the road corridor.

- iii) Absorption rate for each year since the commencement of the project

Financial Year	Budget	Actual	Percentage (%)
FY 2023/24	6,366,870,792	5,710,861,012	90%
FY 2022/23	3,552,000,000	2,799,274,054	79%
FY 2021/22	12,504,387,987	9,922,256,635	79%
FY 2020/21	7,067,268,455	7,067,266,810	100%
FY 2019/20	6,679,544,000	6,679,542,802	100%
FY 2018/19	6,679,544,000	6,679,557,557	100%
FY 2017/18	2,530,888,673	2,026,175,722	80%
FY 2016/17	7,801,992,865	7,649,314,458	98%
FY 2015/16	1,220,000,000	1,119,555,544	92%
<b>Total</b>	<b>54,402,496,772</b>	<b>49,653,804,594</b>	<b>91%</b>

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**Project Information and Overall Performance (Continued)**

iv) Implementation challenges

The project faced the following challenges.

- a) Lack of right of way due to inadequate budget leading to delayed compensation and resettlement processes
- b) Delayed funding of GOK Component due to inadequate budget
- c) Insecurity

**2.9 Summary of Project Compliance:**

There were no significant cases of non-compliance with applicable laws and regulations and essential external financing agreements /covenants reported during the year.

**The status report is as follows.**

PROJECT DESCRIPTION	INDICATOR	PROGRESS REPORTED TO DATE
<p>1. Project Name: Lot 3: Upgrading of Kalobeiyei River — Nadapal (77.20 km) road section</p> <p>Contract type: Works Contractor: China Railway No. 5 Engineering Group Ltd</p> <ul style="list-style-type: none"> <li>• Original contract price: KES 7,865,031,057.15</li> <li>• Revised contract price: KES 7,060,622,487.36</li> <li>• Contract Commencement: 11<sup>th</sup> July, 2017</li> <li>• Original completion time (months): 57 months</li> <li>• Original completion date: 11<sup>th</sup> July, 2020</li> <li>• Revised Completion date: 10<sup>th</sup> April, 2023 (Inclusive of DNP)</li> </ul> <p>Consultant: Intercontinental Consultants &amp; Technocrats Pvt Ltd in joint venture with CAS Consultants Ltd</p> <ul style="list-style-type: none"> <li>• Original contract price: USD 3,543,351.00 and KES 491,355,410.00</li> <li>• Revised contract price: USD 4,341,283.3 and KES 677,336,211.0 (Addendum No.5).</li> <li>• Commencement date: 16th May, 2017</li> <li>• Original completion time (months): 52 months</li> </ul>	Physical progress	100%
	Amount certified	Ksh.7,054.969,927
	Amount paid	Ksh. 6,723,082,214
	Time lapsed	100%

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PROJECT DESCRIPTION	INDICATOR	PROGRESS REPORTED TO DATE
<ul style="list-style-type: none"> <li>Original completion date: 15th September, 2022</li> <li>Revised completion date: 30th June, 2023</li> </ul>		
<p>2. Project Name: Lot 2: Upgrading of Lokitaung Junction to Kalobeiyei River (80 km) road section</p> <p>Contract type: Works Contractor: Chongqing International Construction Corporation</p> <ul style="list-style-type: none"> <li>Original contract price: KES 8,454,759,874.18</li> <li>First revised contract price: KES 9,799,110,192.16 (Addendum No. 2)</li> <li>Second estimated price at completion: Ksh 12,177,369,764.21 (Addendum 3 under review by the World Bank)</li> <li>Contract signed: 28th March 2017</li> <li>Commencement date: 1st August 2017</li> <li>Revised completion date: 19th May 2022.</li> </ul> <p>Consultant: Sheladia Associates Inc. USA/ Abdul Mullick Associates Kenya</p> <ul style="list-style-type: none"> <li>Original contract price: KES 629,802,599.00 and USD 2,204,145.00</li> <li>Revised contract price: USD 2,942,098.33 and KES 789,258,446.50 (Addendum No. 4)</li> <li>Revised contract price: USD 3,398,952.03 and KES 861,228,266.70 (Addendum No. 5)</li> <li>Contract commencement: 5th June, 2017</li> <li>Original completion date: 5th October, 2021</li> <li>Revised completion date: 3rd June, 2024</li> </ul>	Physical progress,	100.00%
	Amount certified	Ksh. 12,343,887,481
	Amount paid	Ksh 12,283,165,420
	Time lapsed	100%
<p>3. Project Name: Lot 1: Upgrading of Lodwar - Lokitaung Junction to (80 km) road section</p> <p>Contract type: Works Contractor: Third Engineering Bureau of China Construction Group Co. Ltd</p> <ul style="list-style-type: none"> <li>Original contract price: KES 8,334,773,795.84</li> <li>Revised contract price: KES 10,422,180,486.34</li> <li>Commencement date: 15th August, 2017</li> </ul>	Physical progress,	100%
	Amount certified	10,422,180,486
	Amount paid	10,254,971,575

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PROJECT DESCRIPTION	INDICATOR	PROGRESS REPORTED TO DATE
<ul style="list-style-type: none"> <li>Original Completion date: 15th August, 2020</li> <li>Revised Completion date: 31st January, 2021</li> </ul> <p>Consultant: Egis International in Association with Egis Kenya Limited</p> <ul style="list-style-type: none"> <li>Original contract price: EURO 1,589,113.00 &amp; KES 568,958,975.00</li> <li>Revised contract price: N/A</li> <li>Commencement date: 27<sup>th</sup> May, 2017</li> <li>Original completion date: 27<sup>th</sup> September, 2021</li> <li>Revised Completion date: 27<sup>th</sup> March, 2022</li> </ul>	Time lapsed	100%
<p>4. Project Name: Lot 4: Upgrading of Lokichar - Loichangamatak (40Km)</p> <p>Contract type: Works</p> <p>Contractor: China State Construction Engineering Corporation Limited</p> <ul style="list-style-type: none"> <li>Original contract price: KES 5,800,819,124.72</li> <li>Revised contract price: N/A</li> <li>Contract signed: 15th November 2019</li> <li>Commencement date: 2nd June 2020</li> <li>Revised completion date: 17th December 2024</li> <li>DNP end date: 17th June 2024</li> </ul> <p>Consultant: M/s Intercontinental Consultants and Technocrats Pvt. Ltd</p> <ul style="list-style-type: none"> <li>Original contract price: USD 3,650,253.00 and KES 162,128,560.00.</li> <li>Revised contract price: USD 4,415,836.88 and KES 218,998,957.37</li> <li>Date Commencement: 1st October, 2019</li> <li>Original time for completion (months): 30 months</li> <li>Date Completion original: 1st July, 2023. <ul style="list-style-type: none"> <li>Revised Date Completion: 29th December, 2023</li> </ul> </li> </ul>	Physical progress,	99%
	Amount certified	5,611,833,831
	Amount paid	5,594,300,850
	Time lapsed	95%
<p>5. Project Name: Lot 0: Upgrading of Loichangamatak – Lodwar (50Km)</p> <p>Contract type: Works</p> <p>Contractor: China Railway No. 5 Eng. Co. Ltd</p>	Physical progress,	100%

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PROJECT DESCRIPTION	INDICATOR	PROGRESS REPORTED TO DATE
<ul style="list-style-type: none"> <li>Contract signed: 6<sup>th</sup> September 2016</li> <li>Commencement date: 10<sup>th</sup> July 2017</li> <li>Original contract price: KES 6,782,439,479.76</li> <li>Appraised amount: KES KES 6,782,439,479.76</li> <li>Original completion date: 9th January, 2020</li> <li>Revised Completion Date: 15th December, 2023(Inclusive of DNP)</li> </ul>	Amount certified	6,658,334,266
	Amount paid	6,658,334,266
	<p>Consultant: DOHWA Engineering Co., Ltd in JV with GIBB Africa Ltd.</p> <ul style="list-style-type: none"> <li>Original contract price: USD 2,968,202.00 and KES 421,319,530.00</li> <li>Revised contract price: USD 4,727,667.00 and KES 517,865,662.85. (Addendum No. 2)</li> <li>Commencement date: 12<sup>th</sup> June, 2017</li> <li>Original Completion date: 11<sup>th</sup> April, 2021</li> <li>Revised Completion Date: 11<sup>th</sup> June, 2023</li> </ul>	Time lapsed
<p>6. Project Name: Replacement of Kainuk Bridge</p> <p>Contract type: Works</p> <p>Contractor: China Henan International Corporation Group Ltd</p> <ul style="list-style-type: none"> <li>Original contract price: KES 1,538,973,674.11</li> <li>Revised contract price: N/A</li> <li>Commencement Date: 17th July, 2017</li> <li>Original completion date: 16th October, 2018</li> <li>Revised completion date: 31st July, 2020</li> </ul> <p>Consultant: SAI Consulting Engineers Pvt Ltd in association with Wanjohi Mutonyi Consulting Engineers.</p> <ul style="list-style-type: none"> <li>Original contract price: KES 23,693,000.00 and 2,259,345.88 USD</li> <li>Revised contract price: USD 2,795,548.38 and KES 4,027,520.00.</li> <li>Commencement date: 22nd May, 2017</li> <li>Original completion date: 16th December, 2019</li> <li>Revised Completion date: 30th March, 2022</li> </ul>	Physical progress,	100%
	Amount certified	Ksh. 1,538,973,674
	Amount paid	Ksh. 1,538,973,674
	Time lapsed	100%

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PROJECT DESCRIPTION	INDICATOR	PROGRESS REPORTED TO DATE
7. Needs Assessment for Social Infrastructure Consulting Services for Delivery Needs Assessment for Social Infrastructure and Social Services	Completed	Completed
8. Construction of Socio-Economic Infrastructure in Turkana and West Pokot Counties	Physical progress,	60%
a) Lot 1: Contractor: M/s Third Engineering Bureau of China City Construction Group Company Limited	Amount certified	1,784,815,095
<ul style="list-style-type: none"> <li>• Original contract price: KES 2,374,748,802.63</li> <li>• Revised contract price: KES N/A</li> <li>• Contract signed: 26th July 2023</li> <li>• Commencement date: 15th August 2023</li> <li>• Completion date: 30<sup>th</sup> December, 2024</li> </ul>	Amount paid	1,784,815,095
	Time lapsed	71%
b) Lot 2: Contractor: M/s Chongqing International Construction Corporation	Physical progress	65%
<ul style="list-style-type: none"> <li>• Original contract price: KES 1,698,398,970.22</li> <li>• Revised contract price: KES N/A</li> <li>• Contract signed: 26th July 2023</li> <li>• Commencement date: 15th August 2023</li> <li>• Original Completion date: 15<sup>th</sup> February 2024</li> <li>• Revised Completion date: 6<sup>th</sup> January, 2025</li> </ul>	Amount certified	1,302,039,457
	Amount paid	1,302,039,457
Consultant: M/s Egis International, France in joint venture with M/s Egis Kenya Limited, Kenya	Time lapsed	100%
<ul style="list-style-type: none"> <li>• Original Contract Price: KES 331,319,200.00</li> <li>• Commencement Date: 8<sup>th</sup> August 2023</li> <li>• Original Completion date: 8<sup>th</sup> September 2024</li> <li>• Amount certified 302,700,957.82</li> </ul>		

### 3. Statement of Performance against Project's Predetermined Objectives

#### Introduction

Section 81(2) (f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national/county government entity's performance against predetermined objectives at the end of each financial year

The Objective of the Eastern Africa Regional Transport, Trade and Development Facilitation Project (EARTTDFP) is to improve movement of goods and people along Lokichar / Nakodok part of the Eldoret-Nadapal /Nakodok road in the Northwestern part of Kenya in particular to enhance connectivity between Kenya and South Sudan. The proposed project will boost agricultural development in the area, fishery and tourism potential. In addition, the project will contribute significantly to improvement of the livelihood of the people living in Turkana and West Pokot counties currently who are living in extreme poverty where development indicators including education, life expectancy are way below national average. The Turkana County is the poorest county in Kenya and has been highly marginalized geographically and historically. Furthermore, provision of social amenities by the project will help integrate the poor including women in national and sub regional economy.

The Kenya National Highways Authority, the Implementing Agency under the State Department of Roads in the Ministry of Roads, is currently executing the project under six (6) Contracts namely:

- Upgrading of Kainuk Bridge and the Approach Roads
- Lot 4 \_Upgrading of Lokichar - Loichangamatak (40Km)
- Lot 3 \_Upgrading of Kalobeiyei River — Nadapal (88 km) road section.
- Lot 2 \_Upgrading of Lokitaung Junction to Kalobeiyei River (80 km) road section.
- Lot 1 \_Upgrading of Lodwar - Lokitaung Junction to (80 km) road section.
- Lot 0 \_Upgrading of Loichangamatak – Lodwar (50Km)
- Construction of Socio-Economic Infrastructure in Turkana and West Pokot Counties

The Challenges experienced in carrying out the projects are:

- a) **Water Scarcity:** Turkana County is classified as a Semi-Arid Land (ASAL) and receives an annual rainfall that range between 150mm and 550mm per year. Rainfall is erratic and unpredictable.
- b) **Low Literacy Levels:** The County has one of the lowest literacy levels 19% compared to 79% of the national average. This means that local skilled labour was not only insignificant but also there was serious communication barrier between the Contractor and the unskilled labourers.
- c) **Remoteness of Project Area:** The project area is over 1000km from the Port of Mombasa and over 600km from Nairobi – where most of high-value materials are sourced from.
- d) **Undue Political Risk/Influence:** The County has one of the lowest literacy levels and high poverty index; thereby making the local communities not only vulnerable to political influence but also heaping unreasonable expectations on the Contractors. Consequently, all the Contractors have experienced incidences of riots and commotion by the local communities clamouring inter alia for employment of 100% of labour force from Turkana community, mass employment beyond requirement of the Contract, hiring of equipment from locals, barring contractor from accessing material sites despite executing lease agreements earlier and following due process.

***Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

**Statement of performance against project’s predetermined objectives (Continued)**

**Progress on attainment of Strategic development objectives**

Below we provide a detailed analysis of the progress on attaining the project’s objectives:

<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
To improve the movement of people/goods through upgrading of road infrastructure along Lokichar - Nakodok (part of Eldoret – Nakodok corridor)	Increased efficient transportation of people, goods, and services.	Completion of the following Road Projects	
		Kainuk Bridge	100% Completed
		Kalobeyei River – Nadapal/Nakodok	100% Completed
		Lokitaung’ Junction – Kalobeiyei River	100% Completed
		Lodwar – Lokitaung’ Junction	100% Completed
		Loichangamatak - Lodwar	100% Completed
		Lokichar -Loichangamatak	99% Completed
Facilitate trade through construction of social infrastructure	Increased Trade	Completion of Construction of Social Infrastructure	CSR projects are now underway and the combined progress is at 65%
Enhancement of internet connectivity in the Northwestern Kenya through construction of fibre Optic Cable	Enhanced Internet Connectivity	Completion of Construction of Fibre Optic Cable	Fibre Optic Cable fully laid

#### **4. Environmental and Sustainability reporting**

The Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP) Program exists to transform lives. This is our purpose, the driving force behind everything we do. It is what guides our strategy. Below is a brief highlight of our activities that drive towards sustainability.

##### **i. Sustainability strategy and profile**

Sustainable Development Goals (SDGs) 2015-2030 provides a plan of action for the people and prosperity. Five out of the seventeen goals are pertinent to management of projects being undertaken by the Authority. These are being addressed through the following initiatives.

- a) *Good health and well-being (SDG 3)*: The Authority strives to undertake Road Safety Audits to identify accident black spots, implement intervention measures and provide road safety education to reduce accidents.
- b) *Gender Equality (SDG 5)*: The Authority encourages mainstreaming of gender equality in project and programmes by incorporating compliance to one third gender rule in procurement and recruitment.
- c) *Industry, innovation and infrastructure (SDG 9)*: The Authority develops quality, reliable, sustainable and resilient infrastructure including regional and trans-border infrastructure to support economic development and human wellbeing with a focus on affordable and equitable access for all.
- d) *Sustainable cities and communities (SDG 11)*: The Authority endeavours to extend the paved road network to hitherto underserved areas in the region to improve nationwide access to high speed and all – weather connectivity; and
- e) *Climate action (SDG 13)*: The Authority endeavours to combat negative impacts of road development through environmental mitigation, climate change measures and compliance with National Environment Management Authority (NEMA) requirements in all development projects.

##### **ii. Environmental performance**

The Authority is working towards ensuring environmental sustainability in projects by undertaking tree planting exercises, implementation of road beautification programs, enforce reinstatement of quarries and borrow pits after construction works, undertakes regular Environmental Impact Assessment (EIA) Audits, carries out M&E on Environment and Social Management Plan (ESMPs) as well as Environmental Social Impact Assessment (ESIA) on projects.

##### **iii. Employee welfare**

In all its staff appointments, the Authority takes deliberate actions to embrace Equal Employment Opportunity policies, gender mainstreaming, addresses concerns around Persons Living with Disabilities (PWDs) and takes affirmative action in line with prevailing Government Policy guidelines. The Authority prioritizes training to develop technical capacity of staff in the fields of Value Engineering, Project Financing, Project, Contract Management, Performance Based Maintenance and Safety.

**Statement of performance against project's predetermined objectives (Continued)**

**iv. Market place practices**

**a) Responsible supply chain and supplier relations**

The Authority strives to maintain good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

**b) Responsible ethical practices**

The Authority strives to ensure responsible competition practices through undertaking annual governance audits in projects. The Authority equally sensitizes staff on corruption and integrity.

**c) Regulatory Impact Assessment**

The Authority strives to ensure responsible competition practices through undertaking annual governance audits in projects, monitoring the implementation of policies and further promotes ethical conduct in projects.

**v. Community Engagements**

During the implementation of the Project, the Authority was committed to remaining a responsible corporate citizen by being accountable for its actions through engaging in Public Participation. The Project's goal in terms of community engagement is to ensure that the projects foster long-term relationships with stakeholders and communities around the project. The aim is not just to build roads that foster development but to ensure collaboration with the local communities to achieve sustainable development. The project staff is also encouraged to give back to society by participating in the Authority's corporate social responsibility projects.

The Authority intends to utilize approximately Ksh.2.8 Billion under the EARTTDFP project in implementing the social infrastructure in virtually all the seven sub-counties of Turkana County within the life of the EARTTDFP Project.

A detailed list of the CSR Activities and their Status is as follows:

No.	Road Project	CSR Activity	Status of CSR Activity
1.	Lot 0: Upgrading of Loichangamatak – Lodwar (A1) Road	<ul style="list-style-type: none"> <li>• Provision of 55No. sports uniforms to 8No. schools in Turkana South</li> <li>• Provision of 18No. footballs to 8No. schools</li> <li>• Distribution of 452kg relief food to 226No. persons affected by drought in Kimabur, Locheremoit and Nagetei</li> <li>• Donation of 400No. masks, 10No. boxes of soap and 24No. handwash bottles at Kanam and Lodwar</li> <li>• Renovation of 2km access roads at Km 72 and Km 78</li> <li>• Undertook ground levelling works at Governor's office.</li> </ul>	Completed

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		<ul style="list-style-type: none"> <li>• Donated sand material for construction purposes at Kanam, Ngakoriyek and ACK Kanamkemer</li> </ul>	
2.	Lot 1: Upgrading of Lodwar – Lokitaung Junction (A1) Road	<ul style="list-style-type: none"> <li>• Drilled 3No. boreholes for the community.</li> <li>• Built 2No. ECDE classrooms, toilet, teachers' administration block and provided 25No. desks at Narong'or</li> <li>• Provided education sponsorships to 10No. students (PAPs) from Narong'or for 4 years near the Km 12 crusher site.</li> <li>• Built 3No. sub-camp site perimeter fences.</li> </ul>	Completed
3.	Lot 2: Upgrading of Lokitaung Junction – Kalobiyei River (A1) Road	<ul style="list-style-type: none"> <li>• Built chief's office at Lokore centre.</li> <li>• 9No. classrooms at Komotogae (3), Kangura (2), Lokichar (2) and Kadakumoe (2) ECDE centres</li> <li>• Built toilets for Tarach and Komotogae ECDE centres.</li> <li>• Fenced Pelekech, Towakayen Primary Schools and Komotogae ECDE centre</li> <li>• Constructed Likitoe Ang'sikiria market shade in Kakuma town.</li> <li>• Continued to share water with the community</li> </ul>	Completed
4	Lot 3: Upgrading of Kalobeiyei River – Nadapal/Nakodok (A1) Road	<ul style="list-style-type: none"> <li>• Fenced St. Patrick Lomidat Primary School</li> <li>• Fenced Teremkus Primary School</li> <li>• Fenced Lomidat dispensary</li> <li>• Fenced Teremkus dispensary</li> <li>• Constructed community hall at Aposta (Km 186)</li> <li>• Constructed community hall at Nakururum (Km 176), yet to complete perimeter fencing and pit toilets</li> </ul>	Completed
5	Construction of Socio-Economic Infrastructure in Turkana and West Pokot Counties	Social safeguards: Consultancy Services for Mitigation Against Gender Based Violence and Prevention of Sexual Exploitation and Abuse in Civil Works Contracts for The Upgrading of Kainuk Bridge, Lokichar-Lodwar-Nadapal/Nakodok Road (A1)	Expected Commencement: August 2023 - Expected Date of Completion: 29th December 2024

To enhance social safeguards in projects, the Authority undertakes Resettlement Action Plan (RAP) studies and implements its recommendations, carries out Social Impact Assessments (SIA), undertakes gender mainstreaming and conduct stakeholders' forum to sensitize the public in several cross-cutting issues.

***Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**5. Statement of Project Management responsibilities**

The Director General, KeNHA and the Project Implementation Team Leader 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, 2024. 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.

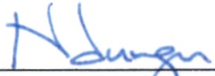
The Director General, KeNHA and the Project Implementation Team Leader accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

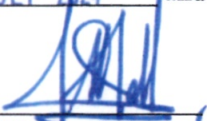
The Director General, KeNHA and the Project Implementation Team Leader are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2024, and of the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader 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.


The Director General, KeNHA and the Project Implementation Team Leader 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/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial statements**

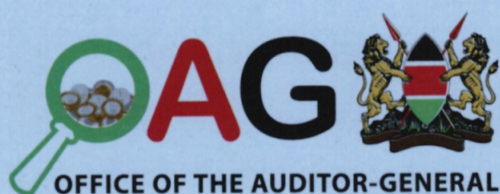
The Project financial statements were approved by the Director General, KeNHA and the Project Implementation Team Leader on 10 SEP 2024 and signed by:

  
\_\_\_\_\_  
**Eng. Kungu Ndungu, MBS**  
**Director General**

  
\_\_\_\_\_  
**Eng. Henry Gakuru**  
**Director -Development**

  
\_\_\_\_\_  
**CPA Chanje Kera**  
**Deputy Director (F&A)**  
**ICPAK Member No. 8279**

# REPUBLIC OF KENYA



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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON EASTERN AFRICA REGIONAL TRANSPORT, TRADE AND DEVELOPMENT FACILITATION PROJECT (IDA CREDIT NO. 5638) FOR THE YEAR ENDED 30 JUNE, 2024 – KENYA NATIONAL HIGHWAY AUTHORITY**

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### **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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, 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 Eastern Africa Regional Transport, Trade Development Facilitation Projects IDA Cr No 5638-KENHA set out on

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*Report of the Auditor-General on Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA CR. 5638) for the year ended 30 June, 2024 – Kenya National Highways Authority*

pages 1 to 25, which comprise the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Eastern Africa Regional Transport, Trade Development Facilitation Projects IDA Cr No 5638-KENHA as at 30 June, 2024 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 Public Finance Management Act, 2012 and comply with the Financing Agreement No. KE 5638 dated April, 2015 between the International Development Association and Government of the Republic of Kenya.

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

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Eastern Africa Regional Transport, Trade Development Facilitation Projects IDA Cr No 5638-KENHA Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my Opinion.

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison budget and actual amounts reflected final receipts budget of Kshs.6,366,870,792 against actual receipt of Kshs.5,565,685,947 resulting to underfunding of Kshs.801,184,845 or 13% of the approved budget. Similarly, the project expended Kshs.5,710,861,012 against the actual receipts of Kshs.5,565,685,947 resulting to over utilization of Kshs.145,175,065 or 3% of the actual receipts.

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

#### **2. Failure to Settle Pending Bills**

Note 12 to the financial statements and Annex 4 of the financial statements reflects Kshs.662,640,731 in respect of pending accounts payables. The balance includes an amount of Kshs.589,728,303 which relates to pending certificates to contractors while

Kshs.72,912,428 relates to unpaid compensation to Project Affected Persons as a result of land acquisition during the construction of the roads.

In the circumstances, the Project risks incurring significant losses in form of interest and penalties due to continued delay in settlement of the pending bills.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, although the issues had been discussed in the Public Accounts Committee of the National Assembly, they remained unresolved as at the time of the audit in October, 2024.

### **Other Information**

The Management is responsible for the other information set out on page iii to xix which comprise of Project Information and Overall Performance, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and the Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the basis for conclusion on lawfulness and effectiveness in use of public resources, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Delayed Counterpart Funding**

Review of Project funding summary revealed that the total counterpart funding from the Government of Kenya was Kshs.5,125,410,913, has been reduced from Kshs.12,794,234,000 reported the previous year.

Further, the actual funding received was Kshs.4,462,274,629 equivalent to 87% of the total counterpart financing projection. The balance of counterpart funding of Kshs.663,136,284 or 13% had not been disbursed to fund the Project's activities as at 30 June, 2024, with only six (6) months to the closing date of the Project of 29 December, 2024.

In the circumstances, the underfunding of the Project affected the planned activities and may have negative impact on service delivery to the public.

### **2. Undrawn Loan Balances**

Review of documents revealed that the Project started on 20 July, 2015 and was expected to end by 29 December, 2024 with donor commitment of Kshs.49,284,758,606. However, a total of Kshs.45,195,980,680 had been drawn from the donor commitment, leaving an undrawn balance of Kshs.4,088,777,926. The project may not be able to draw full funding within the project life which may deny the public accessing the remaining funding. Further, in accordance with Clause II (2.03) of the financing agreement, the loan will continue to attract penalty on the undrawn balance in form of commitment fees.

In the circumstances, the Project costs may continue escalating as a result of penalty payments which are irregular and avoidable charge to public funds.

### **3. Project Implementation Status**

#### **3.1 Construction of Socio-Economic Infrastructure in Turkana and West Pokot Counties**

Review of records revealed that some socio-economic infrastructure projects located in Turkana and West Pokot Counties of Kenya had not started as at the time of the audit and the contractor was not in site for some of the projects. The table in **Appendix 1** summarizes individual percent progress at the various projects. The initial completion date of the Project was 15 February, 2024 which was extended to 31 December, 2024.

In the circumstances, it is not certain whether the projects will be completed within the stipulated deadline of 31 December, 2024.

#### **3.2 Delay in Payments to Contractors**

Review of Interim payment certificates (4) dated 31 May, 2024 for Lot 2 projects revealed that payments for works totaling to Kshs.313,414,024 due to contractor were still outstanding as at the time of the audit. Similarly, the interim payment certificate (4) dated 25 July, 2024 for Lot 1 projects revealed that payments for works done amounting to

Kshs.310,337,848.12 due to the contractor were still outstanding as at the time of the audit.

Site visits conducted revealed that this has affected the delivery of pending works as the contractors have been forced to scale down on labor force and acquisition of materials leading to delay in project implementation.

In the circumstances, the delay in project implementation will lead to additional costs of penalties and interest on which can be voided were the bills paid in time.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

As required by international Development Association (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's financial statements are in agreement with the accounting records and returns.

## **Responsibilities of the Management and those Charged with Governance**

The 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 controls as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP 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.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**14 November, 2024**

## Appendix 1

### Lot 1 Project Locations and Percent Progress

No	PROJECT	LOCATION	PHYSICAL % PROGRESS
1.	Sangak Primary School	West Pokot County	84.2%
2.	Kainuk Health Centre	Turkana South Sub- County	85.4%
3.	Lobokat Girls Secondary School	Turkana South Sub- County	87.3%
4.	Aroo teachers College	Turkana South Sub- County	84.5%
5.	Lokichar Health Centre	Turkana South Sub- County	85.1%
6.	Locheremoit Police post	Turkana South Sub- County	87.9%
7.	Nakimak Primary School	Turkana South Sub- County	82.1%
8.	Loturerei Secondary School	Turkana Central Sub- County	83.8%
9.	Napetao Dispensary	Turkana Central Sub- County	89.5%
10.	Napetet ICT Hub	Turkana Central Sub- County	89.4%
11.	Lodwar Truck Park	Turkana Central Sub- County	89.7%
12.	Lokichar Truck Park	Turkana South Sub- County	87.6%
13.	Ngamia 1 Girls	Turkana East Sub- County	70.8%
14.	Kawalase Water Supply	Turkana Central Sub- County	0.0%
	<b>Weighted Overall % Progress</b>		<b>80.1%</b>

## Lot 2 Project Locations and percent progress


No	PROJECT	LOCATION	PHYSICAL % PROGRESS
15.	Napeililim Secondary School	Loima Sub- County	90.2%
16.	Morukapel Girls Secondary School	Turkana North Sub- County	86.5%
17.	Nadwat Primary School	Turkana North Sub- County	76.9%
18.	Song'ot Girls Secondary School	Turkana West Sub- County	87.6%
19.	Napeililim Health Centre	Loima Sub- County	85.7%
20.	Nadwat Health Centre	Turkana North Sub- County	85.0%
21.	Nadapal Dispensary	Turkana West Sub- County	85.5%
22.	Kalokutanyang Water Supply	Loima Sub- County	0.0%
23.	Naperebei Water Supply	Turkana North Sub- County	0.0%
24.	Nadapal Water Supply	Turkana West Sub- County	0.0%
25.	Amenities at Lokichoggio Truck Park	Turkana West Sub- County	72.2%
26.	Nadapal Livestock Market	Turkana West Sub- County	69.5%
	<b>Weighted Overall % Progress</b>		<b>78.1%</b>

**Eastern Africa Regional Transport, Trade & Development Facilitation Project.**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**


**7. Statement of Receipts and Payments for the year ended 30th June 2024**

	NOTES	2023/24			2022/23			Cumulative to date (Restated)
		Receipts & Payments Controlled by the Entity	Receipts & Payments made by the Third Party	Total	Receipts & Payments Controlled by the Entity (Restated)	Receipts & Payments made by the Third Party	Total (Restated)	
		Kshs	Kshs	Kshs	Kshs	Kshs	Total	Kshs
<b>Receipts</b>								
Transfer from Government entities	1	7,844,260	-	7,844,260	170,000,000	-	170,000,000	4,436,342,434
Transfer from External Development Partner	2	510,591,739	5,046,099,521	5,556,691,260	208,149,587	2,556,037,370	2,764,186,957	45,195,980,680
Miscellaneous Receipts	3	1,150,427	-	1,150,427	3,542,756	-	3,542,756	25,932,195
<b>Total receipts</b>		<b>519,586,426</b>	<b>5,046,099,521</b>	<b>5,565,685,947</b>	<b>381,692,343</b>	<b>2,556,037,370</b>	<b>2,937,729,713</b>	<b>49,658,255,309</b>
<b>Payments</b>								
Purchase of goods and services	4	6,219,018	-	6,219,018	10,231,361	-	10,231,361	209,452,190
Acquisition of non-financial assets	5	658,522,147	5,046,099,521	5,704,621,668	400,030,731	2,556,037,370	2,956,068,101	49,443,995,243
Miscellaneous Payments	6	20,326	-	20,326	22,200	-	22,200	357,161
<b>Total Payments</b>		<b>664,761,491</b>	<b>5,046,099,521</b>	<b>5,710,861,012</b>	<b>410,284,292</b>	<b>2,556,037,370</b>	<b>2,966,321,662</b>	<b>49,653,804,594</b>
<b>SURPLUS/DEFICIT</b>		<b>(145,175,065)</b>	<b>-</b>	<b>(145,175,065)</b>	<b>(28,591,949)</b>	<b>-</b>	<b>(28,591,949)</b>	<b>4,450,719</b>

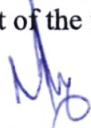
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

  
**Eng. Kungu Ndungu, MBS**  
**Director General**

10 SEP 2024  
**Date**

  
**Eng. Henry Gakuru**  
**Director -Development**

10 SEP 2024  
**Date**

  
**CPA Chanje Kera**  
**Deputy Director (F&A)**  
**ICPAK Member No.8279**

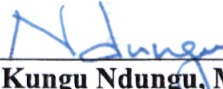
10 SEP 2024  
**Date**

**Eastern Africa Regional Transport, Trade & Development Facilitation Project.**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**


**8. Statement of Financial Assets and Liabilities as at 30th June 2024**

	Note	2023/24 Kshs	2022/23 Kshs(Restated)
<b>Financial Assets</b>			
Cash and Cash equivalents	7	9,632,551	222,862,465
<b>Total Financial Assets (A)</b>		<b>9,632,551</b>	<b>222,862,465</b>
<b>Financial Liabilities</b>			
Payables - Retentions	8	5,181,832	73,236,684
<b>Total Financial Liabilities (B)</b>		<b>5,181,832</b>	<b>73,236,684</b>
<b>Net Financial Assets (A-B)</b>		<b>4,450,719</b>	<b>149,625,781</b>
Represented By:			
Fund Balance B/fwd.	10	149,625,780	178,217,729
Surplus/Deficit for the year		(145,175,065)	(28,591,949)
<b>Net Financial Assets</b>		<b>4,450,719</b>	<b>149,625,780</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10 SEP 2024 and signed by:

  
**Eng. Kungu Ndungu, MBS**  
**Director General**

Date 10 SEP 2024

  
**Eng. Henry Gakuru**  
**Director -Development**

Date 10 SEP 2024

  
**CPA Chanje Kera**  
**Deputy Director (F&A)**  
**ICPAK Member No.8279**

Date 10 SEP 2024

**Eastern Africa Regional Transport, Trade & Development Facilitation Project.**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**9. Statement of Cash flows for the year ended 30th June 2024**


	Note	2023/24 Kshs	2022/23 Kshs (Restated)
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Transfer from Government entities	1	7,844,260	170,000,000
Miscellaneous receipts	3	1,150,427	3,542,756
<b>Total Receipts</b>		<b>8,994,687</b>	<b>173,542,756</b>
<b>Payments</b>			
Purchase of goods and services	4	(6,219,018)	(10,231,361)
Miscellaneous Payments	6	(20,326)	(22,200)
<b>Total Payments</b>		<b>(6,239,344)</b>	<b>(10,253,561)</b>
<b>Net cash flow from operating activities</b>		<b>2,755,343</b>	<b>163,289,195</b>
<b>Cashflow From Investing Activities</b>			
Acquisition of Non-Financial Assets	5	(5,704,621,668)	(2,956,068,101)
Increase (Decrease) in Accounts Payables - Retentions	11	(68,054,852)	(59,756,463)
<b>Net cash flows from Investing Activities</b>		<b>(5,772,676,520)</b>	<b>(3,015,824,564)</b>
<b>Cashflow From Financing Activities</b>			
Proceeds from Foreign Borrowings	2	5,556,691,260	2,764,186,957
<b>Net cash flow from financing activities</b>		<b>5,556,691,260</b>	<b>2,764,186,957</b>
Net increase in cash and cash equivalents		(213,229,913)	(88,348,412)
Cash & cash equivalent at beginning of the year		222,862,464	311,210,876
<b>Cash and cash equivalent at end of the year</b>	<b>7</b>	<b>9,632,551</b>	<b>222,862,464</b>

**Eastern Africa Regional Transport, Trade & Development Facilitation Project.**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**10. Statement of Comparison of Budget and Actual amounts for the year ended 30<sup>th</sup> June 2024**

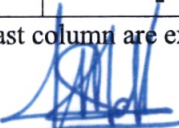
Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	
	Kshs	Kshs	Kshs	Kshs	Kshs	f=d/c %
<b>Receipts</b>						
Transfer from Government entities	222,461,541	(110,590,749)	111,870,792	7,844,260	104,026,532	7%
Transfer from External Development Partner	10,905,000,000	(4,650,000,000)	6,255,000,000	5,556,691,260	698,308,740	89%
Miscellaneous receipts	-	-	-	1,150,427	(1,150,427)	-
<b>Total Receipts</b>	<b>11,127,461,541</b>	<b>(4,760,590,749)</b>	<b>6,366,870,792</b>	<b>5,565,685,947</b>	<b>801,184,845</b>	<b>87%</b>
<b>Payments</b>						
Purchase of goods and services	11,127,461,541	(4,760,590,749)	6,366,870,792	6,219,018	656,030,106	90%
Acquisition of non-financial assets:				5,704,621,668		
Miscellaneous Payments	-	-	-	20,326	-	-
<b>Total Payments</b>	<b>11,127,461,541</b>	<b>(4,760,590,749)</b>	<b>6,366,870,792</b>	<b>5,710,861,012</b>	<b>656,009,780</b>	<b>90%</b>
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>		<b>(145,175,065)</b>	<b>145,175,065</b>	

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

  
 Eng. Kungu Ndungu, MBS  
 Director General


10 SEP 2024

Date

  
 Eng. Henry Gakuru  
 Director -Development

10 SEP 2024

Date

  
 CPA Chanje Kera  
 Deputy Director (F&A)  
 ICPAK Member No. 8279

10 SEP 2024

Date

## **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 Eastern Africa Regional Transport Trade & Development Facilitation Project under the Kenya National Highways Authority. The financial statements are for the reporting entity Eastern Africa Regional Transport Trade & Development Facilitation 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**

The Eastern Africa Regional Transport Trade & Development Facilitation Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.

#### **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 received through grants and loans from multilateral and bilateral development partners.

**Significant Accounting Policies (Continued)**

**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 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 Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on 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 actually been paid out by the Project.

**i) Compensation of 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 were incurred and paid for.

**Significant Accounting Policies (Continued)**

**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.

**Significant Accounting Policies (Continued)**

**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. Annex 5 of this financial statement is a register of contingent liabilities in the year.

**k) Contingent Assets**

The Eastern Africa Regional, Transport, Trade & Development Facilitation 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 the Eastern Africa Regional, Transport, Trade & Development Facilitation 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.

**l) 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' items to provide a sense of the overall net cash position of the Project at the end of the year. 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.

**Significant Accounting Policies (Continued)**

**m) 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.

**n) 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.

**o) 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.

**p) 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.

**q) 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, 2024.

**r) Prior Period Adjustments**

Prior period Adjustments relate to errors and other adjustments noted arising from previous year(s). There are no prior year adjustments for the financial year under review.

## 12. Notes to the Financial Statements

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

### 1. Transfers from Government entities

Description	FY 2023/24	FY 2022/23	Cumulative to- date (from Inception)
	Kshs	Kshs	Kshs
Counterpart funds Quarter 1	-	-	469,938,060
Counterpart funds Quarter 2	-	170,000,000	1,380,854,860
Counterpart funds Quarter 3	-	-	636,185,000
Counterpart funds Quarter 4	-	-	1,941,520,254
<b>TOTAL</b>	<b>-</b>	<b>170,000,000</b>	<b>4,428,498,174</b>
<i>Other transfers from government entities</i>			
	-	-	-
<b>Total</b>			
<b>Annuity fund</b>			
	-	-	-
<b>Total</b>			
Appropriations-in-Aid	7,844,260		7,844,260
<b>Total</b>	<b>7,844,260</b>	<b>-</b>	<b>7,844,260</b>
<b>Grand Total</b>	<b>7,844,260</b>	<b>170,000,000</b>	<b>4,436,342,434</b>

### 2. Proceeds from Domestic and Foreign Grants

Description	2023/2024					FY 2022/2023	Cumulative to date
	Name of Donor-IDA	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment	Total amount	
			USD	Kshs	Kshs	Kshs	Kshs
Loans received from Multilateral Donors- IDA/GOK	FY 2023/24, please refer to annex 6	4,729,891	510,591,739	5,046,099,521	5,556,691,260.08	2,764,186,957	45,195,980,680
<b>Total</b>		<b>4,729,891</b>	<b>510,591,739</b>	<b>5,046,099,521</b>	<b>5,556,691,260</b>	<b>2,764,186,957</b>	<b>45,195,980,680</b>

*Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

**3. Miscellaneous Receipts**

	2023/24	2022/23	Cumulative
	Kshs	Kshs	to-date
Bank Interest	1,150,427	3,542,756	25,932,195
<b>Total</b>	<b>1,150,427</b>	<b>3,542,756</b>	<b>25,932,195</b>

**4. Purchase of Goods and Services**

Description	2023/24			2022/23	Cumulative to date
	Payments Controlled by the Entity	Payments made by the Third Party	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Training payments	-	-	-	488,300	488,300
Domestic travel and subsistence	3,404,606	-	3,404,606	6,112,759	202,519,176
Hospitality supplies and services	2,814,412	-	2,814,412	3,630,302	6,444,714
<b>Total</b>	<b>6,219,018</b>	<b>-</b>	<b>6,219,018</b>	<b>10,231,361</b>	<b>209,452,190</b>

**5. Acquisition of Non-Financial Assets**

Description	2023/24			2022/23	Cumulative to date (Restated)
	Payments made by the Entity	Payments Made by Third Party	Total Payments	Total Payments	
	Kshs	Kshs			
Research, studies, project preparation, design & supervision			-	-	4,557,172,890
Rehabilitation of Roads	658,522,147	5,046,099,521	5,704,621,668	2,956,068,101	44,665,562,252
Acquisition of land	-	-	-	-	221,260,101
<b>Total</b>	<b>658,522,147</b>	<b>5,046,099,521</b>	<b>5,704,621,668</b>	<b>2,956,068,101</b>	<b>49,443,995,243</b>

**Notes to the Financial Statements (Continued)**

**6. Miscellaneous Payments**

	<b>2023/24</b>	<b>2022/23</b>	<b>Cumulative</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>to-date</b>
Bank Charges	20,326	22,200	357,161
<b>Total</b>	<b>20,326</b>	<b>22,200</b>	<b>357,161</b>

**7. Cash and Cash Equivalents**

	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts (Note 7A)	9,632,551	222,862,465
	<b>9,632,551</b>	<b>222,862,465</b>

**7A. Bank Accounts**

	<b>2023/24</b>	<b>2022/23</b>
	<b>KShs</b>	<b>KShs</b>
<b>Local Currency Accounts.</b>		
National Bank of Kenya [A/c No 01001032662501]	4,450,719	98,510,922
National Bank of Kenya [A/c No 01001-327332-00]	5,181,832	73,236,684
Cooperative Bank [A/c No 011141160979900]	-	51,114,859
<b>Total bank account balances</b>	<b>9,632,551</b>	<b>222,862,465</b>

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 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.

**Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
Annual Report and Financial Statements for the financial year ended June 30, 2024**

**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts Movement Schedule**

	2023/24	2022/23
	USD	USD
Eastern Africa Regional Transport Trade & Development Facilitation Project Loan Credit No 5638-Ke Da-B [A/c No100243767-Central Bank of Kenya]		
Opening balance 1st July 2023	1,042,842.89	387,430.32
Total amount deposited in the account	3,222,928.66	2,284,907.02
Total amt withdrawn	3,485,128.37	1,629,494.45
Amt withdrawn (cash in transit as at 30 <sup>th</sup> June, 2024)	-	-
Closing balance (as per SDA bank account reconciliation attached)	<b>780,643.18</b>	<b>1,042,842.89</b>

The Special Deposit Account statement has been attached as per appendix 2 support this closing balance.

**8. Third-Party Deposits and Retention**

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Retention	5,181,832		73,236,684	
Deposits	-		-	
<b>Total</b>	<b>5,181,832</b>		<b>73,236,684</b>	
<b>Ageing analysis:</b>	<b>2023-2024</b>	<b>% of the Total</b>	<b>2022-2023</b>	<b>% of the Total</b>
Under one year		%		%
1-2 years			25,276,769	35%
2-3 years	5,181,832	100%	987,069	1%
Over 3 years	-		46,972,846	64%
<b>Total</b>	<b>5,181,832</b>	<b>100%</b>	<b>73,236,684</b>	<b>100%</b>

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**Notes to the Financial Statements (Continued)**

**9. Prior Year Adjustment**

Description of the error	Balance b/f Previous FY (audited financial statements))	Adjustments	Adjusted balance b/f Previous FY
	Kshs	Kshs	Kshs
Acquisition of Non Financial assets- (Rehabilitation of Roads)	38,887,703,900	73,236,684	38,960,940,584
Receipts & Payments Controlled by the Entity	459,787,194	(59,756,463)	400,030,731

The prior year adjustment relates to Retention previously not capitalized in prior financial year and it has now been capitalized in the current financial year

**10. Fund Balance Brought Forward**

	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts	149,625,780	178,217,729
<b>Total</b>	<b>149,625,780</b>	<b>178,217,729</b>

**11. Changes in Accounts Payables (Deposits and Retention)**

Description	FY 2023 - 2024	FY 2022 - 2023
	Kshs	Kshs
Retentions as at 1 <sup>st</sup> July	73,236,684	132,993,147
Closing accounts payables as at 30 <sup>th</sup> June	5,181,832	73,236,684
Change in payables	<b>(68,054,852)</b>	<b>(59,756,463)</b>

**Other Important disclosures**

**12. Pending Accounts Payable (See Annex 4)**

Description	Balance b/f	Additions for the year	Paid during the year	Balance c/f
	FY 2023-2024			FY 2023-2024
	Kshs	Kshs	Kshs	Kshs
Construction of Civil Works	765,416,216	5,528,933,756	5,704,621,668	589,728,304
Land Compensation	72,912,428	4,125,026	4,125,026	72,912,428
Supply of services	-	-	-	-
<b>Total</b>	<b>838,328,644</b>	<b>5,533,058,782</b>	<b>5,708,746,694</b>	<b>662,640,731</b>

**13. Accounts Payables**

Description	2023-2024	2022-2023
	Kshs	Kshs
Retention - Payments made by third party	329,872,986	390,361,454
<b>Total</b>	<b>329,872,986</b>	<b>390,361,454</b>

**14. External Assistance**

	FY 2023-2024	FY 2022-2023
Description	Kshs	Kshs
External assistance received as loans	5,556,691,260	9,595,683,674
<b>Total</b>	<b>5,556,691,260</b>	<b>9,595,683,674</b>

**a) External assistance relating to loans and grants.**

	FY 2023-2024	FY 2022-2023
Description	Kshs	Kshs
External assistance received as loans	2,764,186,957	9,595,683,674
<b>Total</b>	<b>2,764,186,957</b>	<b>9,595,683,674</b>

**Notes to the Financial Statements (Continued)**

**b) Undrawn external assistance**

	<b>Purpose for which the undrawn external assistance may be used</b>	<b>FY 2023-2024</b>	<b>FY 2022-2023</b>
<b>Description</b>		<b>Kshs</b>	<b>Kshs</b>
Undrawn external assistance - loans	Acquisition of Assets	4,088,777,926	9,645,469,186
<b>Total</b>		<b>4,088,777,926</b>	<b>9,645,469,186</b>

**c) Classes of providers of external assistance**

	<b>FY 2023-2024</b>	<b>FY 2022-2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors	5,704,621,668	2,764,186,957
<b>Total</b>	<b>5,704,621,668</b>	<b>2,764,186,957</b>

**d) Purpose and use of external assistance**

<b>Payments Made by Third Parties</b>	<b>FY 2023-2024</b>	<b>FY 2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Acquisition of Assets	5,704,621,668	2,956,068,101
<b>TOTAL</b>	<b>5,704,621,668</b>	<b>2,956,068,101</b>

**e) External Assistance paid by Third Parties on behalf of the Entity by Source**

	<b>FY 2023-2024</b>	<b>FY 2022-2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors	5,556,691,260	2,764,186,957
<b>Total</b>	<b>5,556,691,260</b>	<b>2,764,186,957</b>

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**13. Annexes.**

**Annex 1: Prior Year Auditor-General's Recommendations**

Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:												
1	<p><b>Basis for Qualified Opinion</b></p> <p><b>Unsupported Cash and Cash Equivalents</b></p> <p>The statement of financial assets reflects cash and cash equivalents balance of Kshs. 222,862,465. Which as disclosed in Note 7 to the financial statements Includes of Kshs 51,114,859 held in a local bank account was Kshs. 3,562,041,542 resulting to an unexplained variance of Ksh.3,359,293,936</p> <p>Further, the cash and cash equivalents balance include an amount of Ksh.73,236,634 in respect of retention monies whose bank reconciliation statements and bank confirmation statement in respect of balance reflected a balance of Ksh.561,158,482 resulting to unexplained variance of Ksh.487,921,798. The management explained that the unreconciled balances was as a result of the authority comingling funds for all the projects undertaken by the Authority. In addition, the statement of cashflow did not reflect the total net cashflow from operating activities of Ksh.163,289,195</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.222,862,465 could not be confirmed</p>	<p>We disagree with the auditor's observation that there was an unexplained variance of Ksh.3,359,293,936 We wish to clarify that the variance of Ksh.3,359,293,936 is the difference between the project's cash balance of Kshs.222,862,465 and a figure of Ksh.3,582,156,401 which the auditor incorrectly observed as the closing cash balance held at the authority's Cooperative bank account instead of the correct balance of Kshs 3,613,156,401.12</p> <p>As at close of FY 2022/23, the project had a closing cash balance amounting to Kshs 222,862,465 that was held in three bank accounts as analysed below;</p> <table border="1" data-bbox="996 938 1668 1254"> <thead> <tr> <th>No</th> <th>Bank Account</th> <th>Project closing balance</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>EARTTDFP Project Account held at NBK</td> <td>98,510,922</td> </tr> <tr> <td>2</td> <td>Authority's Retention Account held at NBK</td> <td>73,236,684</td> </tr> <tr> <td>3</td> <td>Authority's Exchequer bank account held at the</td> <td>51,114,859</td> </tr> </tbody> </table>	No	Bank Account	Project closing balance	1	EARTTDFP Project Account held at NBK	98,510,922	2	Authority's Retention Account held at NBK	73,236,684	3	Authority's Exchequer bank account held at the	51,114,859	Not Resolved	Ongoing
No	Bank Account	Project closing balance														
1	EARTTDFP Project Account held at NBK	98,510,922														
2	Authority's Retention Account held at NBK	73,236,684														
3	Authority's Exchequer bank account held at the	51,114,859														

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Ref No.	Issue / Observations from Auditor	Management comments		Status:	Time frame:
		Cooperative bank of Kenya Ltd			
		Total	222,862,465		
		<p>During the audit exercise, the authority shared with the audit team documents supporting all the above cash balances with the Project's bank statements, memorandum cash books and bank reconciliations, Further, although the Authority's Cooperative bank account had a total closing balance amounting to Kshs 3,613,156,401.12, the Authority provided to the audit team the breakdown/list of projects whose balances were held in the bank account</p> <p>We further disagree with the auditor's observation that there was an unsupported Cash and Cash Equivalents of Ksh.487,921,798.</p> <p>We wish to clarify that the variance of Ksh.487,921,798 is the difference between the project's closing retention amount of Ksh.73,236,634 and the total cash balances that were held in the Authority's retention bank account of Kshs 561,158,482</p> <p>We further wish to clarify that although the authority maintains one retention bank account for all the projects, the authority maintains memorandum</p>			

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Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
		<p>retention cashbooks indicating the retention balances for respective projects.</p> <p>We agree with the auditor’s observation that the initial draft financial statements did not indicate the amount of total cashflow from operating activities amounting to Ksh.163,289,195.</p> <p>We wish to note that this was a regrettable error that was subsequently corrected as indicated the amended financial statements, the amended financial statements were however not considered by the OAG team while preparing their final audit report.</p>		
2	<p><b>Deficit Balance</b></p> <p>The statement of receipts and payments reflects deficit amounts of Ksh.88,348,412 which differed with the deficit balance of Kshs.28,591,959 reflected in the statement of financial assets resulting to an unexplained variance of Kshs.59,756,463.</p> <p>In the circumstances, the accuracy and completeness of the deficit balances of Ksh.28,591,949 could not be confirmed.</p>	<p>We disagree with the audit observation that the balance of Kshs. 59,756,463 in the financial statements could not be explained.</p> <p>We wish to clarify that the difference of Kshs. 59,756,463 between the deficit in the Statement of Receipts and Payments and the deficit of Kshs 28,591,949 reported in the Statement of Financial Assets represents net retention amounts paid during the financial year.</p> <p>The Projects reporting template issued by the Public Sector Accounting Standards Board, under the National Treasury provides that retention paid/released during the year should be accounted for as part of payments in the Statement of Receipts and Payments (under the line ‘Acquisition of Financial Assets). The same template also provides that</p>	Not Resolved	Ongoing

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Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
		<p>retention released during the financial year should be accounted for in the Statement of Financial Assets under the line 'Financial Liabilities, Third Party Deposits and Retention' and not under the line Surplus/(Deficit) for the year.</p> <p>In the statements under review, the deficit for the year amounting to Kshs 88,348,412 is made up of:</p> <p>a) Retention released amounting to Kshs 59,756,463 which has been accounted for in the statement of financial assets under the line 'Third party Deposits and retention'. This therefore resulted in the reduction of the amounts under the line 'Third party Deposits and retention' by Kshs 59,756,463 (from Kshs 132,993,147 in FY 2021/22 to Kshs 73,236,684 in FY 2022/23).</p> <p>b) Kshs 28,591,949 deficit for the year which has been accounted for in the statement of financial assets under the line 'Surplus/(Deficit) for the year'.</p> <p>The Accounting and disclosure of the retention paid during the year is therefore in line with the Projects reporting template issued by the Public Sector Accounting Standards Board, under the National Treasury.</p>		

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Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
3	<p><b>Presentation and Disclosure in the Financial Statements</b></p> <p>The bank reconciliations and the special Deposit Accounts statements were not attached to the financial statements as appendices as required by the international Public Sector Accounting Standards Board.</p> <p>In the circumstances, proper disclosure and presentation of the financial statements could not be confirmed.</p>	<p>We agree with the auditor's observation that the bank reconciliations and the Special Deposit Accounts statement were not attached to the financial statements.</p> <p>The bank reconciliations and the Special Deposit Accounts statements were subsequently attached to the revised financial statements.</p>	Not Resolved	Ongoing
4	<p><b>Other Matters</b></p> <p><b>Budgetary Control and Performance</b></p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget of Ksh.3,552,000,000 against actual receipts of Ksh.2,937,729,713 resulting to underfunding of Ksh.614,270,287 or 17% of the budget. Similarly, the project expended Ksh.3,026,078,125 against an approved budget of Ksh.3,552,000,000 resulting to under expenditure of 525,921,875 or 15% of the budget.</p> <p>The underfunding and under performance affected the planned activities and may have impacted negatively on service delivery to the public</p>	<p>We agree with the auditor's observation that the statement of comparison of budget and actual performance reflected final receipts budget and actual on comparable basis totalling to Kshs. 12,504,387,987 and Kshs. 9,766,284,766 respectively, resulting to an underfunding of Kshs. 2,738,103,221 or 22% of the budget. We further agree with the audit observation that the project spent Kshs. 9,922,207,205 against an approved budget of Kshs. 12,504,387,987 resulting to an under expenditure of Kshs. 2,582,180,782 or 21% of the budget.</p> <p>The under absorption/ spending of budgeted resources was as a result of delayed approval of submitted addendums which prevented payments to the Contractor for work done under the Lodwar - Lokitaung project hence under absorption of the</p>	Not Resolved	Ongoing

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Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
		<p>development partner portion of the budget. We agree with the auditor's observation that there was an under-absorption of Ksh.614,270,287 or 17% of the budget and that the project expended Ksh.3,026,078,125 against an approved budget of Ksh.3,552,000,000 resulting to under expenditure of 525,921,875 or 15% of the budget.</p> <p>We wish to clarify that this was because of the delays in processing the contractor's addendum for Lot 4 for Upgrading of Lokichar-Loichangamatak and late commencement of Construction of Socio-Economic Infrastructure in Turkana and West Pokot Counties hence resulting in slow progress of works and low absorption of funds.</p>		
5	<p><b>Delayed Counterpart Funding</b></p> <p>Review of project documents revealed that the total counterpart funding from the Government of Kenya was Ksh.12,794,234,000, while the actual amount received was Ksh.4.453.279.942 equivalent to 34% of the total counterpart financing projection. The balance of counterpart funding of ksh.8,340,954,058 or 66% had not been disbursed to fund the Project's activities as at 30 June 2023, with only six (6) months to the closing date of the project of 29 December,2023</p>	<p>We agree with the auditor's observation that there is delayed Completion of the project.</p> <p>This is because the project has experienced variations which were mainly attributed to design changes based on the site conditions which were not envisaged at design stage and largely on Variation of Price.</p>	Not Resolved	Ongoing

**Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
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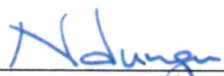
Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	In the circumstances, value for money obtained from the project could not be confirmed			
6	<p><b>Unresolved Prior Year Matter</b></p> <p>In the audit report of the previous year, several issues were raised. However, it is not clear, and Management has not indicated how each of the issues raised in the previous year Auditor General's report, was resolved, including the information required under the prescribed reporting format.</p>	<p>We agree with the auditor's observation that there are unresolved Prior Year Matters.</p> <p>The Authority is working closely with the parent Ministry and Office of the Auditor General to resolve all outstanding issues and is in the process of closing all the issues raised.</p>	Not Resolved	Ongoing
7	<p><b>Basis for Conclusion</b></p> <p><b>Undrawn loan balances</b></p> <p>Review of documents revealed that the project started on July, 2015 and was expected to end by 29 December, 2023 with donor commitment of Kshs. 49,284,758,606. However, as at 30 June 2023, total of Kshs. 39,639,289,420 had been drawn from the donor commitment, leaving an undrawn balance of Kshs. 9,645,469,186. In accordance with Clause II (2.03) of the financing agreement, the loan will continue to attract penalty on the undrawn balance in form of commitment fees.</p> <p>In the circumstances, the project cost may continue escalating as a result of penalty payments which are irregular and avoidable charge to public funds.</p>	<p>We agree with the auditor's observation that there are undrawn loan balances and that the loan will continue to attract penalty on the undrawn balance.</p> <p>The unutilized loan amount is due to the pending addendum which the World Bank is still processing for Lot 2 and Lot 3 for both works and services contracts. The balance also caters for the Socio-economic infrastructure project which is still under implementation and is expected to be completed by 31<sup>st</sup> December 2023</p>	Not Resolved	Ongoing

**Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
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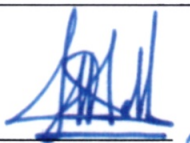
Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
8	<p><b>Delay in completion of the Project -Upgrading Nadapal-Nakodok Road</b></p> <p>Review of the contract documents revealed that the first amendment to the financing agreement dated 24 December 2021 indicated that the project closure period be revised from 31 December 2021 to 29 December 2023. The agreement involved project restructuring by excluding 11 km of Upgrading Nadapal-Nakodok road section from the original works under on LOT 3 of Upgrading of Kalobeiyei River Nadapal/Nakodok Road Project resulting to reduced scope of work from 88km to 77 km. The amendment indicated that the project construction works to be undertaken by the Government of Kenya at a cost of Kshs 1,440,000,000 while the consultancy cost for supervision of the project was to be paid by the donor at a cost of Kshs 19,200,000. However, at the time of audit project works had not commenced.</p> <p>In the circumstances, delayed project may result in additional project expenses leading to loss in public funds</p>	<p>We agree with the auditor’s observation that there was a delay in the completion of Upgrading Nadapal-Nakodok Road.</p> <p>We would like to clarify that at the moment the border dispute for the last 11 km (Nadapal – Nakodok section) has not been resolved and the section is still inaccessible. The 11 km section was excluded from this contract and will be implemented by the Government of Kenya as a separate contract upon allocation of funds in the budget</p>	Not Resolved	Ongoing
9	<p><b>Failure to Settle Pending Bills</b></p> <p>Annex 4 to the financial statements reflects Kshs. 838,328,644 in respect of pending accounts payables which includes an amount of Ksh.765,416,216 which</p>	We agree with the auditor’s observation that there is a failure to Settle Pending bills.	Not Resolved	Ongoing

**Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
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Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>relates to pending certificates to contractors and interest on delayed payments while Kshs 72,912 428 relates to unpaid compensation to Project Affected Persons as a result of land acquisition during the construction of the roads.</p> <p>In the circumstances, the risks incurring significant losses in form of interest and penalties due to continued delay in settlement of pending bills</p>	<p>The pending bills amounts is due pending 16% VAT GOK component payable to contractors by the Government of Kenya which resulted from inadequate exchequer releases.</p> <p>In FY 2023/2024 however, the Project received a budgetary allocation of Kshs 141,870,792 which will be utilized towards settlement of part of the pending bills.</p>		

  
**Eng. Kungu Ndungu, MBS**  
**Director General**

10 SEP 2024  
**Date**

  
**Eng. Henry Gakuru**  
**Director -Development**

10 SEP 2024  
**Date**

*Eastern Africa Regional Transport, Trade & Development Facilitation Project.  
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**Annex 2- Variance explanations - Comparative Budget and Actual Amounts for FY 2023/24**


	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 %	
<b>Receipts</b>					
Transfer from Government entities	100,000,000	58,959,119	41,040,881	59%	This is due to inadequate exchequer releases
Transfer from External Development Partner	6,255,000,000	5,556,691,260	698,308,740	89%	This is attributed to pending addenda for consultants
Miscellaneous receipts	-	1,150,427	(1,150,427)		
<b>Total Receipts</b>	<b>6,355,000,000</b>	<b>5,616,800,806</b>	<b>738,199,194</b>	<b>88%</b>	
<b>Payments</b>					
Purchase of goods and services		6,219,018			
Acquisition of non-financial assets:	6,355,000,000	5,704,621,668	6,348,780,982	88%	Expenditure incurred using opening fund balance that were budgeted for in prior year
Miscellaneous Payments		20,326	(20,326)	-	
<b>Total Payments</b>	<b>6,355,000,000</b>	<b>5,710,861,012</b>	<b>644,138,988</b>	<b>90%</b>	

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**Annex 3: Reconciliation of inter-Entity Transfers**

Project Name: Eastern Africa Regional Transport, Trade & Development Facilitation Project				
Break down of transfers from the State Department of Roads and Transport				
a.	Government Counterpart funding	Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
	<b>Total</b>			
<b>B.</b>	<b>Direct payments</b>	-	-	
<b>C.</b>	<b>Others</b>			
	Appropriations-in-Aid	18 <sup>th</sup> August 2023	<b>7,844,260</b>	2023/2024
	<b>Total</b>		<b>7,844,260</b>	
	<b>Total (A+B+C)</b>		<b>7,844,260</b>	

The above amounts have been communicated to and reconciled with the parent Ministry/ state department.

  
**Eng. Kungu Ndungu, MBS**  
**Director General**

Date 10 SEP 2024

  
**CPA Chanje Kera**  
**Deputy Director (F&A)**  
**ICPAK Member No. 8279**

Date 10 SEP 2024

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**Annex 4: Analysis of Pending Bills**

	Supplier of Goods or Services	Date Contracted/Invoiced	Original Amount	Amount paid to-date	Outs tanding Balance		Comments
					2022/23	2021/22	
			a	b	c=a-b		
<b>A Construction of civil works</b>							
1	Third Engineering	25-Jun-19	11,210,906	8,000,000	3,210,906		15
2	Third Engineering	17-Oct-20	25,584,332	4,072,351	21,511,981		32
3	Third Engineering	10-Jun-21	14,722,449	-	14,722,449		36
4	Third Engineering	09-Jun-21	28,316,293	-	28,316,293		39
5	Third Engineering	17-Dec-21	120,013,868	20,566,586	99,447,282		28
6	Third Engineering	19-Dec-22	4,552,808	-	4,552,808		38
7	China Railway No. 5	02-Sep-19	171,493,245	156,595,561	14,897,684		16
8	China Railway No.5	08-Oct-19	103,401,827	101,183,992	2,217,835		17
9	China Railway No.5	08-Nov-19	165,663,730	162,834,505	2,829,225		18
10	China Railway No.5	27-Dec-19	202,737,312	199,685,861	3,051,451		19
11	China Railway No.5	14-Jan-20	250,799,189	247,731,789	3,067,400		20
12	China Railway No.5	12-Jun-20	13,720,383	3,104,076	10,616,307		24
13	China Railway No.5	22-Dec-21	68,703,883	-	68,703,883		33
14	China Railway No.5	01-Apr-22	25,808,861	-	25,808,861		38
15	China Railway No.5	07-Jun-22	281,860,299	233,077,740	48,782,559		39
16	China Railway No.5	10-Sep-22	50,276,395	40,516,027	9,760,368		40
17	China Railway No.5	27-Apr-23	11,660,706	-	11,660,706		44
18	China Railway No.5	05-Dec-19	66,158,592	-	66,158,592		15
19	China Railway No.5	01-Dec-22	3,186,148	-	3,186,148		42
20	China Railway No.5	07-Feb-23	15,305,672	-	15,305,672		43
21	China Railway No.5	19-May-23	28,308,042	-	28,308,042		46
22	China State Construction	07-Feb-23	17,532,981	-	17,532,981		17
23	Chongqing	01-Dec-20	213,911,412	187,641,589	26,269,822		23
24	Chongqing	22-Apr-20	55,170,694	47,979,384	7,191,310		19
25	Chongqing	10-Sep-21	26,765,375	-	26,765,375		38
26	China Henan	09-Mar-21	414,538,557	393,412,783	21,125,774		14
27	China Henan	01-Nov-19	4,726,590	-	4,726,590		8
			<b>2,396,130,549</b>	<b>1,806,402,245</b>	<b>589,728,304</b>	<b>765,416,216</b>	
<b>B Supply of goods</b>							
			-	-	-	-	
<b>C Land Acquisition</b>							
			<b>77,037,454</b>	<b>4,125,026</b>	<b>72,912,428</b>	<b>72,912,428</b>	
<b>Total</b>		-	<b>2,473,168,002</b>	<b>1,810,527,271</b>	<b>662,640,731</b>	<b>838,328,644</b>	

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**Annex 5. Summary of Fixed Assets Register**

<b>Asset class</b>	<b>Opening Cost (KShs) FY 2023/24</b>	<b>Donations in form of assets (KShs) FY 2023/24</b>	<b>Purchases/Additions in the Year (KShs) FY 2023/24</b>	<b>Disposals in the Year (KShs) FY 2023/24</b>	<b>Transfers in/(out) (KShs) FY 2023/24</b>	<b>Closing Cost (KShs) FY 2023/24</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(D)</b>	<b>(e')</b>	<b>(f)= (a)+ (b)+('c)-(d)+ (e')</b>
Construction of Roads	43,518,113,474	-	5,704,621,668	-	-	49,222,735,142
Land Acquisitions	221,260,101	-	-	-	-	221,260,101
<b>Total</b>	<b>43,739,373,575</b>	<b>-</b>	<b>5,704,621,668</b>	<b>-</b>	<b>-</b>	<b>49,443,995,243</b>

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**Annex 6 Proceeds from Domestic and Foreign Grants**

No	Date	Payee	Payment Reference	Equivalent amount in reporting currency	Description
				Kshs	
<b>A</b>	<b>DISBURSEMENTS BY IDA</b>				
1	13/07/2023	SAI CONSULTING ENGINEERS PVT LTD	PV 83047 WA 656	49,814,072	Kainuk Bridge FN 39/001(IDA USD)
2	11/09/2023	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 84779 WA 678	8,082,122	Lokichar-Loichangamatak 46(IDA USD)
3	11/09/2023	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 84777 WA 677	8,744,527	Lokichar-Loichangamatak 45(IDA USD)
4	11/09/2023	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 84775 WA 676	8,944,214	Lokichar-Loichangamatak 44(IDA USD)
5	11/09/2023	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 84773 WA 675	9,485,101	Lokichar-Loichangamatak 43(IDA USD)
6	11/09/2023	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 84771 WA 674	11,330,941	Lokichar-Loichangamatak 42(IDA USD)
7	11/09/2023	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 84769 WA 673	10,858,434	Lokichar-Loichangamatak 41(IDA USD)
8	11/09/2023	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 84767 WA 672	10,556,387	Lokichar-Loichangamatak 40(IDA USD)
9	11/09/2023	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 84765 WA 671	10,921,500	Lokichar-Loichangamatak 39(IDA USD)
10	11/09/2023	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 84763 WA 670	9,465,249	Lokichar-Loichangamatak 38(IDA USD)
11	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 88045 WA 686	10,192,630	Lokichar-Loichangamatak 47(IDA USD)
12	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 88047 WA 687	10,478,050	Lokichar-Loichangamatak 48(IDA USD)
13	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 88049 WA 688	10,107,084	Lokichar-Loichangamatak 49(IDA USD)
14	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 88051 WA 689	11,119,802	Lokichar-Loichangamatak 50(IDA USD)
15	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 88053 WA 690	10,691,431	Lokichar-Loichangamatak 51(IDA USD)
16	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90727 WA 702	6,739,339	Lokichar-Loichangamatak 52(IDA USD)
17	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90729 WA 702	6,763,314	Lokichar-Loichangamatak 53(IDA USD)
18	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90731 WA 702	6,980,228	Lokichar-Loichangamatak 54(IDA USD)
19	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90733 WA 702	6,980,228	Lokichar-Loichangamatak 55(IDA USD)
20	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90703 WA 705	7,191,874	Kalobeiyei-Nadapal 64(IDA USD)
21	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90704 WA 706	6,375,235	Kalobeiyei-Nadapal 64(IDA KSHS)
22	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90705 WA 705	9,775,426	Kalobeiyei-Nadapal 65(IDA USD)

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23	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90706 WA 706	5,929,141	Kalobeiyei-Nadapal 65(IDA KSHS)
24	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90707 WA 705	9,688,316	Kalobeiyei-Nadapal 66(IDA USD)
25	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90726 WA 706	6,834,445	Kalobeiyei-Nadapal 66(IDA KSHS)
26	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90709 WA 705	4,148,219	Kalobeiyei-Nadapal 67(IDA USD)
27	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90726 WA 706	5,626,658	Kalobeiyei-Nadapal 67(IDA KSHS)
28	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90711 WA 705	7,112,426	Kalobeiyei-Nadapal 68(IDA USD)
29	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90726 WA 706	5,862,834	Kalobeiyei-Nadapal 68(IDA KSHS)
30	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90713 WA 705	7,625,859	Kalobeiyei-Nadapal 69(IDA USD)
31	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90714 WA 706	4,575,654	Kalobeiyei-Nadapal 69(IDA KSHS)
32	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90715 WA 705	6,607,217	Kalobeiyei-Nadapal 70(IDA USD)
33	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90716 WA 706	3,406,960	Kalobeiyei-Nadapal 70(IDA KSHS)
34	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90717 WA 705	5,762,669	Kalobeiyei-Nadapal 71(IDA USD)
35	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90718 WA 706	3,587,618	Kalobeiyei-Nadapal 71(IDA KSHS)
36	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90719 WA 705	8,266,779	Kalobeiyei-Nadapal 72(IDA USD)
37	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90724 WA 706	4,564,369	Kalobeiyei-Nadapal 72(IDA KSHS)
38	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90721 WA 705	8,307,779	Kalobeiyei-Nadapal 73(IDA USD)
39	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90722 WA 706	1,832,685	Kalobeiyei-Nadapal 73(IDA KSHS)
40	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90723 WA 705	5,899,848	Kalobeiyei-Nadapal 74(IDA USD)
41	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90720 WA 706	2,276,747	Kalobeiyei-Nadapal 74(IDA KSHS)
42	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90725 WA 705	6,398,603	Kalobeiyei-Nadapal 75(IDA USD)
43	14/02/2024	INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS LTD	PV 90726 WA 706	1,115,076	Kalobeiyei-Nadapal 75(IDA KSHS)
44	14/02/2024	GIBB AFRICA LTD	PV 90758 WA 703	3,101,975	Loichangamatak-Lodwar 50(IDA USD)
45	14/02/2024	DOHWA ENGINEERING COMPANY LTD	PV 90755 WA 703	3,139,283	Loichangamatak-Lodwar 50(IDA USD)
46	14/02/2024	GIBB AFRICA LTD	PV 90756 WA 703	5,991,996	Loichangamatak-Lodwar 51(IDA USD)
47	14/02/2024	DOHWA ENGINEERING COMPANY LTD	PV 90754 WA 703	2,292,883	Loichangamatak-Lodwar 51(IDA USD)
48	14/02/2024	GIBB AFRICA LTD	PV 90758 WA 703	5,284,245	Loichangamatak-Lodwar 52(IDA USD)
49	14/02/2024	GIBB AFRICA LTD	PV 90762 WA 703	5,316,098	Loichangamatak-Lodwar 53(IDA USD)
50	14/02/2024	GIBB AFRICA LTD	PV 90761 WA 703	5,100,871	Loichangamatak-Lodwar 54(IDA USD)
51	14/02/2024	SHELADIA ASSOCIATES INC	PV 90735 WA 700	5,420,660	Lokitaung-Kalobeiyei 66(IDA USD)

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52	14/02/2024	SHELADIA ASSOCIATES INC	PV 90736 WA 701	4,710,184	Lokitaung-Kalobeyei 66(IDA KSHS)
53	14/02/2024	SHELADIA ASSOCIATES INC	PV 90737 WA 700	8,552,458	Lokitaung-Kalobeyei 67(IDA USD)
54	14/02/2024	SHELADIA ASSOCIATES INC	PV 90738 WA 701	4,311,949	Lokitaung-Kalobeyei 67(IDA KSHS)
55	14/02/2024	SHELADIA ASSOCIATES INC	PV 90739 WA 700	6,569,078	Lokitaung-Kalobeyei 68(IDA USD)
56	14/02/2024	SHELADIA ASSOCIATES INC	PV 90740 WA 701	3,230,725	Lokitaung-Kalobeyei 68(IDA KSHS)
57	14/02/2024	SHELADIA ASSOCIATES INC	PV 90741 WA 700	6,569,078	Lokitaung-Kalobeyei 69(IDA USD)
58	14/02/2024	SHELADIA ASSOCIATES INC	PV 90740 WA 701	3,215,627	Lokitaung-Kalobeyei 69(IDA KSHS)
59	14/02/2024	SHELADIA ASSOCIATES INC	PV 90743 WA 700	6,569,078	Lokitaung-Kalobeyei 70(IDA USD)
60	14/02/2024	SHELADIA ASSOCIATES INC	PV 90744 WA 701	3,276,516	Lokitaung-Kalobeyei 70(IDA KSHS)
61	14/02/2024	SHELADIA ASSOCIATES INC	PV 90745 WA 700	6,814,488	Lokitaung-Kalobeyei 71(IDA USD)
62	14/02/2024	SHELADIA ASSOCIATES INC	PV 90746 WA 701	2,715,076	Lokitaung-Kalobeyei 71(IDA KSHS)
63	14/02/2024	SHELADIA ASSOCIATES INC	PV 90747 WA 700	6,569,078	Lokitaung-Kalobeyei 72(IDA USD)
64	14/02/2024	SHELADIA ASSOCIATES INC	PV 90748 WA 701	2,665,673	Lokitaung-Kalobeyei 72(IDA KSHS)
65	14/02/2024	SHELADIA ASSOCIATES INC	PV 90749 WA 700	6,902,313	Lokitaung-Kalobeyei 73(IDA USD)
66	14/02/2024	SHELADIA ASSOCIATES INC	PV 90750 WA 701	2,337,001	Lokitaung-Kalobeyei 73(IDA KSHS)
67	04/09/2023	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD pay kra	PV83883 WA660	87,012,286	Lokichar-Loichangamatak 24(IDA Kshs)
68	04/09/2023	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD pay kra	PV83882 WA659	203,028,670	Lokichar-Loichangamatak 24(IDA USD)
69	30/08/2023	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD pay kra	PV83822 WA658	7,368,623	Lokichar-Loichangamatak 23(IDA KSH)
70	30/08/2023	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD pay kra	PV83821 WA657	226,306,710	Lokichar-Loichangamatak 23(IDA USD)
71	28/09/2023	THE THIRD ENGINEERING BUREAU OF CHINA CITY CONSTRUCTION GROUP CO. LTD	PV 84519 WA 665	106,863,696	Socio Economic Infrastructure 01ADV(IDA KSH)
72	28/09/2023	THE THIRD ENGINEERING BUREAU OF CHINA CITY CONSTRUCTION GROUP CO. LTD	PV 84518 WA 664	249,341,227	Socio Economic Infrastructure 01ADV(IDA USD)
73	12/09/2023	CHONGQING INTERNATIONAL CONSTRUCTION CORPORATION	PV84059 WA662	33,704,728	Socio Economic Infrastructure 01ADV(IDA KSH)
74	12/09/2023	CHONGQING INTERNATIONAL CONSTRUCTION CORPORATION	PV84058 WA661	221,055,118	Socio Economic Infrastructure 01ADV(IDA USD)
75	19/09/2023	CHONGQING INTERNATIONAL CONSTRUCTION CORPORATION	PV84218 WA663	167,524,531	Lokitaung Jnc-Kalobeyei 48BRet(IDA USD)
76	11/07/2023	CHINA RAILWAY NO.5 ENGINEERING GROUP CO.(K) LTD	PV 85255 WA 669	21,391,515	K. Nadapal IPC 47(Ret) KSHS
77	11/07/2023	CHINA RAILWAY NO.5 ENGINEERING GROUP CO.(K) LTD	PV 84401 WA 668	157,300,620	K. Nadapal IPC 47(Ret) USD

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78	10/09/2023	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD pay kra	PV84640 WA667	178,661,795	Lokichar-Loichangamatak 18-23(IDA KSHS)
79	11/09/2023	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD pay kra	PV85248 WA680	206,207,881	Lokichar-Loichangamatak 25(IDA USD)
80	11/09/2023	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD pay kra	PV85249 WA679	194,644,608	Lokichar-Loichangamatak 25(IDA KSH)
81	10/12/2023	CHINA HENAN INTERNATIONAL COOPERATION GROUP CO. LTD	PV83748 WA666	21,126,670	Kainuk Bridge IPC 15(Ret)(IDA USD)
82	03/06/2024	CHONGQING INTERNATIONAL CONSTRUCTION CORPORATION LTD	PV 87996 WA 691	50,211,370	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 02 B(IDA KSHS)
83	02/07/2024	CHONGQING INTERNATIONAL CONSTRUCTION CORPORATION LTD	PV 87995 WA 685	329,315,237	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 02(IDA USD)
84	02/07/2024	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD pay kra	PV87771 WA684	123,122,916	Lokichar-Loichangamatak 25-26(IDA KSHS)
85	03/11/2024	THE THIRD ENGEERING BUREAU of CHINA CITY CONSTRUCTION GROUP Co LTD	PV 88539 WA 692	368,461,880	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 02(IDA USD)
86	03/11/2024	THE THIRD ENGEERING BUREAU of CHINA CITY CONSTRUCTION GROUP Co LTD	PV 88585 WA 694	84,886,520	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 02 VAT(IDA KSHS)
87	03/11/2024	THE THIRD ENGEERING BUREAU of CHINA CITY CONSTRUCTION GROUP Co LTD	PV 88538 WA 693	73,025,736	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 02(IDA KSHS)
88	17/04/2024	CHONGQING INTERNATIONAL CONSTRUCTION CORPORATION LTD	PV 89556 WA 696	46,878,809	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 03(IDA KSHS)
89	17/04/2024	CHONGQING INTERNATIONAL CONSTRUCTION CORPORATION LTD	PV 89555 WA 695	330,213,478	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 03(IDA USD)
90	04/07/2024	CHONGQING INTERNATIONAL CONSTRUCTION CORPORATION LTD	PV 91402 WA 709	47,462,956	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 04(IDA KSHS)
91	04/07/2024	CHONGQING INTERNATIONAL CONSTRUCTION CORPORATION LTD	PV 91401 WA 710	311,289,545	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 04(IDA USD)
92	14/05/2024	THE THIRD ENGEERING BUREAU of CHINA CITY CONSTRUCTION GROUP Co LTD	PV 90190 WA 698	99,887,445	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 04(IDA KSHS)
93	14/05/2024	THE THIRD ENGEERING BUREAU of CHINA CITY CONSTRUCTION GROUP Co LTD	PV 90189 WA 697	484,481,625	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 03(IDA USD)

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94	14/05/2024	THE THIRD ENGEERING BUREAU of CHINA CITY CONSTRUCTION GROUP Co LTD	PV 88539 WA 692	107,747,548	Socio-economic infrastructure to the local communities in Turkana and West Pokot counties 02(IDA KSH VAT)
95	14/02/2024	KINDE ENGINEERING WORKS LTD	PV 90844 WA 677	21,125,311	Eldoret-Lokichar 08(IDA KSHS)
96	14/02/2024	SOLITON TELMEC LTD	PV 90845 WA 678	18,767,045	Eldoret-Lokichar 06(IDA KSHS)
	<b>Total Disbursements by IDA</b>			<b>5,046,099,521</b>	

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Annex 7 Special Deposit Account Statement**

Run Date: 02/07/2024	Run Time: 11:12:42	STATEMENT OF ACCOUNT	PAGE NO: 1
CENTRAL BANK OF KENYA			
BANKI KUU YA KENYA			
P.O.BOX 60000-0200			
NAIROBI			
STATEMENT PERIOD: From 01/07/2023	To 30/06/2024	ACCOUNT NUMBER : 1000243767	ACCOUNT TITLE : KeNHA-A/C 'B'

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
<b>OPENING BAL :</b>					
			1,042,842.89		
NO.	Value Date	Reference.No	Details	Debit	Credit
1	20/07/2023	FT23201PSYV7	FUNDING	0.00	549,144.84
2	17/08/2023	FT23229SX60Q	PA131599	-1,042,842.89	0.00
3	26/09/2023	FT23269PKLIT	PA 131626	-549,144.84	0.00
4	26/09/2023	FT23269Z4XPM	FUNDING	0.00	275,179.24
5	17/11/2023	FT233212N2V6	PA133009	-275,179.24	0.00
6	01/12/2023	FT2333540YMZ	FUNDING	0.00	700,332.69
7	02/01/2024	FT24002W3NCX	PA133037	-700,332.69	0.00
8	29/02/2024	FT24060Z6H1Q	FUNDING	0.00	917,628.71
9	12/03/2024	FT2407253VHQ	PA133080	-917,628.71	0.00
10	06/06/2024	FT241581W3VV	FUNDING	0.00	780,643.18
					<b>CLOSING BALANCE : 780643.18</b>

END OF ACCOUNT STATEMENT

Favourites	TAM.E.STMT.OF.ACCT.EPRM	More Options	Find
Account	equals	Clear Selection	1000243767
Statement From	equals		20230701
Statement To	equals		20240630
TAM.E.STMT.OF.ACCT.EPRM			