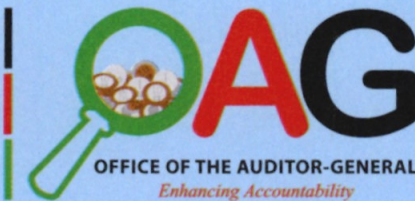


REPUBLIC OF KENYA



REPORT



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 12 FEB 2026 DAY: Thursday

TABLED	Hon George Mungaa
CLERK-AT THE TABLE:	Subeef & Lam'
	Kendal T.

THE AUDITOR-GENERAL

ON

**THWAKE MULTI-PURPOSE WATER
DEVELOPMENT PROGRAM PHASE 1 (AfDB
LOAN NO. 2100150029993, 2000200003351, AGTF
NO. 5050200000501 AND AfDB GRANT NO.
2100155025973)**

**FOR THE YEAR ENDED
30 JUNE, 2025**

**STATE DEPARTMENT FOR WATER AND
SANITATION**



**PROJECT NAME: THWAKE MULTI – PURPOSE WATER DEVELOPMENT
PROGRAM, PHASE 1**

**IMPLEMENTING ENTITY: MINISTRY OF WATER, SANITATION AND
IRRIGATION
STATE DEPARTMENT FOR WATER AND SANITATION**

**AFDB PROGRAM NO: 2100150029993,2000200003351
AFDB GRANT 2100155025973, AGTF 5050200000501**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

**Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of
Accounting Method under the International Public Sector Accounting Standards (IPSAS)**

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025

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1. ACRONYMS AND DEFINITION OF TERMS

ACCA – Association of Chartered Certified Accountants
AfDB – African Development Bank
AGTF – Africa Grow Together Fund
AIA – Appropriation In Aid
BOQs – Bill of Quantities
CFRD – Concrete Face Rockfill Dam
CGGC – China Gezhouba Group Company
CIPS – Chartered Institute of Professional Studies
CPA – Certified Public Accountant
ESIA – Environmental Social and Impact Assessment
GOK – Government of Kenya
ICPAK – Institute of Certified Public Accountant of Kenya
IPCs – Interim Payment Certificates
KSHS – Kenya Shilling
KRA – Kenya Revenue Authority
MDAs – Ministries, Departments and Agencies
NCA – National Construction Authority
NEMA – National Environment and Management Authority
NLC – National Land Commission
PAPs – Program Affected Persons
PFM – Public Finance Management
PIT – Program Implementation Team
PSASB – Public Sector Accounting Standards Board
SDA – Special Deposit Account
TMWDP – Thwake Multipurpose Water Development Program
UA – Unit of Account
USD – United States Dollar
VAT – Value Added Tax

2. PROGRAM INFORMATION AND OVERALL PERFORMANCE

2.1 Name and registered office

Name

The Program's official name is Thwake Multipurpose Water Development Program, Phase 1. It has a Program Implementation Team under the direction of the Program Coordinator.

Objective:

The key objective of the Program is the construction of the Thwake Dam and its associated works at the confluence of the Athi River and the Thwake River for the supply of water to the Konza City and other towns in Kitui, Makueni and Machakos, hydropower generation, and for irrigation of parts of Kitui and Makueni Counties.

Address

The Program implementation operational office is at the Engineers Camp – Thwake dam site. The Ministry has also provided an office in Maji House for coordination purposes.

The address of its office is:

Ministry of Water, Sanitation & Irrigation,
State Department for Water and Sanitation,
Maji House, Room 209.

P.O Box 49720 – 00100,

Nairobi.

Contacts: The following are the project contacts

Telephone: (254) 725920841

Email: kakamwema@gmail.com

Website: www.water.go.ke

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2.2 Program Information

Program Start Date:	The Program start date is 01/09/2014.
Program End Date:	The Program end date is 31 st July 2027. The Initial Financing Facility ended on 30 th June 2025.
Program Coordinator:	Eng. David Onyango (up to 31 st August 2025 and succeeded by Eng, Joseph Kariuki.
Program Development Partner:	In the Original Financing Agreement, the Program sponsors are the GOK @65% and the AfDB @35%. However, the Additional Financing Agreement has changed the ratio to 10.6% and 89.4%, respectively.

2.3 Program Overview

Line Ministry and State/ County Department	The Program has been under the supervision of the Ministry of Water, Sanitation and Irrigation – State Department for Water and Sanitation.
Program number	Grant No. 2100155025973, Loan No. 2100150029993, Loan No.2000200003351, and AGTF Loan No. 5050200000501
Strategic goals of the Program	The strategic goals of the Program are as follows: (i) Regulate the flow of Athi and Thwake rivers downstream for flood mitigation. (ii) Improvement in the productivity and livelihoods of the targeted people:
Summary of Program Strategies for achievement of strategic goals	The Program management aims to achieve the goals through the following means: (i) Construction of the 80.5m high dam with 688million cubic meters’ water storage capacity. (ii) Provision of water for about 1.3 million rural and urban people in the water basin. (iii) Generation of hydropower (20MW) to support Kenya’s Least Cost Rural Electrification Programme. (iv) Irrigation of 100,000 acres of land in parts of Makueni and Kitui South.

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<p>Other important background information of the Program</p>	<p>The Program shall achieve these goals in 4 phases namely:</p> <ul style="list-style-type: none"> i. Phase I – Thwake Dam Construction, appraised to cost UA 179,290,000 (Equiv. Kshs 22.87 billion). An Additional Financing Agreement of EURO 235,762,579 places the total cost to approximately Kshs 42.365 billion; ii. Phase II – Water Supply, Sanitation & Waste Water Infrastructure, appraised to cost UA 83,330,000 (Equiv. Kshs 10.63 billion); iii. Phase III – Hydropower Generation, appraised to cost UA 34,060,000 (Equiv. Kshs 4.35 billion); and iv. Phase IV – Irrigation Development, appraised to cost UA 190,320,000 (Equiv. Kshs 24.3 billion). <p>The Program management is currently involved in the implementation of Phase I. Designs for Phases 2 and 3 have been prepared and requests for funding submitted to National Treasury.</p>
<p>Areas that the Program was formed to intervene</p>	<p>The Program was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Flood/ drought mitigation. (ii) Poverty eradication.
<p>Program duration</p>	<p>The Program started on 1st September 2014 and was scheduled to run until 30th June 2023. An extension of time has been given to 31st July, 2027.</p>

2.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya, Nairobi.
- (ii) Standard Chartered Bank, London.
- (iii) Equity Bank Ltd, Kitui.

2.5 Independent Auditor

The Program is audited by:

The Auditor General

Office of the Auditor General

Anniversary Towers

P.O Box 30084 – 00100

Nairobi

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2.6 Roles and Responsibilities

The people who were actively involved in the management of the Program, besides the Principal Secretary – State Department for Water and Sanitation, and the Water Secretary who is also the Project Engineer for the civil works construction, are as provided below:

No	Names	Title designation	Key qualification	Responsibilities
01	Eng. David Onyango	Program Coordinator	B.Sc. – Civil Engineering, M.Sc. –Construction Management, MBA – General Management. Member – Institute of Engineers of Kenya, Member – Institute of Directors.	Overall coordination of the Program activities to ensure deliverables are met on set time within the available resources.
02	CPA Tom Bodo Okello	Finance Management Expert	B.Com, MBA, CPA (K), ACCA.	Management of the finance functions of the Program.
03	Justus Jumbe Omina	Senior Procurement Expert	BSC Purchasing & Supplies, CIPS. M.Sc. – Procurement & Logistics.	Procurement of goods, works and services, and management of the assets.
04	Rodah Kambua Mwendandu	Gender & Social Development Expert	B.A Gender & Dev., Diploma in International Relations. M.Sc. – Project Management	Ensuring implementation of RAP and the socio – economic aspects of the Program.
05	Augustine Kithinzi Makau	Environmental, Health & Safety Specialist	B.Sc. (Environment) Diploma – Environmental Mgt.	Ensuring rules and regulations on environmental and safety matters are implemented and operational.
06	Eng. Shadrack Yego	Program Engineer	B.Sc. (Civil Engineering), PE – EBK, MIEK.	In charge of the technical quality of the civil works activities.
07	Godffrey Olali	Communication Specialist	B. A – Communication and Political Science. M.A (Arts) – Communication.	In charge of communication and public relations for the Program.

Eng. Joseph Kariuki took over as the Program Coordinator from 01st September 2025 following the expiry of the contract for the previous holder.

2.7 Funding Summary

The Program is for a duration of eleven years from 2014 to 2025. An extension has been granted for the Additional Financing up to 31st July 2027. The Initial Financing Agreement for AfDB funding currently in operation has an approved budget of UA 62,890,000 equivalent to about Ksh 8.023 billion. The Additional Financing Agreement approved a budget of EURO 235,762,579 equivalent to about Kshs 27.6 billion. GOK counterpart funding is approximately Ksh 6.8 billion. The fundings are as highlighted in the table below:

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Below is the funding summary:

a. Sources of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 th June, 2025)		Undrawn balance to date (30 th June, 2025)	
	<i>Development Partner currency UA</i>	<i>Kshs</i>	<i>Development Partner currency UA</i>	<i>Kshs</i>	<i>Development Partner currency UA</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
A/ INITIAL FINANCING ARRANGEMENT						
i. Grant						
African Development Bank	1,210,000	154,370,000	1,197,220	172,453,726	12,780	-18,083,726
ii. Loan						
African Development Bank	61,680,000	7,869,200,000	61,026,269	8,699,061,145	653,731	-829,861,145
Total	62,890,000	8,023,570,000	62,223,489	8,871,514,871	666,511	-847,944,871
B/ ADDITIONAL FINANCING ARRANGEMENT						
	<i>Donor currency EURO</i>	<i>Kshs</i>	<i>Donor currency (EURO)</i>	<i>Kshs</i>	<i>Donor currency (EURO)</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
iii. AfDB Loan	192,569,766	22,511,000,000	177,919,264	20,384,677,648	14,650,502	2,126,322,352
iv. AGTF Loan	43,192,813	5,049,000,000	43,065,168	4,676,384,156	127,645	372,615,844
Total	235,762,579	27,560,000,000	220,984,432	25,061,061,804	14,778,147	2,498,938,196
v. GOK Counterpart		6,782,000,000	-	5,875,160,062	-	906,839,938
Total (Initial + Additional + GOK)	-	42,365,570,000	-	39,807,736,737	-	2,557,833,263
C/ SUMMARY OF RECEIPT OF FUNDS (IN KES)						
	AfDB	Grant	GOK			Total
AfDB Initial Financing	8,699,061,145	172,453,726	3,998,778,452			12,870,293,323
AfDB Additional Financing	25,061,061,804	-	1,876,381,610			26,937,443,414
Total	33,760,122,949	172,453,726	5,875,160,062			39,807,736,737

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b. Application of Funds

Application of Funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date (30 th June 2025)	
	Development Partner currency UA (A)	Kshs (A')	Development Partner currency UA (B)	Kshs (B')	Development Partner currency UA (A)-(B)	Kshs (A')-(B')
A/ ORIGINAL FINANCING ARRANGEMENT						
i. Grant						
African Development Bank	1,197,220	172,453,726	1,197,220	172,453,726	-	-
ii. Loan						
African Development Bank	61,026,269	8,699,061,145	61,026,231	8,699,054,747	38	6,398
Total from African Development Bank	62,223,489	8,871,514,871	62,223,451	8,871,508,473	38	6,398
B/ ADDITIONAL FINANCING ARRANGEMENT						
	<i>Donor currency EURO</i> (A)	<i>Kshs</i> (A')	<i>Donor currency (EURO)</i> (B)	<i>Kshs</i> (B')	<i>Donor currency (EURO)</i> (A)-(B)	<i>Kshs</i> (A')-(B')
iii. AfDB Loan	177,919,264	20,384,677,648	177,919,264	20,384,677,648	-	-
iv. AGTF Loan	43,065,168	4,676,384,156	43,065,168	4,676,384,156	-	-
Total	220,984,432	25,061,061,804	220,984,432	25,061,061,804	-	-
v. GOK Counterpart	-	5,875,160,062	-	5,875,160,062	-	-
Total (Initial + Additional + GOK)	-	39,807,736,737	-	39,807,730,339	-	6,398
C/ SUMMARY OF APPLICATION OF FUNDS (IN KES)						
	AfDB	Grant	GOK		Total	
AfDB Original Financing	8,699,054,747	172,453,726	3,998,778,452	-	12,870,286,925	
AfDB Additional Financing	25,061,061,804	-	1,876,381,610	-	26,937,443,414	
Total	33,760,116,551	172,453,726	5,875,160,062	-	39,807,730,339	

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2.8 Summary of Overall Program Performance:

The Program incurred a cumulative payment of Ksh 1,598,647,897 against the cumulative budget of Ksh 1,636,181,313. The actual payment is 98% of the budget.

In general, the expenditure and absorption rates are almost the same as most of the activities incurred are mostly for the civil works and consultancies paid under direct payment method.

Physical Progress

The Government has acquired a total of 9,217 acres of land for the dam construction project. As of June 30, 2025, a total of 1,816 Project Affected Persons (PAPs) out of the initial target of 1,820 had been fully compensated and relocated, bringing the total number of unresolved cases to four.

As of June 2025, the dam construction was 94.2% complete within the initial 56-month timeframe and the subsequent 25-month extension period. The Contractor has submitted a request for an additional 12-month extension, which is currently under review by the implementing agency. Consequently, the construction is now anticipated to be completed by December 2025, subject to availability of additional funding.

Yearly Disbursement and Payment Rates

The disbursement rate based on comparison of payments against yearly budgets is as provided below:

Year	Budget Kshs	Disbursement Kshs	Payment Kshs	Rate (%)	
				Disbursement vs Budget	Payment vs Budget
2014/15	200,000,000	43,495,716	15,909,268	22	08
2015/16	1,470,900,000	899,803,580	904,484,238	61	61
2016/17	1,014,859,900	781,785,608	791,490,788	77	78
2017/18	5,061,137,200	4,926,717,779	4,939,830,867	97	98
2018/19	5,635,709,000	4,860,431,398	4,853,262,369	86	86
2019/20	5,103,000,000	4,550,837,635	4,552,473,330	89	89
2020/21	7,744,000,000	6,790,422,461	6,795,390,680	88	88
2021/22	7,843,000,000	7,241,366,902	7,238,904,439	92	92
2022/23	6,705,500,000	5,686,470,744	5,688,965,351	85	85
2023/24	3,229,762,238	2,428,088,005	2,428,371,111	75	75
2024/25	1,636,181,313	1,598,316,909	1,598,647,897	98	98
Rounding	-	-	1		
Total		39,807,736,737	39,807,730,339		

Absorption refers to amounts disbursed by the financiers and includes actual expenditure and any unspent balances in the Program Bank Account.

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Challenges Encountered

The table below summarises the challenges encountered and recommended way forward:

	Challenges	Recommendation/ Way Forward
1.	Lack of a commercial bank account for the Program to receive counterpart funds.	The commercial bank account held in Equity Account is strictly for receipt of funds from AfDB which does not allow for commingling of funds. The Program cannot therefore receive exchequer from GOK funds for its operations as budgeted in the AWPB, hence delayed settlement of payments. The Ministry has mitigated this problem by continually seeking for funds from the National Treasury whenever there are payments to be made.
2.	Delayed settlement of VAT and interest on delayed payments due to the contractor.	The VAT payable on IPC 6 has not been fully settled due to insufficient budgetary provision experienced in the year. The current balance for VAT is Ksh 170 million. Cumulative interest outstanding of Ksh 468 million remains unpaid due to insufficient budgetary provisions. The payment shall be prioritized and settled in phases using available budget on GOK counterpart.
3.	Escalation of prices of materials, equipment, goods and services beyond the Bill of Quantities (BOQ) budgeted amounts.	The BOQ rates were prepared based on the market prices of November 2016 yet prices have escalated over a period. The National Treasury has submitted a request for additional funding of UA 70 million to the Bank for consideration.

2.9 Summary of Project Compliance:

The Program has ensured that all activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures are followed.

Among the regulations required to be followed include the reports of the ESIA submitted to NEMA, and those of NCA.

In cases of inconsistency between the GOK Regulations and those of the AfDB, the latter have been applied.

It is therefore expected that the Program will not suffer any adverse consequences that would result from non-application of any laws or regulations.

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3. STATEMENT OF PERFORMANCE AGAINST PROGRAM'S PREDETERMINED OBJECTIVES

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The Program's Phase 1 aims at construction of Thwake dam at the confluence of Athi and Thwake rivers. This will be a multipurpose dam to regulate the flow of the rivers downstream for flood mitigation, and improvement of the productivity and livelihoods of the people.

The key development objectives of the entire Program's plan are:

- a) Construction of 80.5m high dam with 688million cubic meters' water storage capacity;
- b) Provision of water for 1.3 million rural and urban people in the water basin and Konza Techno city;
- c) Irrigation of 40,000 hectares of land; and
- d) Generation of hydropower of 20MV to support Kenya's Least Cost Rural Electrification Program.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Relevant indicators were identified for purposes of tracking progress and performance measurement.

Below is the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Thwake Multipurpose Water Development Program, Phase 1	Construction of 80.5m high dam with 688million cubic meters water storage capacity	Increased work in progress for the dam construction	% dam construction done	In the year 2024/25 the dam construction reached 94.20 % work in progress.

4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Thwake Multipurpose Water Development Program – Phase 1 aims at transforming livelihoods of the rural people in the counties of Makueni and Kitui. This remains the main purpose, and the driving force behind every activity carried out. It is also what guides the delivery of its strategy, founded on the Program’s pillars of delivery of sustainable quality and durable dam, environmental stewardship, employment creation, responsible transparent market practises and effective community engagement.

Below is a brief highlight of the achievements in each pillar:

i. Sustainability strategy and profile

This is one of the flagship projects of the Vision 2030 being implemented under the Ministry of Water, Sanitation and Irrigation – State Department for Water and Sanitation.

There is goodwill from the local community and the political leadership both at the national and county level for the implementation of the project, as the community stands to gain from the provision of water for domestic use and irrigation purposes. The water to be used in the Konza Techno city is expected to be derived from the dam once the construction is complete. Both the GOK and AfDB, who are the financiers of the Program, have made a commitment through additional funds to finance the dam construction and associated activities to completion. A request for additional financing of Ksh 9.6 billion is already in process between the government and AfDB.

As the dam shall tap the water flows from the two rivers Athi and Thwake which are the main sources of water in the region, the project will have adequate water and therefore it is sustainable. The dam type being constructed is CFRD which is expected to last more than 50 years before major maintenance work can be undertaken.

The quality and durability of the dam under construction is of utmost importance to the implementing agency. To mitigate against any risk of breakage, the Program in the evaluation process identified a construction firm called China Gezhouba Group Co Ltd which has wide experience in dam construction. It has also engaged a team of eminent dam safety panel of experts of international repute composed of a civil engineer, geologist and a hydrologist. This team periodically visit the site and makes recommendations/ approvals on all major activities before implementation.

ii. Environmental performance

The project has carried out an ESIA and has received approval of the regulating bodies like NEMA. Regular environmental audits are carried out to ensure the construction meets the safety and environmental standards.

iii. Employment Welfare

The Program’s day to day activities are handled by the PIT composed of experts from various professional disciplines relevant to the achievement of the set objectives. Currently, the team is composed of six males and one female.

These individuals were recruited from the job market as consultants following the GOK and AfDB Procurement Regulations. The implementing agency has always provided the technical and administrative support, whenever required, to back up the PIT.

Graduate Trainees from various fields have been engaged by the Contractor as part of knowledge transfer that would be beneficial to the country at large.

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At the dam construction level, the contractor has created jobs for the local community for both genders, and supported manufacturing through sourcing of local materials. Transport is provided to the workers at the site.

Occupational Safety and Health policy put in place include inspection of equipment on site, provision of Personal Protective Equipment to workers at the dam site, and provision of adequate water and sanitary conveniences. Mechanisms have also been put in place to ensure any accident that may occur is reported to the implementing agency and that workman compensation policy is implemented.

iv. Market place practices

a) Responsible Competition Practice

The procurement of goods and services are subjected to the procurement rules and regulations as established by the GOK and AfDB. AfDB's "No Objection" is always requested for before the procurement process can proceed. The procurement of the contractor was done using the procurement procedure of both the Government and the AfDB. An evaluation criterion was set and the contractor that met all the requirements and submitted the lowest bid was selected. All the relevant stakeholders were consulted before the award of the contract. A legal opinion was also received from the Attorney General.

In land acquisition, proper procedures were followed including valuation by an independent valuer and involving the NLC as the Government agency to procure the land on behalf of the implementing agency. Value for money was achieved in the acquisition of land from the local community through negotiated prices acceptable to land owners. Consequently, there are no court cases inhibiting the construction of the dam. The welfare of the land owners was adequately taken into account.

b) Responsible Supply Chain and Supplier Relations

The Program ensures that advertisements are carried in at least two daily newspapers with wide circulation in the country. Notifications are sent to both the successful and the unsuccessful firms. The quotations/ tenders are opened on time and bidders invited to witness. Payment process is initiated immediately the invoices are received and goods/ services accepted by the Inspection and Acceptance Committee appointed by the implementing agency. All procurements during the year have been subjected to set regulations and internal controls before making payments.

c) Responsible Marketing

There is a consultant engaged for the supervision of works to ensure the construction is to the required standards and quality. The consultant is assisted by a team of Dam Safety Panel of Experts to ensure it meets international standards. Goods and services are provided by properly licensed and approved entities. The health and safety of the local population is safeguarded particularly those who offer services to the project. Guided tours are arranged from time to time for various stakeholders around the dam to get a deeper understanding of the project objectives and how these interfaces with development objectives of the area. The media houses are also invited to the project site from time to time for tours and briefs to inform the public of the project progress. The project maintains a web site and twitter handle for public engagement. Monthly progress meetings involving the implementing agency, contractor and supervision consultant are held to review work done.

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d) Responsible ethical practices

The Program ensures full compliance with AfDB Procurement Rules and Procedures in the acquisition of works, goods, and services. Contracts are awarded based strictly on pre-established selection criteria, ensuring that only the most qualified candidates receive awards. Any aggrieved participant is given a fair opportunity to raise objections and have their concerns addressed.

To maintain ethical standards and prevent corruption, the Program enforces strict anti-corruption policies, promotes transparency throughout the procurement process, and encourages accountability at all levels. Additionally, the Program ensures responsible engagement in political activities, avoiding conflicts of interest and upholding impartiality to protect the integrity of its operations.

e) Regulatory impact assessment

The Program, ensures the implementation of environmental and social safeguard measures are done in accordance to the Environmental and Social Monitoring Plan (ESMP) developed under the ESIA and approved by NEMA and AfDB before the Program's NEMA license is issued. It has also developed and implemented occupational health and safety measures to prevent accidents and control environmental pollution and waste generated by Program activities. Monthly progress reports are prepared, and annual Environmental and Social audits are conducted and submitted to the Bank.

v. Community Engagements

- a) There is a 30% local content in subcontracting some activities of the dam construction with preference to women, youth and the vulnerable. There is also targeted employment opportunity that is benefiting the locals.
- b) The contract has a social responsibility component and six boreholes have been done in both Makueni and Kitui counties. Other activities carried out include construction and renovations of classrooms as well as a community health centre.
- c) Arrangements are being made by various stakeholders including KENHA to construct a road across the dam linking Makueni and Kitui counties. This, upon completion, shall ease travelling between the two counties.

***THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025***

5. STATEMENT OF PROGRAM MANAGEMENT RESPONSIBILITIES

The Principal Secretary for State Department for Water and Sanitation, and the Program Coordinator for Thwake Multipurpose Water Development Program are responsible for the preparation and presentation of the Program's financial statements, which give a true and fair view of the state of affairs of the Program for the financial year ended June 30, 2025.

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 Program; (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 Program; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for State Department for Water and Sanitation, and the Program Coordinator for Thwake Multipurpose Water Development Program accept responsibility for the Program's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for State Department for Water and Sanitation, and the Program Coordinator for Thwake Multipurpose Water Development Program are of the opinion that the Program's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2025, and of its financial position as at that date. The Principal Secretary for the State Department for Water and Sanitation, and the Program Coordinator for Thwake Multipurpose Water Development Program further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program's financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for State Department for Water and Sanitation, and the Program Coordinator for Thwake Multipurpose Water Development Program confirm that the Program has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Program funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

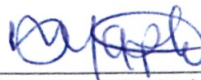
***THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June, 2025***

Approval of the Program Financial Statements

The Program financial statements were approved by the Principal Secretary for State Department for Water and Sanitation, and the Program Coordinator for Thwake Multipurpose Water Development Program on 27/10/2025 and signed by them.



Julius Korir, CBS
Principal Secretary



Eng. Joseph Kariuki
Program Coordinator

REPUBLIC OF KENYA

Phone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THWAKE MULTI-PURPOSE WATER DEVELOPMENT PROGRAM PHASE 1 (AfDB LOAN NO. 2100150029993, 2000200003351, AGTF NO. 5050200000501 AND AfDB GRANT NO. 2100155025973) FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR WATER AND SANITATION

PREAMBLE

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

- A. Report on 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 the 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 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.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Thwake Multi-Purpose Development Program set out on pages 1 to 21 , which comprise of the statement of

Report of the Auditor-General on Thwake Multi-Purpose Water Development Program Phase 1 (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) for the Year ended 30 June, 2025 - State Department for Water and Sanitation

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Thwake Multi-Purpose Development Program, Phase 1 as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Agreement No. 2100150029993, No. 2000200003351 and AGTF No. 5050200000501 and AfDB Grant No. 2100155025973 dated 27 January, 2014 and 19 June, 2019 respectively between the Republic of Kenya and the African Development Bank and the Public Finance Management Act, 2012.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Thwake Multi-Purpose Development Program Phase 1 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. Trade and Other Payables

1.1. Unremitted Value Added Tax (VAT)

The statement of financial position and as disclosed in Note 14 to the financial statement reflects trade and other payables balance of Kshs.3,648,733,665. Included in this amount is Kshs.176,357,882 attributable to VAT. Further, included is an amount of Kshs.6,357,882 relating to the year under review for other suppliers whereas the balance of Kshs.170,000,000 relates to the contractor's payment certificates. The management did not provide a clear plan on how the outstanding tax balance will be cleared.

Report of the Auditor-General on Thwake Multi-Purpose Water Development Program Phase 1 (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) for the Year ended 30 June, 2025 - State Department for Water and Sanitation

In the circumstances, the Program may attract penalties, which will result in avoidable and ineligible cost to the Program

1.2. Amount Withdrawn and not Claimed

The statement of Special (Designated) Account Reconciliation for the Project reflects an amount withdrawn and not claimed of USD 77,206 for Designated Account No.1000213507 held with the Central Bank of Kenya. This amount is equivalent to Kshs.9,977,663 at the exchange rate as of 30 June, 2025. These funds represent cumulative transfers to the local project bank account for which expenditure returns had not been submitted to the National Treasury by the close of the financial year. However, the details of this amount and reasons for failure to submit expenditure returns have not been provided for audit review.

Delays in the submission of expenditure returns distorts the reported Projects expenditures for the year.

2. The Resettlement Action Plan

The Program acquired nine thousand two hundred and seventeen (9,217) acres of land for the dam Program displacing a total of one thousand eight hundred and twelve (1,812) persons. Only four (4) with a total acreage of forty-nine (49) out of one thousand eight hundred and twelve (1,812) Program affected persons (PAPs) had not been compensated as at 30 June, 2025. The program had spent Kshs.3,602,337,155 on land acquisition and related costs. However, the unpaid PAPs were due to family disputes (2 parcels) and court case (2 parcels).

Failure to compensate the Program affected persons may lead to unresolved conflicts

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 report in the year under review.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not

resolved some of the issues or given any explanation for failure to resolve them as at 30 June, 2025 as shown below: -

1. Pending Bills
2. Slow Implementation of the Project
3. Increase in the Contract Price
4. Additional Project Cost
5. Irregular Payments to The Contractor
6. Unremitted Value Added Tax
7. Incomplete and Faulty Works for Community Social Responsibility Projects
8. Lack of Ownership Documents - Title Deed
9. Lack of National Project Steering Committee Meetings

Other Information

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

In connection with my audit on the Thwake Multi-Purpose Water Development Program Phase 1 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.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Report of the Auditor-General on Thwake Multi-Purpose Water Development Program Phase 1 (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) for the Year ended 30 June, 2025 - State Department for Water and Sanitation

Basis for Conclusion

1. Avoidable Interest Expense

The statement of financial position and as disclosed in Note 14 to the financial statement reflects trade and other payables balance of Kshs.3,648,733,665. Included in this balance is Kshs.468,137,276 being interest expense due to delayed payments to the Contractor. Further, the balance includes an amount of Kshs.406,222,489 which had been outstanding for more than two years. In addition, it was observed that the cumulative interest had increased by Kshs.85,000,891 from the previous financial year's balance of Kshs.383,136,385. The additional interest payable could have been avoided had all payments due to the contractor been made on time.

In the circumstances, the value for money and proper use of Project's funds on the interest payable amount of Kshs.468,137,276 could not be confirmed.

2. Program Implementation

2.1. Slow Implementation of Construction

The statement of financial position reflects an amount of Kshs.37,801,892,006 in respect of property, plant and equipment as disclosed in Note 13 included in this amount is Kshs.34,199,554,851 for capital works in progress relating to the construction of the Multipurpose Dam. In the year under review the company submitted Interim Payment Certificates amounting to Kshs.1,194,936,351 (being IPC 26,27,28,29 and 30) for payment. However, physical inspection done during the month of August, 2025 revealed that the construction of the 80.5M high Thwake Multipurpose Dam with 688 MCM storage capacity is still ongoing with civil works progress estimated at 94.2% completion level, (progress as at 30th June 2024 was at 93.90%). The target completion date was 9 August, 2025. However, completion set date was not feasible hence would lead to several works not being completed within the set timelines which may lead to cost overrun

In addition, the Program design included phase 2, 3 and 4 being development of hydropower generating system with an installed capacity of 20 MW, development of water supply, sanitation & waste water management infrastructure to supply estimated 150,000m³ per day of treated water to approximately 1.3m people and Irrigation scheme development to ultimately irrigate approximately 40,000 hectares (100,000 acres) respectively. However, no records showing set budget, funding, procurement and implementation plan for the 3 phases were provided for audit review hence casting doubt on the actualization of the initial plan that dam being 94.2% complete.

Report of the Auditor-General on Thwake Multi-Purpose Water Development Program Phase 1 (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) for the Year ended 30 June, 2025 - State Department for Water and Sanitation

Physical inspection carried out during the month of August, 2025 revealed the following anomalies;

- i. An Inspection of the medical Centre revealed that there was only one ambulance instead of two (2) two ambulances.
- ii. The installation of Program name boards, direction signs and signboards all valued at Kshs.3,695,722 had faded and details of the Program could not be clearly verified.
- iii. Supply of materials, labour and equipment to construct a single storey detached house (Type 1) 10 units with a total built up area of approximately 150 sqm with all finishing, furnishing, sanitary and electricity fittings including excavation, backfilling and disposal of surplus materials as per drawings and technical specification at a sum of Kshs.58,207,615 are yet to be done
- iv. The Consultant Senior Resident Engineer post had remained vacant from February, 2024. The State Department for Water and Sanitation, in a letter reference MWSI/WTR/PS/7/ Vol. VII dated 9 June, 2025 raised a no objection to the appointment of the Senior Resident Engineer. However, in compliance with the Kenyan Law, it was a requirement that one must obtain professional registration before assuming the role of the Senior Resident Engineer. It was not ascertained at the time of audit if this requirement had been attained.

In the circumstances, the Program may not achieve its objectives if the aspects of the contract are not done within the stipulated time

3. Additional Program Cost

An Engineering Corporation prepared the initial design drawings for Thwake Multi-Purpose Dam and submitted it for tendering on 22 August, 2016 when Geo-technical investigations at the site and hydrologic studies had not been completed. The contract between the Ministry of Water and Irrigation and the Contractor for construction of Thwake Multipurpose Dam was subsequently signed on 15 November, 2017 and two months thereafter construction began, an Engineering Company prepared the final design drawings which made changes to the initial drawings that was tendered after completion of geotechnical studies. The final designs were submitted on 31 May, 2018 and approved on 8 July, 2019 through the letter Ref: WD/3/3/1423/56. This resulted in additional request for funding of Kshs.9,284,952,377 as indicated in the table below.

Item	Amount in (Kshs)
Variation Orders (Works Variation)	4,014,677,115
Contract Price Adjustment	5,270,275,261
Overall (Excluding Taxes)	9,284,952,377

Report of the Auditor-General on Thwake Multi-Purpose Water Development Program Phase I (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) for the Year ended 30 June, 2025 - State Department for Water and Sanitation

In addition, the change in design drawings for the Dam was done after contract signing and beginning of works contrary to Section 60(2)&(3) of the Public Procurement and Disposal Act, 2015 which provides that the specific requirements shall include all works or services being procured. The technical requirements shall conform to design, specification, functionality and performance.

In the circumstances, Management was in breach of the law.

4. Incomplete and Faulty Works for Community Social Responsibility Programs

Physical inspection for the Community Supported Social Responsibility (CSR) Programs done in the month of August, 2025 revealed that the works were done in three sectors, that is, improvement of existing public schools, public health centers and drilling and equipping of boreholes for supply of clean water. However, inspection of the works done for the listed sectors revealed the following;

4.1. Renovation of Administration Block at Mavindini Level (III) Hospital

The works that were done at the facility included renovations of the roofs, installation of a water tank, tiles and gutters. The following defects were noted.

- i. Major cracks on the female and male wards, officer in charge office and the maternity ward walls.
- ii. The ceiling boards in the stores, common waiting area, triage, maternity ward, mother and child health room, board room and the public health officers' office had leakages.
- iii. The ceiling board at the waiting area was at the verge of collapsing.
- iv. An extension of the waiting area was not fitted with a ceiling.
- v. The delivery room tiles had fallen off the walls due to blasting done at the dam.

4.2. Renovation of Classrooms at Mathangathini Secondary

The following defects were noted on the works done in the school;

- i. There were cracks on the walls and on the floor.
- ii. The untreated timber used for roofing may lead to pest infestation that may weaken the roof structure.
- iii. The classroom blackboards had cracks and had faded as a result of using substandard paint.
- iv. Exterior paint work of the classroom had faded thus we were unable to ascertain if the required coating was applied.
- v. The ramp to the classroom was very steep and posed a safety hazard to the users.

4.3. Renovation of Classrooms at Katithi Primary School

The following defects were noted on the works done in the school;

- i. There were cracks on the walls and floor.
- ii. There were some broken window panes
- iii. The timber that was used for the roofing was not treated hence risk of pest infestation was inevitable.
- iv. The classroom blackboards were faded as a result of using substandard paint

4.4. Drilling of Borehole at Kwa Makau Borehole for Katithi Community

The following defects were noted on the works done at the borehole;

- i. The inspection chamber was not locked which poses a risk of theft and vandalism of the fittings of the borehole.
- ii. There were some leakages at the inspection chamber.

In the circumstances, the community may not benefit from the CSR activities especially boreholes as water is a priority for household and livestock use and also due to the poor workmanship.

5. Grounded Vehicles

Physical inspection done in the month of August, 2025 revealed that thirteen (13) motor vehicles were repairable but were grounded due to lack of funds. No clear explanations were given as to why the Contractor had not repaired the vehicles whereas there was a budget for the same.

In the circumstances, there may be loss of public assets due to lack of maintenance.

6. National Program Steering Committee Meetings.

Review of the Program Steering Committee Minutes revealed that the Committee should regularly conduct meetings on half yearly basis, the first meeting in September or October and the second meeting in March or April every year. However, only one committee meeting was held on 27 to 29 November, 2024 during the year 2024/2025. This was contrary to Section 5.02 (a) of Article V of the additional loan financing agreement, 2019.

In the circumstances, Management was in breach of the financing agreement.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, 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

Lack of Ownership Documents - Title Deed

The statement of financial position and as disclosed in Note 13. to the financial statements, reflects property plant and equipment balance totalling Kshs.37,801,892,006. Included in the balance is an amount of Kshs.3,602,337,155 relating to acquisition of land which Thwake Multipurpose Dam stands. However, the Program does not have a title for the land in its possession.

In the circumstances, the controls and safeguards on the management of assets could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Financing Agreement No. 2100150029993, No. 2000200003351 and AGTF No. 5050200000501 and AfDB Grant No. 2100155025973 dated 27 January, 2014 and 19 June, 2019 respectively between the Republic of Kenya and the African Development Bank. I report, based on my audit, that:

Report of the Auditor-General on Thwake Multi-Purpose Water Development Program Phase 1 (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) for the Year ended 30 June, 2025 - State Department for Water and Sanitation

- 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. Adequate accounting records have been kept by the Program, so far as appears from the examination of those records; and,
- iii. The Program's financial statements are in agreement with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance.

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

In preparing the financial statements, Management is responsible for assessing the Program's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Program is responsible for overseeing the Program'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 International Standards of Supreme Audit Institutions (ISSAIs). The standards require


Report of the Auditor-General on Thwake Multi-Purpose Water Development Program Phase 1 (AfDB Loan No. 2100150029993, 2000200003351, AGTF No. 5050200000501 and AfDB Grant No. 2100155025973) for the Year ended 30 June, 2025 - State Department for Water and Sanitation

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 ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 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

30 October, 2025

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025

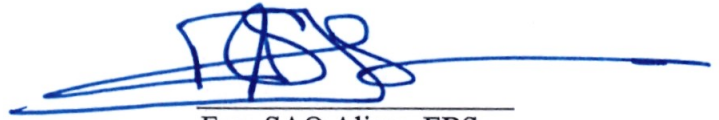
7. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2025.

	Notes	30 th June,2025
		Kshs
Revenue:		
Revenue Transfers		
a/ GOK Counterpart Funding	5	129,900,818
b/ AfDB Loan Revenue	5	49,417,313
Total Revenue Transfers (a + b)		179,318,131
Loan from External Development Partners	5	161,696,643
Grant from External Development Partners	5	12,771,450
Total Revenue		353,786,224
Expenses:		
Employee costs	6	36,300,000
Net Adjustments on Prior Period Employee Cost	7	8,465,000
Use of goods and services	8	224,351,321
Certified Works- Interest	9	85,000,891
Total expenses		354,117,212
Surplus/ (deficit)		(330,988)

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



Julius Korir, CBS.
Principal Secretary



Eng. SAO Alima, EBS
Water Secretary



Eng. Joseph Kariuki
Program Coordinator



CPA Tom B. Okello
Finance Mgt. Expert
ICPAK No: 4534

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June, 2025


8. STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30TH JUNE 2025

	Note	30 th June ,2025	Opening Statement
		Kshs	as at 1 st July 2024
			Kshs
Assets			
Current Assets			
Cash and Cash equivalents	10	6,398	337,386
Receivables	11	1,956,684,172	1,771,867,418
Prepayments	12	1,692,049,493	2,046,934,360
Total Current Assets		3,648,740,063	3,819,139,164
Non-Current Assets			
Property, Plant and Equipment	13	37,801,892,006	36,356,439,435
Total Non- Current Assets		37,801,892,006	36,356,439,435
Total Assets (a)		41,450,632,069	40,175,578,599
Liabilities			
Current Liabilities			
Trade and Other Payables	14	3,648,733,665	3,818,801,778
Total Current Liabilities(b)		3,648,733,665	3,818,801,778
Total Liabilities		3,648,733,665	3,818,801,778
Net Assets (a-b)		37,801,898,404	36,356,776,821
Represented By:			
Accumulated Surplus		37,801,898,404	36,356,776,821
Total Net Assets		37,801,898,404	36,356,776,821

The financial statements were approved on 27/1/25 2025 and signed by:


 Julius Korir, CBS.
 Principal Secretary


 Eng. SAO Alima, EBS
 Water Secretary


 Eng. Joseph Kariuki
 Program Coordinator


 CPA Tom B. Okello
 Finance Mgt. Expert
 ICPAK No: 4534


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June, 2025

9. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2025

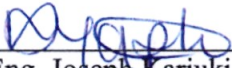
Description	Accumulated Surplus	
	Kshs	Kshs
As at 30 th June 2024 (Cash Basis)		36,356,776,821
<i>Adjustments: (to recognize assets and liabilities)</i>		
Land	25,913,105	
Civil Works	1,419,539,466	
Sub – Total		1,445,452,571
Total Adjustments in Net Assets as at 30th June 2025		37,802,229,392
Surplus/(Deficit) for the period		(330,988)
As at 30th June, 2025		37,801,898,404


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

The financial statements were approved on 27/10/2025 and signed by:


 Julius Korir, CBS.
 Principal Secretary


 Eng. SAO Alima, EBS
 Water Secretary


 Eng. Joseph Kariuki
 Program Coordinator


 CPA Tom B. Okello
 Finance Mgt. Expert
 ICPAK No: 4534

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10. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2025

Description	Notes	30th June,2025
		Kshs
Cashflow from operating activities		
Receipts		
GOK Counterpart Funding	5	129,900,818
AfDB Loan Revenue	5	49,417,313
Loan from External Development Partners	5	161,696,643
Grant from External Development Partners	5	12,771,450
Total receipts		353,786,224
Payments		
Employee costs	6	36,300,000
Net Adjustments on Prior Period Employee Cost	7	8,465,000
Use of goods and services	8	224,351,321
Acquisition of non-financial assets – Certified Works	9	85,000,891
Total payments		354,117,212
Net cash flow from operating activities		(330,988)
Cashflow from investing activities		
Receipts for Non-Financial Assets (Purchase of Land & Civil Works)	5	1,445,452,571
Proceeds from the sale of Assets		-
Acquisition of Intangible Assets		-
Purchase of Land	13	25,913,105
Acquisition of non-financial assets – Certified Works	13	1,419,539,466
Net cash flows from investing activities		-
Cash flow from financing activities		-
Net cash flow from financing activities		-
Net Surplus/Deficit in cash and cash equivalents		(330,988)
Total Adjustments in Net Assets as at 30th June 2024	10	337,386
Cash and cash equivalent at end of Year ended 30th June 2025	10	6,398

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11. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	d	e=c-d	f=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
GOK	306,000,000	(148,036,000)	157,964,000	155,813,923	2,150,077	98.64
AfDB Loan Revenue	55,000,000	(5,582,687)	49,417,313	49,417,313	-	100.00
Loan from External Development Partners: Initial & Additional Financing	4,025,000,000	(2,610,000,00)	1,415,000,000	1,581,236,109	(166,236,109)	111.75
Grant from External Development Partners	50,000,000	(36,200,000)	13,800,000	12,771,450	1,028,550	92.55
Total Revenue	4,436,000,000	(2,799,818,687)	1,636,181,313	1,799,238,795	(163,057,482)	109.97
Payments						
a/ Recurring Costs:						
Employee costs	55,000,000	(8,345,000)	46,655,000	44,765,000	1,890,000	95.95
Use of goods and services	330,000,000	(105,614,187)	224,385,813	224,351,321	34,492	99.98
Certified Works - Interest	90,000,000	-	90,000,000	85,000,891	4,999,109	94.45
b/ Development Costs:						
Purchase of Land	26,000,000	-	26,000,000	25,913,105	86,895	99.67
Certified Works	3,935,000,000	(2,685,859,500)	1,249,140,500	1,419,539,466	(170,398,966)	113.64
Total Payments	4,436,000,000	(2,799,818,687)	1,636,181,313	1,799,569,783	(163,388,470)	109.99
Surplus or Deficit	-	-	-	(330,988)	330,988	

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Annual Report and Financial Statements for the financial year ended 30th June,2025

Explanation of Variances	
Revenue	Reasons
A/ Revenue	
1. AfDB Loan from Development Partners	There was an over receipt of Ksh 166,236,109 due to reduction in the Supplementary Budget after the funds had been committed and received from AfDB as AIA and applied as direct payment.
B/ Payments	
2. Development – Certified Works	Over expenditure of Ksh 170,398,966 due to Supplementary budgetary cuts after funds had been committed and spent as direct payments to the contractor.

12. NOTES TO THE FINANCIAL STATEMENTS

1: General Information

Thwake Multipurpose Water Development Program Phase 1 is established by and derives its authority and accountability from Financing Agreements signed between the Government of Kenya and African Development Bank. The entity's principal activity is the construction of Thwake Dam in Makueni and Kitui counties.

2: Statement of Compliance and Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

Basis of Preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. These financial statements have been prepared on an accrual basis except the Statement of Cash Flows. Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The accounting policies adopted have been consistently applied in the period of presentation.

These financial statements were authorized for issue by the Accounting Officer on 27th October 2025.

Reporting period

The reporting period for these financial statements is for the period ended 30th June 2025.

3: Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position, and realized in the statement of financial performance over the useful life of the assets that have been acquired using such funds. The Program did not have any transfers from other government entities.

***THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
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b) Budget Information

The original budget for FY 2024/2025 was approved in June 2024. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

c) Property, Plant, and Equipment

All property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure directly attributable to the acquisition or construction of the item of property, plant, and equipment. When significant parts of property, plant, and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value. The Motor Vehicles, Furniture and ICT equipment's have been fully depreciated but are still operational.

d) Trade and Other Receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

e) Financial Liabilities

The financial liabilities would be as subsequently measured at amortized cost except for financial liabilities measured through surplus or deficit. The Program did not have financial liabilities.

f) 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 reporting period. The Program's account is in Equity Bank.

g) Subsequent Events

There have been no events subsequent to the reporting period with a significant impact on the financial statements for the period ended 30th June 2025.

4: Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and Assumptions

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

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

The Program considers all its assets as useful and shall use the indicators in the determination of the residual values of its assets where necessary.

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5: Revenue Transfers

Description	30 th June, 2025
	Kshs
Unconditional Transfers	
GOK Counter Part funding	155,813,923
Sub Total	155,813,923
Transfers from Development partners:	
AfDB Loan Revenue	49,417,313
AfDB Loan Transfers as Direct Payments	1,581,236,109
AfDB Grant Transfers as Direct Payments	12,771,450
Sub Total	1,643,424,872
Total Unconditional Transfers (a)	1,799,238,795
Conditional Transfers	
Transfers from Development partners 1	-
Total Conditional Transfers (b)	-
Total Transfers for the Period (a +b)	1,799,238,795

The transfer from Development Partners is the amount received from AfDB for the construction of Thwake Dam and payment for consultancies. Of the total amount of Ksh 1,581,236,109 received, an amount of Ksh 161,696,643 was in respect of items chargeable to Statement of Financial Performance, while an amount of Ksh 1,419,539,466 was in respect of capital items and therefore chargeable to Statement of Financial Position.

Total GOK funding was Ksh 155,813,923 of which Ksh 25,913,105 was in respect of purchase of land and therefore charged to Statement of Financial Position with the balance of Ksh 129,900,818 being chargeable to Statement of Financial Performance.

Details to Transfers Received

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (Current Period)
	Kshs	Kshs		Kshs
GOK Funding	129,900,818	-	25,913,105	155,813,923
AfDB Loan -AIA	161,696,643	-	1,419,539,466	1,581,236,109
AfDB Loan - Revenue	49,417,313	-	-	49,417,313
AfDB Loan	12,771,450	-	-	12,771,450
Total	353,786,224	-	1,445,452,571	1,799,238,795

- i. The main objective of the funds received both from AfDB and GOK is for the implementation of phase 1 of the Program which involves the construction of Thwake Dam, its associated works, and related costs.

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- ii. The transfer from Development Partners is the amount received from AfDB for the construction of Thwake Dam, payment for consultancies and purchase of specialised materials for use by Water Resources Authority.
- iii. The contractor is exempt from paying VAT on works done and certified for payment from IPC7. The tax exemption granted to the contractor for the year (IPCs 26 – 30) was Ksh 227,126,314. The cumulative tax exemption granted to date is Ksh 2,490,955,238.

Note: The GOK funding is not receivable in the Program Bank Account as AfDB does not allow for comingling of funds from different sources. The Program bank account is exclusively for funds received from AfDB. The State Department, as the implementing agency, therefore receives funds from exchequer and remits payments to the payees on behalf of the Program.

6: Employees Costs

Description	30 th June, 2025
	Kshs
Emoluments to Contractual PIT Members	36,300,000
Total	36,300,000

7: Adjustment for Prior year Employee Cost Paid

Description	30 th June 2025
	Ksh
Net Adjustment on prior year Employee costs	8,465,000
Total Net Adjustment	8,465,000
Analysed as below:	Ksh
Balance unpaid for March 2024	880,000
Balances unpaid for April – June 2024	9,075,000
Sub-Total	9,955,000
Less: Reversals of payments made in the year	(1,490,000)
Net Adjustments	8,465,000

The adjustments relate to payment of PIT emoluments for March - June 2024 carried forward at the beginning of the financial year, using funds from AfDB Loan Revenue, as detailed above. Reversals were made in respect of emoluments that were not paid for a PIT member who opted to rejoin the Public Service upon the expiry of his secondment by the Public Service Commission.

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8: Use of Goods and Services

Description	30 th June, 2025
	Kshs
Utilities, supplies and services	11,445,360
Domestic Travel & Accommodations	5,528,750
Printing, Advertising & Information Supplies	388,368
Other Operating Expenses – Bank Charges	22,550
Fuel, Oil and Lubricants	1,094,380
Routine Maintenance - Vehicles	841,486
Consultancy Services – Professional and Technical	205,030,427
Total Q1	224,351,321

9: Certified Works

Description	30 th June 2025
	Kshs
China Gezhouba Group Co. Ltd- Interest due & not paid.	85,000,891
Total	85,000,891

10: Cash and Cash Equivalents

Description	30 th June, 2025	01 st July 2024
	Ksh	Kshs
Cash in Bank	6,398	337,386
Total Cash and Cash Equivalents	6,398	337,386

Project Bank Accounts

Details	30 th June, 2025	01 st July 2024
	Kshs	Kshs
Foreign Currency Accounts		
Central Bank of Kenya [A/c No 1000213507]	-	-
Total Foreign Currency balances	-	-
Local Currency Accounts		
Equity Bank [A/c No 0720262733899]	6,398	337,386
Total local currency balances	6,398	337,386
Total bank account balances	6,398	337,386

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11: Accounts Receivables

Description	30 th June,2025	01 st July 2024
	Kshs	Kshs
Civil Works, Goods and Services	1,956,684,172	1,771,867,418
Total Receivables	1,956,684,172	1,771,867,418

Current receivables refer to amount expected to be paid by AfDB as direct payments and GOK Counterpart in respect of civil works, consultancy services and goods delivered as follows:

	Description	30 th June,2025	01 st July 2024
1	Counter Part Funding	644,495,158	636,303,660
2	AfDB – Settlement for IPC 29	224,603,115	47,977,859
3	AfDB – Retention Money for Contractor	1,087,585,899	1,087,585,899
	Total	1,956,684,172	1,771,867,418

- i. GOK Counterpart funding is the exchequer expected to be received as part of counterpart contribution to settle outstanding VAT of Ksh 170 million on IPC 06, and cumulative interest.
- ii. Amount receivable from AfDB relate to outstanding amount receivable in respect of IPC 29 for Ksh 224,603,115 and retention money of Ksh 1,087,585,899 which is payable as a direct payment using Loan proceeds.

Schedule of Receivables Movement in the F/Y 2024/25

Ageing Analysis

Particulars	30 th June 2025		01 st July 2024	
	Current FY	% of Total	Comparative	% of Total
	Kshs	Kshs	Kshs	Kshs
Under One Year	315,961,888	16	47,977,859	3
1-2 Years	1,234,499,795	63	1,393,585,899	79
2-3 Years	406,222,489	21	330,303,660	19
Total	1,956,684,172	100	1,771,86,418	100

12: Prepayments

Description	30 th June, 2025	01 st July 2024
	Ksh	Kshs
Certified Works – Advance Payment	1,692,049,493	2,046,934,360
Total Cash and Cash Equivalentents	1,692,049,493	2,046,934,360

The Prepayments relate to the actual balance due on the 20% advance payment made to the contractor which is recoverable. The recovery for the year was Ksh 354,884,867 (2,046,934,360 - 1,692,049,493). The advance payment was made as a direct payment from AfDB Loan and the recovery is set off in the IPCs paid from the Loan proceeds.

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13: Property, Plant and Equipment

Cost	Motor Vehicles		Furniture and Fittings		ICT Equipment		Land		Capital -WIP		Total	
	Kshs	16.67%	Kshs	12.5%	Kshs	30%	Kshs	0%	Kshs	0%	Kshs	Kshs
At 01 st July 2024 (opening balances)	12,136,200		3,023,406		5,381,543		3,576,424,050		32,780,015,385		36,376,980,584	
Additions	-		-		-		25,913,105		1,419,539,466		1,445,452,571	
Disposals	-		-		-		-		-		-	
Transfers/Adjustments	-		-		-		-		-		-	
As at 30 th June, 2025	12,136,200		3,023,406		5,381,543		3,602,337,155		34,199,554,851		37,822,433,155	
Depreciation and Impairment												
At 01 st July 2024	(12,136,200)		(3,023,406)		(5,381,543)		-		-		(20,541,149)	
Depreciation charge for the period	-		-		-		-		-		-	
Impairment loss	-		-		-		-		-		-	
Transfers/ Adjustments	-		-		-		-		-		-	
Net Book Values:												
As at 1 st July 2024	-		-		-		3,576,424,050		32,780,015,385		36,356,439,435	
As at 30 th June, 2025	-		-		-		3,602,337,155		34,199,554,851		37,801,892,006	

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14: Trade and Other Payables

Description	30 th June 2025		1 st July 2024	
	Kshs		Kshs	
Compensation to PIT Staff	-		11,265,000	
Goods and Services	6,357,882		85,900,828	
Civil Works	3,642,375,783		3,721,635,950	
Total trade and other payables	3,648,733,665		3,818,801,778	
Ageing analysis: (Trade and other payables)	Current Period	% of the Total	Comparative Period	% of the Total
Under one year	2,008,011,381	55.0	2,058,199,360	53.9
1-2 years	1,234,499,795	33.8	233,026,111	6.1
2-3 years	406,222,489	11.2	1,527,576,307	40.0
Total	3,648,733,665		3,818,801,778	

These payables relate to VAT and interest due to the contractor to be paid from GOK counterpart funds.

- i. Goods and Services amount of Ksh 6,357,882 is in respect of VAT payable from GOK funding and owed to various suppliers that were not paid in the year.
- ii. Civil Works relate to amounts owed to the contractor in respect of VAT on IPC 06 of Ksh 170,000,000, IPC 29 of Ksh 224,603,115, interest of Ksh 468,137,276 and retention money of Ksh1,087,585,899 payable during the defect liability period. Also included is the advance payment recoverable and due to AfDB of Ksh 1,692,049,493.

15: Cash generated from Operations

Description	30 th June 2025
	Kshs
Surplus/ Deficit for the Year	(330,988)
Adjusted for:	
Depreciation	-
Gains and Losses on Disposal of Assets	-
Working Capital Adjustments	
Increase in Receivables	184,816,754
Decrease in Payables	170,068,113
Increase in Payments received in advance	(354,884,867)
Net Cash Flow from Operating Activities	(330,988)

- i. Increase in receivables is the difference between the Account Receivables balance at the end of the year and at the beginning of the year (1,956,684,172 - 1,771,867,418).

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- ii. Decrease in payables is the difference between the Trade and Other Payables balance at the end of the year and at the beginning of the year (3,648,733,665 - 3,818,801,778).
- iii. Increase in payments received in advance is the difference between the Advance Payment Recovery balance at the end of the year and at the beginning of the year (1,692,049,493 - 2,046,934,360).

16: Special Deposit Accounts

The balances in the Program’s Special Deposit Account as at 30th June 2025 is not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision. Also, the Program did not have any balance at the end of the year.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Financial Performance.

Special Deposit Accounts Movement Schedule

Description	30 th June,2025	01 st July 2024
	USD	USD
(i) A/C Name: Thwake Multipurpose Water Development Program Loan Account [A/c No 01268945650]		
Opening balance	-	-
Total amount deposited in the account	382,028.08	247,547.20
Total amount withdrawn (as per Statement of Receipts & Payments)	382,028.08	247,547.20
Closing balance (as per SDA bank account reconciliation attached)	-	-

The Special Deposit Accounts reconciliation statement has been attached to Annex 7 to support these closing balance.

17: Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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13. ANNEXES

Annex 1: Prior Year Auditor General's Recommendations

UPDATE ON AUDIT RECOMMENDATION FOR THE PERIOD ENDED JUNE 30, 2024				
Ref No.	Issue	Response	Status	Timeframe
Prior Years Audit Matters				
01	Unresolved Prior Year Audit Matters	The Ministry has endeavored to resolve these issues. However, some policy issues like pollution of Athi River and funding of the remaining phases are not yet fully resolved. Below are the specific matters:		
	a/ Funding and continuity of the Program. Issue: Lack of funding for the remaining phases.	The Ministry has prepared and presented a CAB Memo to National Treasury with a proposal on financing of the remaining phases of the Program. The report is due for discussion with AfDB to secure supplementary funding for the Program.	Resolved.	31/03/2025
	b/ Water pollution of Athi River. Issue: Non mitigation of the risk	An Inter-Agency Technical Committee under Ministry of Water, Sanitation and Irrigation is involved in the control and pollution of Athi River. The team meets monthly to follow up on agreed targets. Matter deliberated by PAC with recommendation that the implementing agency put in place measures to mitigate pollution in Athi River. Measures put in place include the establishment of the Nairobi Rivers Commission; and Contract awarded to a firm to clean Nairobi River.	Not Resolved.	30/06/2026
	c/ Costly Price Adjustments – that the price adjustment is more than the provisional sum.	The contract signed with the contractor included a 2% Provisional Sum for Price Contingencies. However, the actual adjustments determined by the market dynamics and as stated in the price indices from Kenya National Bureau of Statistics (KNBS) has been higher than the provisional sum. The estimated cost of price adjustment form part of the additional funding included in the communication to AfDB seeking for supplementary funding.	Resolved.	31/03/2025

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d/ Interest on delayed payment to Contractor	<p>The interest on delayed payments has been caused by several factors, including the outstanding VAT owed to the contractor and insufficient budgetary allocation. The Ministry has improved the processing of the IPCs to reduce delays. However, due to the delayed approval of the additional funding already under consideration between the GOK and AfDB. Based on circumstances, interest charges will apply to subsequent IPCs. The implementing agency shall accelerate the payment process once the supplementary funds are made available.</p>	Not Resolved.	30/06/2026
e/ Budgetary Control and Performance – that the Program’s performance was less than the budget.	<p>Management confirms that there were underfunding of Ksh 801,674,233 and under expenditure of Ksh 801,391,127 as the Program final receipts and expenditure were Ksh 2,428,088,005 and Ksh 2,428,371,111 respectively, against a budget of Ksh 3,229,762,238. The underfunding and under expenditure were thus 24.8 % of the budget.</p> <p>The reasons are included in Annex 2 – Variance Explanations of Comparative Budget & Actual Amounts, as included in page 26 of the Annual Report and Financial Statements for the financial year ended June 30, 2024.</p> <p>Main causes of the variation included:</p> <ul style="list-style-type: none"> <i>i.</i> Insufficient exchequer funding from GOK counterpart of Ksh 89 million; <i>ii.</i> Non conclusion in the processing of Supplementary Funding expected from AfDB: and <i>iii.</i> Under expenditure caused by the factors stated above. <p>Management further concurs that such underfunding may affect the Program’s objectives. The ministry is seeking for supplementary funding to finance the remaining works to completion.</p>	Resolved.	30/12/2024
f/ Pending Bills – that the Program had accumulated more	<p>Management concurs that the pending bills amounted to Ksh 673,016,519 as at 30th June 2024. The implementing agency managed to pay Ksh 120.6 million of the outstanding amount.</p>	Not Resolved.	30/06/2026

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025


	pending bills at the end of the period.	However, due to lack of sufficient budgetary provision the implementing agency could not clear all the outstanding balances.		
Issues raised in 2023/24				
1.1	Slow implementation of the dam construction with minimal activities being undertaken.	<p>The implementing agency confirms that there have been minimal progress. This has been occasioned by increased cost of the dam construction due to changes in the dam design that requires additional financing.</p> <p>The Government of Kenya (GOK) through the National Treasury has requested AfDB for supplementary financing based on a Technical and Financial Appraisal that identified the gaps required to be undertaken to achieve 100% completion. The implementing agency further holds the Advance Payment Guarantee until such period that the amount shall be recovered in full.</p>	Not Resolved.	30/06/2026
1.2	Increase in the Contract Price being in breach of Sec 139 (4e) of the PPAD Act, 2015	<p>The AfDB Procurement rules and Regulations were used in the procurement of the Contractor. The rules allow for variation which is subjected to Prior Review by the Bank before 'No Objection' is given.</p> <p>The additional cost of Ksh 9,285,150,952 was arrived at after a thorough review of the Technical and Financial Appraisal Report prepared by the Consultant.</p>	Resolved.	31/03/2025
1.3	Additional Project Cost arising from change in design after contract signing	The contract with the contractor was signed before the detailed design review was concluded thus the Bills of Quantity (BOQs) were not based on the final design. This was necessitated by the need to safeguard and utilize the loan proceeds borrowed from AfDB. The final design was concluded and included recommendations which were considered beneficial to the project in the long run as it increased the dam height to 80.5 meters.	Not Resolved.	30/06/2026

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025


1.4	Irregular payments to the Contractor	The amount of Ksh 124,091,607 was in respect to Mechanical items billed in Interim Payment Certificates (IPCs) 17 of Ksh 119,142,237 and 18 of Ksh 4,949,369. Factory Acceptance Test (FAT) Reports on the details of the hydromechanical items were delivered to the Contract Implementation Team (CIT). The CIT notes in page 11 item 3 of the Evaluation Report on IPC 19 that the report on the details of the mechanical items billed in IPC 17 and 18 were provided and acceptable for the billed 80% amount. It further recommended that the Engineer's Representative to ensure all parameters are checked in accordance with the required specifications during the final test.	Resolved.	31/03/2025
2.0	Unremitted VAT due of Ksh 203,979,306.	The unremitted VAT as at 30 th June 2024 was Ksh 203,979,306. The implementing agency made part payment of Ksh 33,979,306 leaving an outstanding balance of Ksh 170 million, which shall be settled in tranches subject to availability of adequate budgetary allocation and exchequer provision.	Not Resolved.	30/06/2026
3.0	Incomplete and Faulty Works for Community Social Responsibility Projects.	The implementing agency notes that some of the CSR projects were not done satisfactorily by the sub-contractors engaged by the contractor. This matter has been raised with the contractor and remedial works have been done with some still being work in progress.	Not Resolved.	30/06/2026
4.0	Lack of Ownership documents – Title Deed.	Management concurs that the land acquired for the dam construction should have a title deed as a confirmation of ownership. National Land Commission has been involved in securing the land and has planned to carry out a demarcation exercise before issuance of Title Deed.	Resolved.	30/06/2025

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June, 2025

		<p>The Ministry secured an exchequer for Ksh 25,913,105 which was remitted to NLC on 20th May 2025. The National Land Commission (NLC) indicated that the officers responsible were engaged in the completion of other assignments, which had to be concluded first.</p> <p>The demarcation exercise has commenced and the Title Deed is expected to be issued upon completion.</p>		
5.0	Lack of National steering Committee Meetings	The National Steering Committee physical meetings are periodically held especially when there are matters that require their attention and decision making. The Program also engages the members on a need basis depending on the subject matter.	Resolved.	31/12/2025



 Julius Korir, CBS.
 Principal Secretary



 Eng. Joseph Kariuki
 Program Coordinator

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025

Annex 2: Reconciliation of Inter-Entity Transfers

Project Name: Thwake Multipurpose Water Development Program					
		Breakdown of payments by the State Department for Water and Sanitation on Program activities			
A. Government Counterpart Funding					
		Bank Statement Date	Paid Amount (Kshs)	Amounts in Process (Kshs)	FY
01	Receipt and Payments made by the implementing agency on behalf of the Program	Various Dates	141,292,293	-	FY 2024/25
Total GOK Funds			141,292,293		
B. Loan from AfDB paid as Direct Payments (AIA)					
		Bank Statement Date	Amount (Kshs)		
02	SMEC International PTY	06/08/2024	13,597,390	-	FY 2023/24
03	SMEC International PTY	06/08/2024	11,556,138	-	FY 2023/24
04	SMEC International PTY	06/08/2024	11,559,331	-	FY 2023/24
05	SMEC International PTY	05/09/2024	11,139,081	-	FY 2024/25
06	SMEC International PTY	05/09/2024	11,446,966	-	FY 2024/25
07	SMEC International PTY	05/09/2024	10,735,398	-	FY 2024/25
08	China Gezhouba Group Co.	17/09/2024	248,657,683	-	FY 2024/25
09	China Gezhouba Group Co.	17/09/2024	73,935,774	-	FY 2024/25
10	China Gezhouba Group Co.	17/09/2024	38,913,565	-	FY 2024/25
11	Ljiljana Spasic - Grill	27/08/2024	943,660	-	FY 2024/25

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025


12	Tobel Limited	05/09/2024	2,400,000	-	FY 2024/25
13	Hannut Limited	05/09/2024	5,200,000	-	FY 2024/25
	Sub Total for Q1		440,084,986	-	
14	SMEC International PTY	20/12/2024	14,394,911	-	FY 2024/25
15	SMEC International PTY	20/12/2024	16,085,245	-	FY 2024/25
16	SMEC International PTY	20/12/2024	11,002,782	-	FY 2024/25
17	SMEC International PTY	20/12/2024	11,262,825	-	FY 2024/25
18	SMEC International PTY	20/12/2024	9,958,294	-	FY 2024/25
19	China Gezhouba Group Co.	17/12/2024	8,800,000	-	FY 2024/25
20	China Gezhouba Group Co.	20/12/2024	75,737,344	-	FY 2024/25
	Sub Total for Q2		147,241,401		
21	SMEC International PTY	19/06/2025	30,955,228	-	FY 2024/25
22	SMEC International PTY	19/06/2025	17,937,126	-	FY 2024/25
23	SMEC International PTY	19/06/2025	4,149,410	-	FY 2024/25


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025


24	Ioannis Karavokyris	31/03/2025	725,407	-	FY 2024/25
25	Ljiljan Spasic-Gril	31/03/2025	657,158	-	FY 2024/25
26	Robin Peterson	31/03/2025	548,000	-	FY 2024/25
	Total for Q3		54,972,329	-	
27	China Gezhouba Group Co Ltd	21/05/2025	299,108,504	-	FY 2024/25
28	China Gezhouba Group Co Ltd	22/05/2025	33,234,278	-	FY 2024/25
29	Eco Ethics Development Ltd	19/06/2025	2,155,152	-	FY 2024/25
30	China Gezhouba Group Co Ltd	30/06/2025	27,628,632	-	FY 2024/25
31	China Gezhouba Group Co Ltd	30/06/2025	96,208,259	-	FY 2024/25
32	China Gezhouba Group Co Ltd	30/06/2025	10,689,807	-	FY 2024/25
33	China Gezhouba Group Co Ltd	30/06/2025	222,134,293	-	FY 2024/25
34	China Gezhouba Group Co Ltd	30/06/2025	24,681,588	-	FY 2024/25
35	China Gezhouba Group Co Ltd	30/06/2025	28,923,099	-	FY 2024/25
36	China Gezhouba Group Co Ltd	30/06/2025	6,283,525	-	FY 2024/25
	Sub Total Q4 - Loan		751,047,137	-	FY 2024/25
37	Francis Allen Consulting Ltd	19/06/2025	5,108,580	-	FY 2024/25
38	Francis Allen Consulting Ltd	30/06/2025	7,662,870	-	FY 2024/25
	Sub Total Q4 - Grant		12,771,450	-	
	Total for Q4		763,818,587	-	
	Grand Total – Direct Payments		1,406,117,303	-	

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June, 2025

C. Loan Revenue				
		Bank Statement Date	Amount (Kshs)	
39	Program Bank Account	12/09/2024	13,478,141	FY 2024/25
40	Program Bank Account	09/01/2025	35,939,172	FY 2024/25
	Total Exchequer Received		49,417,313	
	Total – Loan Revenue		49,417,313	
	Total AfDB Funds (B + C)		1,455,534,616	
	Grand Total AfDB and GOK Funds (A +B +C)		1,596,826,909	


 Eng. Joseph Kariuki
 Program Coordinator


 CPA (Dr) Jeniffer Owino
 Head of Accounting Unit
 ICPAK No: 13143


 CPA Tom B. Okello
 Finance Mgt. Expert
 ICPAK No: 4534

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June, 2025

Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f	Additions during the year	Disposals during the year	Transfers in/(out) during the year	Historical Cost c/f
	Kshs	Kshs	Kshs	Kshs	Kshs
Motor Vehicles	12,136,200	-	-	-	12,136,200
Furniture and Fittings	3,023,406	-	-	-	3,023,406
ICT Equipment	5,381,543	-	-	-	5,381,543
Land	3,576,424,050	25,913,105	-	-	3,602,337,155
Work in Progress	32,780,015,385	1,419,539,466	-	-	34,199,554,851
Total	36,376,980,584	1,445,452,571	-	-	37,822,433,155

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June, 2025

Annex 4: Transfer Confirmation Template

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM
 MINISTRY OF WATER, SANITATION AND IRRIGATION
 STATE DEPARTMENT FOR WATER AND SANITATION
 P.O BOX 49720 - 00100, NAIROBI

The Thwake Multipurpose Water Development Program wishes to confirm the amounts received from you as at 30th June, 2025 as indicated in the table below. Please compare the amounts received from you with the amounts you disbursed. Then please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts disbursed by the Ministry of Water, Sanitation and Irrigation — State Department for Water and Sanitation as at 30 th June, 2025						
Reference No.	Date Received	Amounts released to Thwake Multipurpose Water Development Program as at 30 th June, 2025			Amounts received by the Program as at 30 th June, 2025	Difference
		Development	Inter Project	Total		
		A	B	C	D	E = C - D
		Kshs	Kshs	Kshs	Kshs	Kshs
EA/FAE78/7/C)28/D	12/09/2024	13,478,141	-	13,478,141	13,478,141	-
EA/FA/78/7/028/D	09/01/2025	35,939,172	-	35,939,172	35,939,172	-
Total		49,417,313	-	49,417,313	49,417,313	-

I confirm that the amounts shown above are correct as of the date indicated.

Date 16/07/2025 Name DR. JAMES OWINO Signature [Signature]

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June, 2025

Annex 5: Bank Reconciliation Statement as at 30th June, 2025

				F.O 30
MINISTRY OF WATER, SANITATION AND IRRIGATION				
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM - LOAN				
BANK RECONCILIATION STATEMENT AS AT 30/06/2025				
EQUITY BANK A/C '0720262733899			KITUI BRANCH	
		Kshs.	Kshs.	Kshs.
Balance as per Bank Statements				6,789,891
Less:				
1. Payments in cashbook not yet recorded in bank statement (Unpresented Cheques)		6,783,493		
			6,783,493	
2. Receipts in bank statement not yet recorded in cashbook		-		
Add:				
3. Payments in bank statement not yet recorded in cashbook		-		
4. Receipts in cashbook not yet recorded in bank statement.			-	
Balance as per the Cashbook.....				6,398

I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct.

Prepared By: FME

TOM B. OUELLO


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025

MINISTRY OF WATER, SANITATION AND IRRIGATION				
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM - LOAN				
BANK RECONCILIATION STATEMENT AS AT 30/06/2025				
1	Schedule of Unpresented Cheques as at 30/06/2025			
	Date	Cheque No.	Payee	Amount
				Ksh
	30/06/2025	1530	David Onyango	593,750
	30/06/2025	1531	Tom Okello	380,000
	30/06/2025	1532	Rodah Kambua	380,000
	30/06/2025	1533	Justus Jumbe	380,000
	30/06/2025	1534	Augustine Makau	380,000
	30/06/2025	1535	Yego Shadrack	380,000
	30/06/2025	1536	Godffrey Olali	380,000
	30/06/2025	1537	Equity Bank Ltd	31,250
	30/06/2025	1538	Equity Bank Ltd	20,000
	30/06/2025	1539	Equity Bank Ltd	20,000
	30/06/2025	1540	Equity Bank Ltd	20,000
	30/06/2025	1541	Equity Bank Ltd	20,000
	30/06/2025	1542	Equity Bank Ltd	20,000
	30/06/2025	1543	Equity Bank Ltd	20,000
	30/06/2025	1545	Tamyaca Enterprises	209,482
	30/06/2025	1546	Joy Liberty Enterprises	285,172
	30/06/2025	1547	Tough Trade Ltd	864,310
	30/06/2025	1549	Lkitela Enterprises	287,069
	30/06/2025	1550	Tamyaca Enterprises	216,466
	30/06/2025	1551	Jukata Investment	396,552
	30/06/2025	1552	Xeroxin General Merchants	431,034
	30/06/2025	1553	Multi-Line Motors	474,028
	30/06/2025	1554	Total Energies Marketing	594,380
			Total	6,783,493
2	Schedule of Payments in Bank not in Cashbook (Bank Charges) AS AT 30TH June 2025			
	Date		Bank Charge	Ksh
	30/06/2025		Bal B/F	-
			Total Bank Charges	-
3	Schedule of Receipts in Bank not in Cash Book			
				-



HEAD OFFICE: P.O.Box : 75104 - 00200 Nairobi, Tel: 020-2262000 Fax: 2737276, Mobile: 0711 026000,0732 112000, Email: info@equitybank.co.ke, Website: www.equitybank.co.ke

Account No. : 0720262733899

Customer Name : THWAKE MULTI-PURPOSE WATER DEVELOPMENT PROGRAMME PHASE 1

Tran Date	Value Date	Tran Particulars	Instrument Id	Debit	Credit	Balance
10-06-2025	10-06-2025	Transfer Charge		115.00		7,155,886.20
10-06-2025	10-06-2025	2020250002496182 THWAKE MULTIPURPOSE WATER DEVELO	1523	20,000.00		7,135,886.20
10-06-2025	10-06-2025	Transfer Charge		115.00		7,135,771.20
10-06-2025	10-06-2025	2020250002497594 THWAKE MULTIPURPOSE WATER DEVELO	1528	20,000.00		7,115,771.20
10-06-2025	10-06-2025	Transfer Charge		115.00		7,115,656.20
10-06-2025	10-06-2025	2020250002497333 THWAKE MULTIPURPOSE WATER DEVELO	1527	20,000.00		7,095,656.20
10-06-2025	10-06-2025	Transfer Charge		115.00		7,095,541.20
10-06-2025	10-06-2025	2020250002497066 THWAKE MULTIPURPOSE WATER DEVELO	1526	20,000.00		7,075,541.20
10-06-2025	10-06-2025	Transfer Charge		115.00		7,075,426.20
10-06-2025	10-06-2025	2020250002496819 THWAKE MULTIPURPOSE WATER DEVELO	1525	20,000.00		7,055,426.20
10-06-2025	10-06-2025	Transfer Charge		115.00		7,055,311.20
13-06-2025	13-06-2025	ChequeNo.001529 Presented	1529	265,363.00		6,789,948.20
13-06-2025	13-06-2025	Inward Clearing Charge		57.50		6,789,890.70
Grand Total				3,291,628.00	0.00	6,789,890.70



Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order.
END

GM1813220250701093627

PAYMENTS

Date	To Whom Paid	Description of Payment	Allocation	Voucher No.	Cheque No.	Sh. cts.	Sh. cts.	Sh. cts.
3 ³¹ /06	TAMYCA ENTERPRISES			000020	1545			20,948.2 -
	JOY LIBERTY ENTERP.			000021	1546			285,172 -
	TOUGH TRADE LTD			000022	1547			864,310 -
	LKIFELA ENTERP.			000023	1549			287,069 -
	TAMYCA ENTERPRISES			000024	1550			216,466 -
	JUKASA INV. LTD			000025	1551			396,552 -
	XEROX IN GEN MERCHANDISE			000026	1552			431,034 -
	PC - TMNDP, JUNE 2005 PAY			000027				
	- DAVID ONYANGO				1530	593,750 -		
	- TOM B. OULELO				1531	380,000 -		
	- RODAH KAMBVA				1532	380,000 -		
	- JUSTUS JUMBE				1533	380,000 -		
	- AUGUSTINE MAMAU				1534	380,000 -		
	- YEGU K. CHADRACK				1535	380,000 -		
	- GODFREY ORALI				1536	380,000 -		
	- EQUITY BANK (U) LTD				1537	31,250 -		
	"				1538	20,000 -		
	"				1539	20,000 -		
	"				1540	20,000 -		
	"				1541	20,000 -		
	"				1542	20,000 -		
	"				1543	20,000 -		3025,000 -
	TOTAL PAYMENTS							571,508.5 -
	BALANCE C/D.							1,097,356 -
								681,244.1 -
3 ³⁰ /06	PC - TMNDP BANK CHARGES							22,550 -
	BALANCE C/D							1,074,806 -
								681,244.1 -
3 ³¹ /06	PC - TMNDP BANK CHARGES			000028				1,097,356 -
	BALANCE C/D.							1,074,806 -
								1,097,356 -
3 ³¹ /06	MULTI-LINE MOTORS			000029	1553			474,028 -
"	TOTAL ENERGIES MKTG.			000030	1554			594,380 -
	TOTAL PAYMENTS							1,068,408 -
	BALANCE C/D.							6348 -
								1,074,806 -
BOARD OF SURVEY								
	1. DICKSON	LUGONZO	-	CHAIRMAN	-			4/8/25
	2. WELDON	LANGAT	-	MEMBER	-			11/8/25
	3. NGARAH	DEGODY	-	MEMBER	-			9/8/25

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June, 2025

Annex 6: Board of Survey Report

REPUBLIC OF KENYA

F.0 51

Date: July 15th 2024

Report of the Board of Survey on the Cash and Bank Balances of ...Thwake Multipurpose Water Development Program...as at close of business on30/06/2025

The Board consisting of— (Names and Official Titles)

1. **Dickson Lugonzo - Supply Chain Management Unit (Chairman)**
2. **Weldon Langat— Finance Unit (Member)**
3. **Obeddy Ngaira — Accounts Unit (Member)**

Assembled in the office of ...Thwake Multipurpose Water Development Program.....at ...10.00am..... (time) on the ...15th July, 2025 as the following cash was produced:

Notes	Sh ...NIL.....
Silver	Sh . .NIL.....
Copper	Sh ...NIL.....
Cheques as per details on reverse	Sh .. NIL... ..
Total	Sh Nil.....

It was observed that cheques amounting to Sh 6,783,493 had been on hand for more than 14 days prior to the date of the survey.

The cash consist of East African currency and does not contain any demonetized coin or notes.

The cash book reflected the following balances as at the close of business on the 30/06/2025.....
Cash on Hand

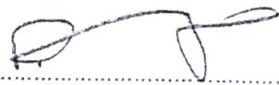
Bank Balance	Sh 6,398.00.....
Total	Sh 6,398.00

The Bank Certificate of Balance showed a sum of Sh 6,789,891...standing to the credit of the account on ..30/06/2025.

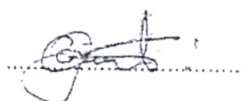
The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (FO 30) attached.

Date

4/8/25
4/8/25



Chairman





Our Ref: EBKL/Community/017/54308865922

Your Ref: TMWDP/FIN/BANK/049

THWAKE MULTI-PURPOSE WATER DEVELOPMENT PROGRAMME PHASE 1

MAJI HOUSE, NGONG ROAD

P.O. Box 49720-00100,

Nairobi.

July 10, 2025

Dear Sir,

Ref: Certificate Of Balance

Regarding your communication dated July 02, 2025, requesting for a confirmation of the below matters as applicable to the subject client as at close of business 30 June 2025, we would like to respond as follows:

Account Name: THWAKE MULTI-PURPOSE WATER DEVELOPMENT PROGRAMME PHASE 1

Account Number: 0720262733899

Account Balance as at Close of Business June 30, 2025: 6,789,890.70 CR (Six Million Seven Hundred and Eighty-Nine Thousand, Eight Hundred and Ninety and Seventy Cents)

Please note that the above information is given in strict confidence and for your use in audit purposes and is not a bank guarantee by the bank or any of its officials.

Yours faithfully,

For Equity Bank (Kenya) Limited,

James N Mwangi

Branch Manager-Community Retail Branch

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Annual Report and Financial Statements for the financial year ended 30th June,2025

Annex 7: Special Account Statement as at 30th June, 2025

SPECIAL ACCOUNT STATEMENT	
For period ending	30th JUNE, 2025
Account No.	1000213507
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	THWAKE M-P WATER- LN 2100150029993
Credit Agreement	
Currency	USD
<u>Part A - Account Activity</u>	
Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account	0.00
Add:	
Total Amount deposited by World-Bank	382,028.08
Total interest earnings if deposited in account
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	382,028.08
Total service charges if not included above in amount withdrawn
Ending balance on 30th June,2025	0.00
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE:  DATE: 14/07/2025
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE:  DATE: 01/08/2025

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2025 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Results 1 - 4 of 4

Run Date: 04/07/2025 Run Time: 10:28:24
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000213507

ACCOUNT TITLE : THWAKE M-P WATER- LN 2100150029993
 30/06/2025

STATEMENT PERIOD: From 01/07/2024 To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :			0.00			
NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
1	02-08-2024	FT24215XG2G6;1	PROJECT FUNDING	0.00	104,438.64	104438.64
2	23-08-2024	FT24236DB9NG;1	PA131339	-104,438.64	0.00	0
3	17/12/2024	FT24352P62S6;1	PROJECT FUNDING	0.00	277,589.44	277589.44
4	09.01.2025	FT250091WN1K;1	PA136495	-277,589.44	0.00	0

CLOSING BALANCE : 0

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCT.EPRM

More Options
 Clear Selection

Account	equals	1000213507
Statement From	equals	20240701
Statement To	equals	20250630

TAM.E.STMT.OF.ACCT.EPRM

**THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAMME PHASE 1
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30TH JUNE 2025
 PART B: ACCOUNT RECONCILIATION STATEMENT**

PROJECT No. 2100150029993

Bank Account No.1000213507 Held with Central Bank of Kenya

	NOTES	AMOUNT	AMOUNT
		USD	USD
1	Amount advanced by ADB		3,441,425.21
	Less		
2	Total amount justified to ADB		3,364,219.14
3	Outstanding amount advanced to Designated Account		77,206.07
	Represented by:		
4	Ending Designated Account Balance at 30.06.2025		-
5	Amount claimed but not credited at 30.06.2025		-
6	Amount withdrawn and not claimed as at 30.06.2025		77,206.07
7	Service charges (if not included in 5 & 6 above)		-
	Less		
8	Interest earning (if included in Designated Account)		-
9	Total advance to Designated Account year ended 30.06.2025		77,206.07

Discrepancy between total appearing on lines 3 and 9 -

Notes:

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

The amount appearing on line 6 is eligible for financing by ADB and shall be documented in subsequent IFRs/SOEs



**AUTHORIZED REPRESENTATIVE
 RESOURCES MOBILIZATION DEPARTMENT - TREASURY DATE:**

01-08-2025

At Development Fund
 Summary of Revolving Funds By Loan (In Paid Currency)
 Public sector As at 18.07.2025
 Loan Number : 210015002993
 Project ID : P-KE-E00-008
 Project Title : THWAKE MULTIPURPOSE WATER DEVELOPMENT PR
 Borrower : MINISTRY OF FINANCE

Printing Date : 18.07.2025
 Page : 1
 System : PRD / 400
 Loan Contract Currency : UAC
 Closing Date : 30.06.2025
 Commitment Capital : 61.680.000,00
 Available Balance : 0,00

LDV Number	Reference	Curr	Amount Approved Approval Currency	Amount Justified Approval Currency	Balance to Justify Approval Currency	Amount Disbursed UAC	Amount Justified UAC	Balance to Justify UAC	Justified Value Date	Disburs. Value Date	Last Just. Date
(A)	(B)	(X)	(Y)	(Z) = (X) - (Y)	(C)	(D)	(E) = (C) - (D)	F = D / C	(G)	(H)	
210015002993											
1 All activities											
1/KE/2014/00577	RF N00001B	USD	476.300,00	476.300,00	0,00	333.219,07	333.219,07	0,00	13.01.2015	30.06.2017	
1/KE/2016/14696	RF N00002B	USD	284.976,19	284.976,19	0,00	202.811,26	202.811,26	0,00	24.03.2016	18.01.2022	
1/KE/2016/24288	RF N00010A	USD	208.528,00	208.528,00	0,00	156.013,77	156.013,77	0,00	06.01.2017	07.06.2018	
1/KE/2018/41060	RF N00013	USD	126.150,43	126.150,43	0,00	86.896,62	86.896,62	0,00	22.03.2018	16.01.2019	
1/KE/2018/45826	RF N00017	USD	162.123,61	162.123,61	0,00	115.638,21	115.638,21	0,00	18.07.2018	25.06.2019	
1/KE/2019/55361	RF N00024	USD	195.463,52	195.463,52	0,00	140.969,10	140.969,10	0,00	21.02.2019	10.03.2020	
1/KE/2019/65138	RF N00032	USD	202.878,27	202.878,27	0,00	147.089,98	147.089,98	0,00	24.10.2019	15.05.2020	
1/KE/2020/72021	RF H00033	USD	187.518,31	187.518,31	0,00	138.428,72	138.428,72	0,00	27.03.2020	25.05.2021	
1/KE/2020/78808	RF N00037	USD	198.283,10	198.283,10	0,00	140.851,07	140.851,07	0,00	28.09.2020	27.08.2021	
1/KE/2021/90932	RF H00044	USD	172.893,30	172.893,30	0,00	121.419,80	121.419,80	0,00	08.07.2021	04.03.2022	
1/KE/2021/96068	RF H00047	USD	154.283,10	154.283,10	0,00	109.468,77	109.468,77	0,00	18.10.2021	24.08.2022	
1/KE/2022/04484	RF N00053	USD	152.607,23	152.607,23	0,00	111.167,37	111.167,37	0,00	11.04.2022	18.01.2023	
1/KE/2022/13168	RF N00063	USD	107.563,89	107.563,89	0,00	82.730,00	82.730,00	0,00	08.09.2022	18.01.2023	
1/KE/2023/21737	RF N00070	USD	182.280,98	182.280,98	0,00	137.082,23	137.082,23	0,00	07.03.2023	01.03.2024	
1/KE/2023/29220	RF N00074	USD	84.284,73	84.284,73	0,00	62.859,65	62.859,65	0,00	27.06.2023	22.07.2024	
1/KE/2024/43434	RF N00075	USD	163.262,47	163.262,47	0,00	122.316,89	122.316,89	0,00	14.03.2024	19.11.2024	
1/KE/2024/51338	RF N00077	USD	104.438,64	104.438,64	0,00	78.772,27	78.772,27	0,00	01.08.2024	19.03.2025	
1/KE/2024/57798	RF N00082	USD	277.589,44	200.383,37	77.206,07	211.085,00	152.375,84	58.709,16	72,19	16.12.2024	23.06.2025
Total 210015002993 All activities						2.498.819,78	2.440.110,62	58.709,16	97,65		
	210015002993					2.498.819,78	2.440.110,62	58.709,16	97,65		

3,441,405.21 3,364,24.14 77,206.07

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I
Annual Report and Financial Statements for the financial year ended 30th June, 2025

MINISTRY OF WATER, SANITATION AND IRRIGATION			
STATE DEPARTMENT FOR WATER AND SANITATION			
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM			
Reconciliation of Amount Withdrawn and Not Claimed as at 30th June, 2025			
		USD	USD
01	Amount as per the Special Account Reconciliation		77,206.07
02	Amount Justified as per AfDB Statement	3,364,219.14	
03	Corrected Justification as per 0044JUS	3,358,893.62	
04	Over Justification as per AfDB Statement (02 - 03)		5,325.52
05	Corrected amount withdrawn and not yet justified ('01 + '04)		82,531.59
06	Justification in Process in National Treasury not submitted as at 30th June 2025 - 0050jus	82,440.04	
07	Payments to be Justified	-	
08	Balance held in Program Bank Account (Equiv. Ksh 2,272.70) exchanged at the rate of 1USD = 129.4688.	17.55	
09	Replenishment in Process to Program Bank Account	-	
10	Bank Charges by CBK	75.00	
11	Total Amount Explained (06+07+08+09+10)		82,532.59
12	Rounding Off (05 - 11)		(1.00)

Total Amounts received in the Special Account

	Amounts Received in the Year	Date	Kshs	USD
01	Replenishment	12/09/2024	13,478,141	104,438.64
02	Replenishment	09/01/2025	35,939,172	277,589.44
	Total		49,417,313	382,028.08