

REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

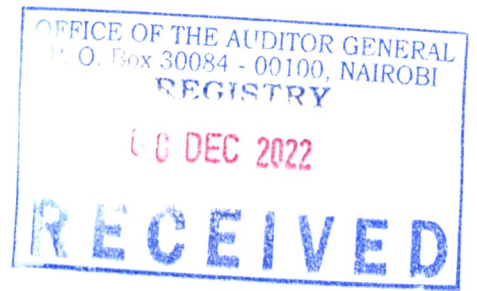
ON

**KENYA OFF-GRID SOLAR ACCESS
PROJECT FOR UNDERSERVED
COUNTIES
(IDA CR. NO.6135-KE)**

**FOR THE YEAR
ENDED 30 JUNE, 2022**

**MINISTRY OF ENERGY AND SNV
NETHERLANDS DEVELOPMENT
ORGANIZATION**

THE NATIONAL ASSEMBLY
P.
DATE: 13 APR 2023 THURSDAY
BY: THE LEADER OF THE MAJORITY PARTY
Hon. Ichung'wa
CLERK OF THE TABLE: Joyce Kemetele



PROJECT NAME: KENYA OFF-GRID SOLAR ACCESS PROJECT (KOSAP)

IMPLEMENTING ENTITY: MINISTRY OF ENERGY

PROJECT GRANT/CREDIT NUMBER: 6135-KE: PROJECT ID: P160009

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

***Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022***

Table of Contents

1. Project Information and Overall Performance	ii
2. Statement of Performance against Project’s Predetermined Objectives	xxv
3. Environmental and Sustainability Reporting	xxvii
4. Statement of Project Management Responsibilities.....	xxix
5. Report of the Independent Auditor on (the Project).....	xxxii
6. Statement of Receipts and Payments for the year ended 30th June 2022.....	1
7. Statement of Financial Assets as at 30 th June 2022.....	2
8. Statement of Cashflow for the year ended 30 th June 2022	3
9. Statement of Comparison of Budget and Actual amounts for the year ended 30 th June 2022	4
10. Significant Accounting Policies.....	5
10.1 Statement of compliance and basis of preparation.....	5
10.2 Reporting entity.....	5
10.3 Reporting currency.....	5
10.4 Recognition of receipts	5
10.5 Recognition of payments.....	6
10.6 In-kind donations	7
10.7 Cash and cash equivalents.....	7
10.8 Restriction on cash.....	7
10.9 Imprests and advances.....	7
10.10 Contingent liabilities.....	7
10.11 Contingent assets	8
10.12 Pending bills	8
10.13 Budget.....	8
11. Notes to the Financial Statements	10
12. Other Important Disclosures	13
13. Prior Year Auditor-General’s Recommendations	14
14. Annexes	15
Annex 1: Explanations of Variances – Comparative Budget and Actual amounts for FY 2021-2022.....	15
Annex 2: Details of Interest income	17
Annex 3: Other Support Documents.....	19

GLOSSARY OF TERMS

Acronym	Description
AIE	Authority to Incur Expenditure
CCS	Clean Cooking Solutions
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CRA	Commission on Revenue Allocation
CREOS	County Renewable Energy Officers
CRM	Customer Relationship Management
ESMF	Environmental and Social Management Framework
GoK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IESBA	International Ethics Standards Board for Accountants
IP	Indigenous People
IPSAS	International Public Sector Accounting Standards
ISA	International Standards of Accounting
IVA	Independent Verification Agency
KFM	KOSAP Facilities Manager
KOSAP	Kenya Off-Grid Solar Access Project
KPI	Key Performance Indicators
KPLC	Kenya Power & Lighting Company
KShs	Kenya Shilling
KST	KOSAP Service Territories
LLP	Limited Liability Partnership
MoE	Ministry of Energy
PCU	Project Coordinating Unit
PFM	Public Finance Management
PoA	Programme of Activity
PSASB	Public Sector Accounting Standards Board
PV	Photo Voltaic
RBF	Results Based Financing
REA	Rural Electrification Authority
REREC	Rural Electrification & Renewable Energy Corporation
RPF	Resettlement Policy Framework
SSP	Solar Service Providers
UC	Underserved Counties
US\$	United States Dollar
VMG	Vulnerable & Marginalised Groups
WASH	Water Sanitation & Hygiene
WB	World Bank
WHT	Withholding Tax

1. Project Information and Overall Performance

1.1. Name and registered office

The Project's official name is Kenya Off-Grid Solar Access Project (KOSAP) – (the “Project”).

1.2. Objective

The key objective of the Project is to increase access to modern energy services in underserved counties of Kenya.

1.3. Address

The Facilities Manager's headquarters are:

SNV Netherlands Development Organisation
Parkstraat 83 2514 JG Den Haag
The Netherlands

The local address of its registered office in Kenya is:

SNV Netherlands Development Organization
Ngong Road, Ngong Lane
P.O. Box 30776 – 00100
Nairobi, Kenya

1.4. Contacts

The following are the Project contacts:

Telephone: 0718 130909 / 0784 130909

E-mail: enquiries@kosap-fm.or.ke

Website: <https://snv.org/country/kenya>

1.5. Auditors

The project is audited by Office of the Auditor General.

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Project Information and Overall Performance (continued)

1.6. Project Information

Project Start Date	The Project start date is 23 November 2018
Project End Date	The Project end date is 30 June 2023
Project Facilities Manager	The Facilities Manager is SNV Netherlands Development Organisation in partnership with Sunfunder Inc.
Project Sponsor	The Project sponsor is the Ministry of Energy

1.7. Project Overview

Line Ministry/State Department for the Project	The Kenya Off-grid Solar Access Project (KOSAP) is under the supervision of the Ministry of Energy.
Project number	6135-KE: PROJECT ID: P160009
Strategic goals of the Project	Close the access gap by providing electricity services to remote, low density, and traditionally underserved areas of the country. Specifically, support electrification of households using solar home systems (SHS) in 14 target counties where sufficient load clusters do not exist and SHS provide the best technical and financial solution.
Achievement of strategic goals via Component 2 of the Project	<p>The Project's Component 2 management aims to achieve the goals through the following interventions:</p> <p>Catalyse a private sector led, market-based approach to delivering off-grid access in the underserved counties, by providing incentives for solar off-grid companies currently operating in the more densely populated areas of Kenya to expand to these underserved counties and provide services to the off-grid households in these counties.</p> <p>Implement two financing instruments to which eligible solar service providers (SSPs) will have access:</p> <p>i. Results-based financing (RBF) facility (US\$12 million, disbursed in KES) competitively awarded incentives, to compensate SSPs for initial, ongoing incremental, and opportunity costs associated with an expansion of operations in underserved counties.</p> <p>Overarching objectives:</p> <p><i>To support access to Lighting Global-approved solar home systems across Kenya's Underserved Counties.</i></p> <p><i>To encourage the growth of earlier-stage and/or local solar companies where possible; and</i></p> <p><i>To set a foundation for high-potential solar operators to access debt investments to further scale operations in these counties.</i></p>

	<p style="text-align: center;">Tools used to achieve the objectives</p> <ol style="list-style-type: none"> 1. Market entry component: 30 percent of the total funding application disbursed upon funding award and completion of due diligence 2. Results-based component: 60 percent of funding disbursed based on reaching progressive pre-agreed sales milestones 3. Sustainability component: 10 percent of funding disbursed upon verification of ongoing functioning of systems and honouring of warranty no less than one year after deployment. <p>ii. Debt facility (US\$30 million, disbursed in KES), debt financing to SSPs, to support up-front costs associated with getting hardware inventory into the market and medium-term consumer financing to enable households to pay off the systems over time.</p> <p>Overarching objectives: <i>To support access to Lighting Global approved solar home systems across Kenya's Underserved Counties;</i> <i>To encourage the growth of earlier-stage and/or local solar companies where possible;</i> <i>To set a market precedent for debt investments in these geographies; and</i> <i>To preserve GoK capital.</i></p> <p style="text-align: center;">Tools used to achieve the objectives</p> <ul style="list-style-type: none"> • Loan disbursement window factoring types of loans to be offered; • Indicative range of between US\$50,000 as a minimum and US\$5 million as a maximum (with disbursements in KES); • Award of loans in phases, with subsequent phases taking into account experience and lessons learned relative to both the application process and early implementation of the first phase; • Revolve the facility as often as required, subject to timely project completion. <p>Implement the Clean Cooking Solutions for Households (IDA US\$6 million equivalent), to support a transition from low-efficiency baseline stoves to cleaner, higher-efficiency improved stoves.</p> <p>Overarching objectives:</p> <ul style="list-style-type: none"> • <i>Incentivize sector players including manufacturers, wholesalers and distributors to kick-start the market of higher-tier cooking solutions in Underserved Counties in Kenya;</i> • <i>Address market barriers by building upon the best practices and lessons from the cookstove and other comparable industries;</i> • <i>Develop market-based, sustainable cookstove markets in the underserved counties.</i>
--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p>Tools used to achieve the objectives</p> <ul style="list-style-type: none"> (i) An <i>ex ante</i> RBF award to compensate consortia for Market assessment and cookstove product selection, generating market awareness, sales and marketing (focused on maximizing number of women sales agents) activities, management training, and operating expenses that are directly attributable to customer acquisition. (ii) A second <i>ex ante</i> award to enable consortia to purchase product inventory from eligible cookstove manufacturers. These funds could be revolved by the consortium and used as working capital to fund inventory financing needs. (iii) Results-Based Grants, paid on a per unit basis, once sales are verified by an independent verification agent.
<p>Other important background information of the Project</p>	<p>KOSAP is driven by the imperative to provide equal opportunities across the entire Kenyan territory as a key to achieving Kenya’s Vision 2030, and the national target of achieving universal access to electricity by 2022. The Government of Kenya (GoK) seeks to close the access gap by providing electricity services to remote, low density, and traditionally underserved areas of the country. The GoK intends to use US Dollar 150 million, in Kenyan Shillings equivalent, of financing from the World Bank to deliver the Kenya Off-Grid Solar Access Project (KOSAP).</p> <p>KOSAP promotes these objectives by supporting the deployment of clean cooking technologies for households, and the use of solar to drive electrification of households, enterprises, community facilities, and water pumps. The Ministry of Energy (MoE), Kenya Power and Lighting Company (KPLC) and the Rural Electrification and Renewable Energy Corporation (REREC) will implement the Project in 4 components:</p> <p>Component 1. USD40M: Mini grids for Community Facilities, Enterprises, and Households</p> <p>Component 2. USD48M: Stand-alone Solar Systems and Clean Cooking Solutions for Households, the subject of this financial report</p> <p>Component 3. USD40M: Stand-alone Solar Systems and Solar Water Pumps for Community Facilities</p> <p>Component 4. USD22M: Implementation Support and Capacity Building</p> <p>SNV, in partnership with SunFunder, is the KOSAP Facilities Manager (KFM) for US\$ 47M out of the US\$ 48M of Component 2, which consists of two sub-components that is, sub-component 2A for Solar Service Providers (SSPs) and 2B, which is a challenge and Results Based Financing (RBF) fund for Clean Cook stoves Service Providers. SNV manages the RBF fund in sub-components 2A and 2B, while SunFunder is managing the KOSAP Debt Facility in sub-component 2A. The activities of Component 2 are aimed at</p>

**Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

	increasing access to modern energy services in remote, low density, and traditionally underserved territories of the country.
	These underserved areas, which cover the geographical scope of the KOSAP Project, are identified as 14 counties, deemed ‘marginalized’ by the Commission on Revenue Allocation (CRA), due to the remoteness and sometimes dispersed nature of the target populations and considering the socioeconomic profile and lifestyles of those residing in these counties. The KOSAP Project is designed to address high costs of provision of infrastructure services, low affordability of the potential users, and sustainability of service provision using an abundantly available renewable energy resource. These counties are: West Pokot, Turkana, Marsabit, Samburu, Isiolo, Mandera, Wajir, Garissa, Tana River, Lamu, Kilifi, Kwale, Taita Taveta and Narok.
Current situation that the Project was formed to intervene	<p>KOSAP Component 2 was developed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Support sustainable access to VeraSol approved solar home systems across the Underserved Counties (UCs) (ii) Encourage growth of early stage, local solar companies where possible. (iii) Set foundation for high-potential solar operators to access debt investments in these geographies. <p>The Clean Cooking Solutions RBF (CCS RBF) Facility established supports a transition from low-efficiency baseline stoves to cleaner, higher-efficiency improved stoves.</p>
Project duration	The Project started on 23 November 2018 and is expected to run until 30 June 2023.

1.8. Bankers

The following are the bankers for the current year:

KCB Bank Kenya Limited

Prestige Branch

P.O. Box 41294-00100

Nairobi, Kenya

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

1.9. Roles and Responsibilities

List of the people who are working on KOSAP Component 2.

Names	Title designation	Key qualification	Responsibilities
Mr. Alex K. Wachira	Principal Secretary (Current)		<ul style="list-style-type: none"> Accounting Officer
Maj. Gen. (Rtd.) Dr. Gordon O. Kihalangwa, CBS	Principal Secretary (Outgoing)	MBA,BSc,.C,Eng,MIE E R Connsul' Eng FIEX	<ul style="list-style-type: none"> Accounting Officer
Rodney Sultani	Project Coordinator	MSc. Project Management, BSc Civil Engineering.	<ul style="list-style-type: none"> Manager
Ashington Ngigi	Team Leader		<ul style="list-style-type: none"> Overall responsible for managing KOSAP facilities Management. Lead focal point in dialogues with MoE. Monitoring and Reporting to MoE, SNV Country Director and SunFunder CEO. Responsible for obtaining required approvals from MoE and request MoE to facilitate no objection from the World Bank. Provides substantive inputs to the 3 facilities. Responsible for achieving the objectives of KOSAP Component 2. Coordination with Independent Verification Agency (IVA). Structures and manages RBF facilities aimed at market stimulation, ideally facilities funded by multilateral development banks and/or development funds institutions and/or bilateral development assistance agencies.

**Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

Names	Title designation	Key qualification	Responsibilities
Audrey Desiderato	Assistant Team Leader and Debt Facility Lead		<ul style="list-style-type: none"> • Preparation of the debt facility implementation plan and updating when required • Responsible for managing the debt facility and achieving the debt facility objectives • Review and clearance of loan agreements for signing by MoE • Monitoring loan performance • Review and clearance of verification package for IVA • Monitoring and evaluation of Facility performance • Maintain debt facility CRM database
Susan Muchiri	Junior Investment Officer		<ul style="list-style-type: none"> • Preparation of the debt facility implementation plan and updating when required • Marketing of debt facility • Client intake and due diligence • Preparing loan agreements for signing by MoE • Debt facility junior investment officer • Monitoring loan performance • Data processing and maintenance of CRM database
Karimi Ndigah	Senior Officer Solar RBF Facility		<ul style="list-style-type: none"> • Preparation of the SSP RBF facility implementation plan and updating when required • Responsible for managing the SSP RBF Facility and achieving the facilities objectives • Facility promotion and proposal solicitation • Preparation of requests for proposals • Evaluation of proposals and recommend awardees • Prepare SSP RBF agreements for signing between MoE and awardees • Review and clearance of payment requests (including preparation of verification packages for IVA)

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Names	Title designation	Key qualification	Responsibilities
Hannah Wanjiru	Senior Officer Clean Cooking Solutions		<ul style="list-style-type: none"> • Monitoring and evaluation of Facility Performance • Preparation of the CCS RBF facility implementation plan and updating when required • Responsible for managing the CCS RBF facility and achieving the facilities objectives • Facility promotion and proposal solicitation • Preparation of requests for proposals • Evaluation of proposals and recommendations for awardees • Prepare SSP RBF agreements for signing between MoE and awardees • Review and clearance of payment requests (including preparation of verification packages for IVA) • Monitoring and evaluation of Facility Performance
Lynette Korir	Analyst Clean Cooking Solutions		<ul style="list-style-type: none"> • Evaluation of proposals and recommend awardees • Prepare CCS RBF agreements for signing between MoE and awardees • Processing payment requests (including preparation of verification packages for IVA) • Maintain CCS RBF facility CRM database • Support bidding process • Maintain CCS RBF facility CRM database • General implementation support
Lazarus Kubasu	Social safeguard Specialist		<ul style="list-style-type: none"> • Responsible for managing social safeguards risks and ensuring compliance with World Bank social safeguards policies and ensuring KFM implementation as per KOSAP safeguards framework documents

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Names	Title designation	Key qualification	Responsibilities
Henry Karanja	Environmental Safeguard Specialist		<ul style="list-style-type: none"> • Mainstream environmental safeguards in the implementation arrangements of the RBF & Debt Facilities • Monitor and report on environmental safeguards policies and actions by the recipients of RBF and Debt Facilities • Develop and implement a comprehensive Environmental and Social Management Plan for RBF & Debt Facilities
Dennis Kibira	Analyst SSP RBF Facility		<ul style="list-style-type: none"> • Evaluation of proposals and recommend awardees • Prepare SSP RBF agreements for signing between MoE and awardees • Processing payment requests (including preparation of verification packages for IVA) • Maintain SSP RBF facility CRM database • Support bidding process • Maintain RBF facility CRM database • General implementation support
Martjin Veen	Senior Officer Solar RBF Facility		<ul style="list-style-type: none"> • Review Implementation Manual SSP RBF Facility • SSP RBF Facility End of Project Report • Designing and implementing off-grid energy RBF facilities. • Participative evaluation of SSP RBF rounds.
Bastiaan Teune	Senior Officer CCS RBF Facility		<ul style="list-style-type: none"> • Design Implementation manual RBF clean cookstoves • Review the midterm evaluation report • Provide information and input to the call for proposals.
Nicholas Munyoki	Technical Data Processor		<ul style="list-style-type: none"> • Maintain database system(s) and web panels of high availability and quality depending on each user's

**Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

Names	Title designation	Key qualification	Responsibilities
			<p>specialised role and pre-defined data metrics.</p> <ul style="list-style-type: none"> • Design and implement databases in accordance to end users' information needs and views; the KFM Team will provide, from time to time, templates to be used in the Facilities for data collection or analysis, which will be the basis on which databases may be developed. • Update and maintain KOSAP-FM website (domiciled at www.kosap-fm.or.ke or as may be directed by the KOSAP Facilities Manager). • Maintain online tools for use by the KOSAP Team or other users as may be determined by the KFM. • Data Retrieval and Deployment
Baraka Megiroo	Senior Investment Officer		<ul style="list-style-type: none"> • Preparation of the Debt Facility Implementation Manual and updating when required. • Responsible for managing the Debt Facility and achieving the facilities objectives. • Facility promotion and proposal solicitation with solar company borrowers in emerging markets, including origination, project and company due diligence, loan structuring, negotiation, execution. • Preparation of Requests for Proposals, Evaluation of proposals and recommend awardees. • Prepare Facility agreements for signing between MoE and awardees. • Review and clearance of payment requests. • Monitoring and evaluation of Facility Performance.

**Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

Names	Title designation	Key qualification	Responsibilities
Sammy Malaki	Senior Investment Officer		<ul style="list-style-type: none"> • Preparation of the Debt Facility Implementation Plan and updating when required • Marketing of Debt Facility • Client intake and due diligence • Preparing loan agreements for signing by MoE
Manoj Mehta	Financial accounting Expert		<ul style="list-style-type: none"> • Conduct gap analysis on company's financial accounting systems, processes, and capacity • Designing and implementing financial accounting systems and training staff on bookkeeping and accounting to use these systems properly. • Tax compliance and related issues (Kenyan regulations) • Setting up data processing and information sharing systems • Capacity building on financial accounting systems through training and coaching of staff, particularly SMEs. • Experience working with SMEs that operate and/or distribute technologies in rural Kenya (and understand the challenges thereof) • Understanding of off-grid solar business models

1.10. Funding summary

The Project is for duration of 4 years 7 months from 23rd November 2018 to 30th June 2023 with an approved budget of EUR 42,800,000 equivalent to KShs. 4,700,000,000 at a rate of 109.813 as highlighted in the following table :

**Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 June 2022)		Undrawn balance to date	
	Donor currency EUR (A)	Kshs (A')	Donor currency EUR (B)	Kshs (B')	Donor currency EUR (A)-(B)	Kshs (A)-(B)
ii. Loan						
International Development Association	42,800,000	4,700,000,000	20,000,000	2,223,466,000	22,800,000	2,476,534,000
Total	42,800,000	4,700,000,000	20,000,000	2,223,466,000	22,800,000	2,476,534,000

The donor currency changed from USD reported in year 2020/2021 to EUR at the rate of EURO 1.09813084 per USD in compliance with the financing agreement.

**Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2022)		Cumulative amount paid to date – (30 th June 2022)		Unutilised balance to date (30 th June 2022)	
	Donor currency EUR	Kshs	Donor Currency EUR	Kshs	Donor currency EUR	Kshs
	(A)	(A')	B	(B')	(A)-(B)	(A')-(B')
i. Loan						
International Development Association (SSP RBF)	5,106,383	567,693,447	495,931	55,134,293	4,610,452	512,559,154
International Development Association (CCS RBF)	2,127,660	236,538,936	333,235	37,046,851	1,794,424	199,492,085
International Development Association (Debt Facility)	12,765,957	1,419,233,617	173,113	19,245,512	12,592,845	1,399,988,105
Total	20,000,000	2,223,466,000	1,002,279	111,426,656	18,997,721	2,112,039,344

The fund comprises:

- 1) RBF funds issued as incentives to recipients - A total of KShs. 92.1 million has been disbursed to recipients i.e., KShs. 55.1 million under SSP and KShs. 37 million under CCS. Of the disbursed funds, KShs. 37.9 million had been utilised by Recipients in implementation as of 30 June 2022 as presented in the statement of receipts and payments.
- 2) Debt facility funds to be repaid and returned to MoE with interest - A total of KShs. 19.2 million has been issued as loan. As of 30 June 2022 KShs. 7.6 million had been repaid with KShs. 4.8 million being the principal repayment and KShs. 2.8 Million being the interest income. The outstanding debt facility is KShs. 14.4 million as presented in the statement of financial assets.

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

1.11. Summary of Overall Project Performance:

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

The Project was allocated funds in lots and rounds and performance is measured against the expected disbursements as summarised below:

a) SSP RBF

Lot	Allocation Million	R1 KSHS. (Million)	R2 KSHS. (Million)	R3 KSHS. (Million)
1	206	51.5	77.3	77.3
2	218	54.5	81.8	81.8
3	195	48.8	73.1	73.1
4	224	56	84	84
5	190	47.5	71.3	71.3
6	167	41.7	62.5	62.5
Total	1,200	300	450	450

Ten solar service provider companies were awarded a total of KSHS. 290,041,176 in Round 1 of the SSP RBF. The SSP RBF Round 1 contracts were running for a period of 24 months from July 2021 to June 2022. Out of the ten companies that were awarded in Round 1, the Ministry of Energy has by letter to the KFM approved extension of contract for six service providers for a period of 11 months from June 2022 to April 2023. One of the Recipients, Raj Ushanga Limited, declined the one-year extension.

In June 2022, the Ministry of Energy approved additional 14 solar service providers for Round 2 of the SSP RBF facility. The 14 service were allocated a total of KSHS. 390,475,644 across the six lot and will implement for a period of 12 months from June 2022 to May 2023. The table below shows a summary of the SSP RBF fund allocation performance.

	Fund (KShs.)	Available	Allocated (KShs.)	Fund Unallocated (KShs.)	Fund	Percentage of allocated funds
Round 1		300,000,000	290,041,176	9,958,824		97%
Round 2		450,000,000	390,475,644	59,524,356		87%
Round 3		450,000,000	-	450,000,000		0%
Total		1,200,000,000	680,516,820	519,483,180		57%

The SSP RBF Facility has disbursed KShs. 55,134,293 to Round 1 solar service provider companies as market entry incentives which are provided ex-ante in at least two tranches. The Round 1 companies have submitted ex-post claims amounting to KShs. 118,837,773. The Independent Verification Agent is undertaking verification before the ex-post claims can be disbursed to the Recipient companies.

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

The total turnover for the sales reported up to the end of June 2022 comes to KShs 3,095,440,712. The service providers have opened about 21 outlets in the KOSAP service territories, and more than 350 resellers have been engaged by these companies.

Currently, five Round 1 service provider companies are continuing with Round 1 implementation after the MOE approved extension of their two-year contract closing date from May 31st, 2022, to April 30th, 2023. In June 2022, the MOE approved 14 Round 2 contracts for a 12-month implementation starting in June 2022, to end of May 2023.

Companies receive the first ex-ante RBF to go establish sales infrastructure. They report their achieved milestones when requesting the next tranche. So far Kshs. 55 million has been disbursed and Kshs. 26.4 million has been utilised by Companies that have requested additional funding; the balance is available with the Recipients to continue implementation as per their Contracts. The total disbursements are 13% of the planned Round 1 planned disbursements.

b) CCS RBF

Lot	Amount KSHS
Lot 1	200M
Lot 2	300M
Total	500M

- Currently, Lot 1 is under implementation and 10 companies that were contracted received a disbursement of KSHS. 37 million which is 57% of the allocated (64M) market entry funds. The total turnover for the 8,128 sales reported by the end of June 2022 is Kshs 35.5 Million. The total Ex post RBF incentives amount to Kshs 13.13 million.
- The CCS RBF Facility Service providers have undertaken activities to set up and support sales infrastructure related to the establishment of shops, personnel deployment, and training.

Lot 2 call for proposals, evaluation and awarding process was completed in May 2022. The proposed awardees have an allocation of KShs. 262 million pending MOE approval.

c) SSP Debt

The allocation for SSP debt was 3 billion of which only KES. 19.2 million has been disbursed (1%). A World Bank technical mission held in June 2022 recommended winding down of the debt facility by the end of August 2022.

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

The KFM progress report is divided into the three implementation facilities for the Project (SSP RBF, CCS RBF, and debt facilities) and the Social and Environmental Safeguards.

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

a. SSP RBF Facility

SSP RBF Facility Round 1

Ten solar service provider companies have been implementing in the SSP RBF Facility for 24 months, from June 2020 to June 2022. By the end of June 2022, the solar service providers had reported sales of 96,409 solar home system units sold across all the six KOSAP lots. This is a 154% achievement against the Round 1 target of 62,500 units and a 39% achievement against the overall KOSAP target of 250,000 units. The table shows achievement against the Key Performance Indicators.

Key Performance Indicator	Status Cumulative Update (June 2020-July2022)
250,000 solar home systems sold	96,409 SHS <i>*(Reported sales are subject to verification)</i>
KSHS. 1.2 billion disbursed out for Result-based financing	KSHs. 55,134,293 disbursed as part of the Ex-ante drawdown. KSHs. 118,837,773 Ex-post claims made, awaiting verification of sales before payment is made.
1.1 million people receive electricity from off-grid solar	482,045 people received electricity from off-grid solar <i>*(Subject to verification assuming five people per household)</i>
Power Generated	2.35 MW <i>(*Reported sales are subject to verification)</i>
Direct jobs created	17,229 jobs created: 36.3% Female and 63.7% Male <i>(Reported jobs by the SSPs includes sales agents)</i>
Per centage of women-headed households	32% (31,012 households) <i>(Calculation based on 2016, KNBS- Kenya Socio-Economic Atlas)</i>

SSP RBF Facility Round 2

In June 2022, the Ministry of Energy approved the SSP RBF Round 2 contracts for 14 service providers. The call for proposal for Round 2 was between September and November of 2020. The technical and financial proposal evaluation took place between November 2020 and February 2021 and the due diligence and negotiation between March and April 2021. Contracting of the awardees started in June 2021 and was concluded in Jun 2022.

The Round 2 of the SSP RBF awarded KSHS. 390,475,644 to 14 companies for implementation between June 2022 and May 2023. The 14 companies were awarded a total of 122,085 solar home systems for sale across the 6 KOSAP Lots. Reporting of sales starts in July 2022 after the companies are onboarded by the KOSAP Facilities Manager.

b. CCS RBF Facility

- The CCS RBF Facility is split in 2 Lots. Lot 1 started implementation in June 2020 with ten companies contracted to sell clean cooking technologies in 5 counties. Lot 2 awarding was finalized in May 2022, now awaiting contracting by the Ministry of Energy.
- By the end of the reporting period, the CCS RBF Facility had sold cumulative 8,128 clean cooking solutions in 5 Lot 1 counties namely, Turkana, West Pokot, Isiolo, Samburu and Marsabit counties.
- To facilitate sales in the respective counties, the CCS RBF recipients undertook market assessment, awareness creation events and training activities.
- The Recipients employed 147 persons comprising of technicians, sales agents, and managers (70 male and 77 female).
- To popularize the products, over 231 radio adverts and presenter mentions were aired in local FM stations.
- 72 women and Self-help groups were sensitized of clean cooking, cumulative over 800 households were reached through targeted trainings.
- 108 local entrepreneurs, distributors, stockists were recruited to engage in sale of CCS Products.
- Households' demonstrations were held in 1248 locations/home to showcase the benefits of clean cooking.

c. Debt Facility

The KOSAP Debt Facility exists to address working capital needs of participating SSPs, which was identified as a key gap during the design of KOSAP in 2015. Initially it was envisioned that USD 30 million would be deployed within the first three years of the program. Owing to positive developments in the last 2 years, the Kenyan energy access market has attracted significant debt for established SSPs. However, emerging SSPs still face a working capital gap, but need capacity building and time to become investment ready. As a demand driven product, these two factors have caused challenges for deploying the KOSAP SSP Debt Facility.

To date the performance of the debt facility has been low with only one transaction by the SSPs estimated at USD 0.5 million (KShs. 50 million) with an initial disbursement of USD 0.19 million (KShs. 19.2 million). Further pipeline development has not been successful. The low uptake is attributable to several factors; non-concessional debt terms such as interest rate, security and loan tenor under the debt facility were not matched to the challenging and dynamic operating environment of the underserved counties (KSTs). So far, the company that received the debt facility at 18% interest for a 2-year period (Pawame), has been unable to repay the facility as it is currently running losses and facing working capital constraints. The amount due from the sole borrower is currently KShs. 14.4 million with the last repayment being made in September 2021. Measures have been taken to recover the defaulting loan which include exploring options to be acquired by another solar company. Discussions are ongoing.

Owing to the below expectations performance of the debt facility, the MOE and World Bank jointly agreed during the technical mission held in June 2022 that no further disbursements should be made beyond 31 August 2022 as risks presented by the facility were high. This decision affected a second company, Givewatts Kenya, that was under consideration to extend a KShs. 10 million facility, as further disbursement would be outside the stipulated deadline. The KOSAP Facility Managers (KFM) would instead consider introducing the company to other potential lenders operating in Kenya.

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

During the same reporting period, Bboxx, expressed interest in applying for a loan facility to the tune of KShs. 200 million. The borrower proposed a 36-month tenor for the facility. The credit committee approved KShs. 187.5 million for a 36-month tenor on 19th October 2021 on the basis that a time extension could be granted on the KOSAP facility as the available tenor was 18 months under the current deadline. However, Bboxx indicated interest on condition that an extension be officially granted by the MOE. Due to these tenor constraints, the SSP decided not to proceed with the approved facility.

d.Environmental & Social Safeguards

The KFM E&S safeguards function during the reporting period progressed in mainstreaming the KOSAP Environmental and Social Safeguard Framework (ESMF). An Environmental and Social Management Plan was developed to guide the SSP RBF and CCS RBF recipient companies on their implementation of E&S Safeguards in the KOSAP counties. Regular meetings were held with the clean energy companies to assess the challenges and opportunities encountered because of having E&S Safeguards policies and procedures in place.

iii) Comment on value-for-money achievements,

The KFM ensures value for money in all its procurement processes and in implementing the Project. The achievements below have been attained showing value for money.

a.SSP RBF Facility

The SSP RBF Facility has achieved the following showing the value for money.

- 96,409 SHS sold
- KSHS. 55,134,293 disbursed as part of the ex-ante drawdown.
- KSHS.. 118,837,773 ex-post claims made, awaiting verification of sales before payment is made.
- 482,045 people received electricity through off-grid solar
- 2.35 MW of power installed
- 17,229 jobs created: 36.3% Female and 63.7% Male
- 32% of female headed households electrified. (31,012 households)

b.CCS RBF Facility

Key Performance Indicators (KPIs)	Status Updates
Number of higher-tier stoves sold: 150,000	Cumulative: 8,128
Per centage of women-headed households (20%)	Cumulative: 38%
Net additional, full-time equivalent jobs	Cumulative: 147 jobs

c. Debt Facility

Due to positive developments since the start of the project roll-out mid 2019, the Kenyan energy access market has attracted significant new debt facilities for established SSPs. On the other hand, emerging SSPs still face a working capital gap, but need capacity building and time to become investment ready. As a demand driven product, these two factors have caused challenges for deploying the KOSAP SSP Debt Facility.

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

The structure of the KOSAP Debt Facility has created further challenges for deployment as it restricts the responsiveness of the facility to market dynamics and borrower needs. This includes certain terms and conditions of the debt facility (e.g. geographic limitation to the 14 counties) as well as additional requirements that arose post project launch (e.g. Sub-ERPAs). Delayed RBF awards have also contributed to a delayed deployment of debt.

Furthermore, the KFM has learned many lessons from completing its first transaction with Pawame on how to make future transactions more efficient; the Pawame closing process took 12 months.

Initially, the KFM envisioned that it would be able to deploy USD 30M within the first three years.

In January 2019, the KFM presented a deployment schedule:

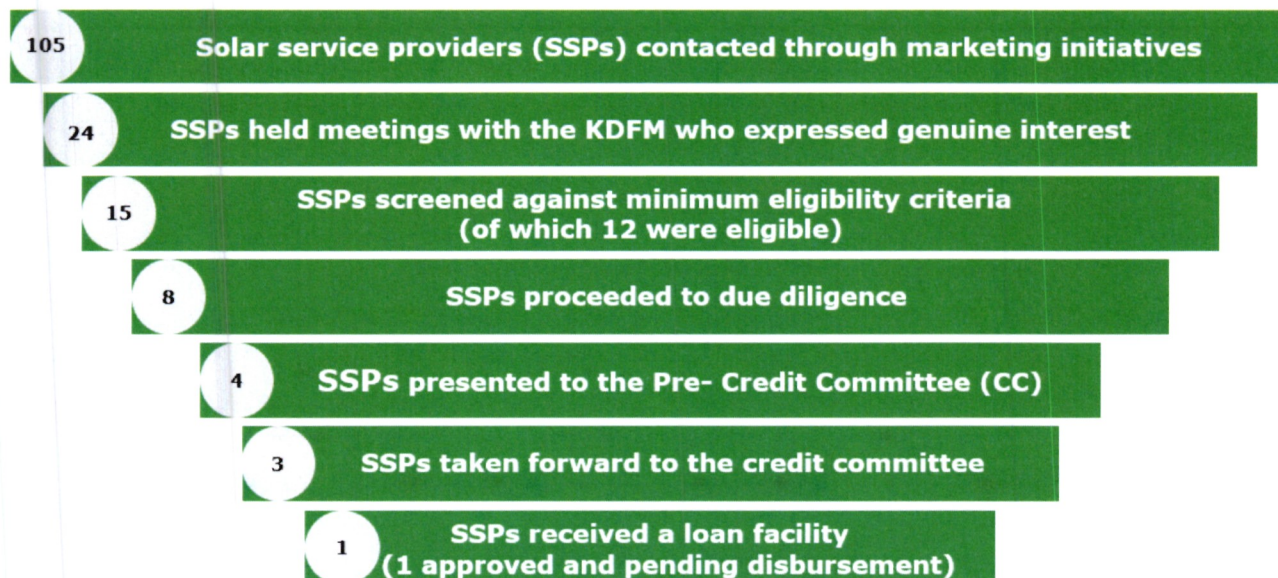
TOTAL	2019	2020	2021	TOTAL DEPLOYMENT
No of Facilities	5	6	5	16
No of new companies	5	6		11
Deployment	\$7,900,000	\$7,200,000	\$14,500,000	\$29,600,000
No of new Emerging SSPs	2	4	0	
No of existing Emerging SSPs	0	0	2	
Average Debt	\$200,000	\$300,000	\$500,000	
Total debt for emerging SSPs	\$400,000	\$1,200,000	\$1,000,000	
No. new established companies	3	2	0	
No. existing established companies			3	
Average Debt	\$2,500,000	\$3,000,000	\$4,500,000	
Total debt established companies	\$7,500,000	\$6,000,000	\$13,500,000	

Overall, working with SSPs on debt has been challenging due to both the competitive investment landscape and inherent facility structure hurdles. The total debt pipeline amounted to about \$29,425,000, but only one loan was approved, of US\$ 500,000, of which only KES was disbursed.

- 2019: Without RBF payments, KFM had to engage with companies already present in KSTs and finance their existing receivables. They included D.light, Greenlight Planet, Azuri, M-Kopa and Pawame. It succeeded to get credit approval for 1 emerging, Pawame, but needed to change terms and conditions of the debt facility to work with the established SSPs that exhibited interest (e.g. M-Kopa requiring unsecured).
- 2020: First RBF facilities were awarded in July 2020. Of all the recipients, 3 additional borrowers expressed interest in debt, 2 of which were emerging and require more time. Due to low demand the KFM also reviewed all unsuccessful applications and engaged with 2 additional SSPs (1 of which is emerging). The 2 established SSPs would require changes in the FIM or a timeline extension. Thus out of the 5 “engaged SSPs, only 3 emerging SSPs were probable.
- 2021: The KFM continued to engage with other SSPs who had expressed interest but has been unable to proceed because (a) require changes in terms and conditions of FIM, had decided to first utilise RBF;

don't meet the investment criteria; don't have complete financial information; had been adversely impacted or decided to scale back expansion due to COVID-19.

The pipeline output broadly included 105 targeted companies with one transaction (Pawame) that took an estimated time of 10 Months from the first step of sourcing to disbursement.



Key deployment challenges:

- i. Geographic restrictions of debt funds use within the 14 Counties;
- ii. Security requirements for the loans;
- iii. Associated loan size limits;
- iv. Longer tenor required by companies than available in the project timeline;
- v. Closing project timeline too close for practical implementation;
- vi. Loan pricing in the context of the risks;
- vii. Additional restrictions – mandatory participation in CDM;
- viii. Monitoring and reporting requirements.

Summary of reasons for low demand from established SSPs

The debt pipeline from established SSPs amounted to about \$27,000,000. High potential established SSPs were engaged but declined to proceed with the loan application for various reasons:

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

SSP	Loan Potential (USD)	Period engaged	Stage Abandoned	Reason for failure to take up loan
D.Light	5,000,000	Q1 2019 - Q4 2020	Six- eyes	Required unsecured financing. SSP's would require the MOE and all other lender to share collateral. They declined proposals to curve out KST receivables.
Greenlight Planet	5,000,000	Q1 2019 - Q4 2020	Screening	SSP requested for unsecured loan.
M-Kopa	5,000,000	Q1 2019- Q4 2020	Due diligence	SSP pledged all its assets to Stanbic and other senior lenders, and was therefore unable to offer any security to other lenders. The SSP opted to take up unsecured loans and desired flexibility in the use of funds.
Bboxx Capital Kenya Ltd	5,000,000	Q1 2020- Q4 2021	Credit committee Approved	SSP required a longer tenor. Due to delays from KOSAP, opted to draw funds from the State Bank of Mauritius facility (KES 1.6B)
Azuri Technologies	5,000,000	Q3 2019- Q4 2020	Due diligence	SSP desired to have the facility in the planned US\$20m syndicated facility. KFM identified that this would take a long time to develop, and covenants might not align with those in the implementation manual. Since the syndicated facility would have taken a long time to finalise, the Azuri team requested that the KOSAP facility be channelled through a UK Based SPV. WB declined this proposal.

SSP	Loan Potential	Period engaged	Stage Abandoned	Reason for failure to take up loan
Engie (Mobisol)	2,000,000	Q2	Screening	Group restructure after acquisition by Engie led to stalling of the conversation between KFM and SSP

Summary of reasons for low demand from emerging SSPs

Several emerging SSPs were engaged, with debt pipeline amounting to about \$2,425,000, but declined to proceed with the loan application for various reasons:

SSP	Loan Potential	Period engaged	Stage Abandoned	Reason for failure to take up loan
Pawame (Tranche 2)	50,000	Q1 2019 - Q4 2021	Credit Committee	Portfolio collection efficiency dropped substantially in early 2021 due to the COVID impact and the inability to grow a portfolio of new receivables. This led to a breach of the collection efficiency covenant. The KFM could not recommend additional funding until a new equity round is closed or the collection efficiency covenant normalises
Green Innovation Ventures Enterprise	75,000	Q1 2021- Q4 2021	Pre- Credit Committee	SSP was unable to furnish the KFM with audited financials year ending June 2021, as well as updates of the Power Pay Africa app on its security, functionality and payment tracking
Brenhert	75,000	Q1 2021- Q4 2021	Due diligence	SSP became unresponsive once the RBF round 2 was awarded
Ecolibrium	200,000	Q4 2020- Q3 2021	Six- eyes	SSP became unresponsive for reasons unknown.
Rafode	200,000	Q4 2020- Q3 2021	Six eyes	SSP received a \$400k loan from Nithio with a 50% guarantee from the USDF grant in July 2021. Nithio was of the opinion that they will not need money from KOSAP anytime soon unless they draw down the entire facility and expand it.

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

SSP	Loan Potential (USD)	Period engaged	Stage Abandoned	Reason for failure to take up loan
Deeverbits	50,000	Q1 2019 -Q3 2020	Six eyes	The SSP got the approval of a USD 400,000 debt facility with Angaza (SIMA Funds), which accounted for their lack of responsiveness. The facility would be used to finance their working capital requirements for Kenya
Sunvine EA Ltd	50,000	Q1 2021-Q3 2021	Six eyes	SSP required more work on capacity building to furnish the investment team with information to prepare for the credit committee
Jupiter Energy	50,000	Q1 2019 -Q2 2020	Screening	SSP products were not lighting global certified.
Solar Panda	100,000	Q4 2019- Q1 2021	Screening	SSP requested for unsecured loan
Kyrstal Solution	50,000	Q2 2021	Screening	Sharia compliant facility required
Equitorial Sunpower	50,000	Q1 2021- Q3 2021	Screening	SSP was not awarded round 1 RBF thus withdrew interest for debt

SSP	Loan Potential (USD)	Period engaged	Stage Abandoned	Reason for failure to take up loan
Reer Akim	50,000	Q2 2019	Screening	Sharia compliant facility required
Renaber East Africa Ltd	50,000	Q1 2021 -Q3 2021	Screening	SSP lacked track record in the KSTs
Bidhaa Sasa	200,000	Q3 2021	Screening	SSP decided not to expand to KSTs due to risk and unsuccessful RBF application

iv) Indicate the absorption rate for each year since the commencement of the Project.

Absorption rate has been measured based on the total allocation and the disbursements made:

Absorption rate

Component	Allocation	Disbursements				Total	Absorption rate	
		2018/19	2019/20	2020/21	2021/22		2020/21	2021/22
SSP RBF	1,200,000,000	-	-	39,373,411	15,760,882	55,134,293	3%	5%
CCS RBF	500,000,000	-	-	31,898,601	5,148,250	37,046,851	6%	7%
SSP Debt	3,000,000,000	-	-	19,245,512	0	19,245,512	1%	1%
Total	4,700,000,000			90,517,524	20,909,132	111,426,656	2%	2%

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

v) List the implementation challenges and recommended way forward.

#	Event	Consequence/impact	Way Forward
1	Delayed ex post Payments	<ul style="list-style-type: none"> Recipients cash flow challenges Project reputation at risk 	<ul style="list-style-type: none"> Follow up with IVA and make MOE aware of the impact
2	Limited implementation period	<ul style="list-style-type: none"> The SSP RBF Recipients will not be able to implement for 24 months as envisaged due to KOSAP timelines which have the Project closing in June 2023. With this time limitations round 3 of SSP RBF will not be possible 	<ul style="list-style-type: none"> Explore with the MOE and the World Bank the possibility of extending the Project period for about 24 months.
3	Recipient non-performance	<ul style="list-style-type: none"> Funds clawback Delayed disbursement KPI not realized 	<ul style="list-style-type: none"> Monitor Recipients performance (Annual review)
4	Supply chain disruptions due to COVID-19	<ul style="list-style-type: none"> Delayed importation & clearance of products at the point of entry Products stock out Low sales 	<ul style="list-style-type: none"> Advise recipients to expand their products portfolio through change of product request
5	Drought / Famine	<ul style="list-style-type: none"> Inflation leading to Low purchasing power. Reduced sales 	<ul style="list-style-type: none"> Monitor & advise the Project and adjust implementation
6	Insecurity	<ul style="list-style-type: none"> Abductions Limits implementation activities Reduced working hours 	<ul style="list-style-type: none"> Work closely with the county renewable energy officer and the county administration to monitor the security situation in counties and advise.

Debt Facility

Risk Identification #	Event	Consequence/impact	Way Forward
1	COVID-19	<ol style="list-style-type: none"> Restricted travel Low sales by Recipients Job loss, Recipient staff turnover Illness/ Loss of life 	<ol style="list-style-type: none"> Reschedule travel meetings Monitor Recipient performance SNV Social Distancing Plan (SDP) and GoK guidelines
2	Slow MoE & WB approvals	<ol style="list-style-type: none"> Delayed implementation of activities (Capacity Building of companies, MTR extensions approvals, collaborations NDA & MOU signage, changes to implementation manuals etc) Work Plan interruptions & amendments. Delayed KPIs delivery 	<ol style="list-style-type: none"> MoE & WB follow up for approvals Adjustment to work plans
3	Slow debt deployment	<ol style="list-style-type: none"> Delayed KPI delivery Low sales by Recipients Reduce the ability of emerging companies to unlock grants especially when they need debt to pre-finance procurement of inventory 	<ol style="list-style-type: none"> Debt Capacity building for companies Debt restructure

1.12. Summary of Project Compliance:

Based on management assessment, there were no instances of non-compliance during the year under review.

2. Statement of Performance against Project’s Predetermined Objectives

The key development objectives of the Project’s 2018-2023 plan are to:

- a. **Overall objective:** The Project development objective is to increase access to modern energy services in underserved counties of Kenya.
- b. **SSP RBF:** The overarching objectives of the facility are to support access to lighting Global (now Verasol)-approved solar home systems across Kenya’s underserved counties; to encourage the growth of earlier-stage and/or local solar companies where possible; and to set a foundation for high-potential solar operators to access debt investments to further scale operations in these counties.
- c. **SSP DEBT:** The overarching objectives of the debt facility are to support access to lighting global approved solar home systems across Kenya’s underserved counties; to encourage the growth of earlier-stage and/or local solar companies where possible; to set a market precedent for debt investments in these geographies; and to preserve GoK capital.
- d. **CCS RBF:** The Clean Cooking Solutions RBF (CCS RBF) Facility established under KOSAP will award a total of USD 5 million in awards to incentivize sector players including manufacture, wholesalers, and distributors to kick- start the market of higher-tier cooking solutions in Underserved Countries in Kenya. This subcomponent will support a transition from low-efficiency baseline stoves to cleaner, higher-efficiency improved stoves.

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-bund (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
KOSAP	Overall objective: The Project development objective is to increase access to modern energy services in underserved counties of Kenya	N/A	N/A	N/A
	SSP RBF: The overarching objectives of the Facility are to support access to Lighting Global-approved solar home systems across Kenya’s Underserved Counties; to encourage the growth of earlier-stage and/or local solar companies where possible; and to set a foundation for high-potential solar operators to access debt investments to further scale operations in these counties.	End users in KOSAP counties use multi light, Lighting Global Approved Solar PV systems	250,000 solar systems sold USD 12 Million disbursed out for Result-based financing 1.1 million people receive electricity from off-grid solar	96,409 SHS sold KShs. 55,134,293 disbursed as part of the ex-ante drawdown. KShs. 118,837,773 ex-post claims made, awaiting verification of sales before payment is made. 482,045 people received electricity through off-grid solar 2.35 MW of power installed

Kenya Off-Grid Solar Access Project

Annual Report and Financial Statements for the financial year ended June 30, 2022

Project	Objective	Outcome	Indicator	Performance
			Direct jobs created.	17,229 jobs created: 36.3% Female and 63.7% Male
			Per centage of households headed by women;	32% of female headed households electrified. (31,012 households)
	SSP DEBT: The overarching objectives of the Debt Facility are to support access to Lighting Global approved solar home systems across Kenya’s Underserved Counties; to encourage the growth of earlier-stage and/or local solar companies where possible; to set a market precedent for debt investments in these geographies; and to preserve GoK capital.	End users in KOSAP counties use multi light, Lighting Global Approved Solar PV systems	250,000 solar home systems sold. USD 30 million disbursed out of debt facility. Direct jobs created. 1.1 million people receive electricity from off-grid solar.	Total loan disbursed (KShs.19.2 million) Total principal outstanding KShs. 14.4 million) Total principal repaid (KShs. 4.8 million) Number of companies who have accessed the debt (1)
	CCS RBF: The Clean Cooking Solutions RBF (CCS RBF) Facility established under KOSAP will award a total of USD 5 million in awards to incentivize sector players including manufacture, wholesalers, and distributors to kick- start the market of higher-tier cooking solutions in Underserved Countries in Kenya. This subcomponent will support a transition from low-efficiency baseline stoves to cleaner, higher-efficiency improved stoves	End-users in selected KOSAP counties use higher tier cook stoves	Number of higher tier stoves sold:150,000 Per centage of women headed households Net additional, full time equivalent jobs	During the period, the Facility achieved KPIS were: 1. Number of higher-tier stoves sold: 150,000: 8,128 2. Per centage of women-headed households (20%): 38% (3,120 hhs) (Calculation based on 2016, KNBS-Kenya Socio-Economic Atlas) 3. Net additional, full-time equivalent jobs: 147 jobs

3. Environmental and Sustainability Reporting

The Kenya Off-Grid Solar Access Project (KOSAP) implementation is informed by the need to provide clean energy access to the underserved counties in Kenya that are not connected to the national power grid. In total the KFM CCS & SSP RBF Facilities seek to provide access to clean energy products to over 500,000 households in the 14 marginalized counties of Kenya. These targets portend great environmental benefit including reduction in the quantity of CO₂ emissions from biomass-based energy sources, reduction in forest degradation due to firewood harvesting and charcoal burning. The KOSAP Facilities have been designed to foster the inclusion of youth and women as well vulnerable and marginalized groups, households and individuals who are present in the KOSAP counties. The KFM recipient companies have taken a proactive approach in developing strategies and approaches on gender equity and social inclusion.

1. Sustainability strategy and profile

KOSAP component 2 continues to deliver on its sustainability impact targets by providing financial incentives to service providers to facilitate their market entry to the underserved regions of Kenya. To date, the companies participating in KOSAP have been able to successfully sell over 100,000 clean energy products of households present in marginalized counties of Kenya. KOSAP as a World Bank-funded project is has provided opportunities for vulnerable and marginalized communities to access opportunities and benefits including jobs for youth and women.

2. Environmental performance

During the period both RBF SSP and CCS Recipients made significant progress on environmental and social safeguards policies compliance requirements for KOSAP. They were also made aware of safeguards framework governing KOSAP. All the Recipients submitted their safeguards policies. However not all provided specific environmental and social safeguards plans. The Environmental and Social consultants have been supporting both SSP and CCS Recipients review and refine the policies and convert them to action plans as part of their sustainable business adoption. The Specialists are also working to develop child labour policies, labour management policy, GBV guidance notes, GRM framework and stakeholder policy to support Recipients.

3. Employee welfare

SNV's team of inspired professionals work in many of the poorest countries in Asia, Africa, and Latin America. With an in-depth understanding of both local context and global challenges, they work hand in hand with local organisations to build capacity and create the foundations for lasting sustainable development.

SNV has a diverse team of 1,220 specialists and generalists, nationals and internationals, males and females, young and more seasoned colleagues, comprising of more than 50 nationalities, our people have a myriad of hard and soft skills required to implement our Projects. Our staff combine technical knowledge in Energy, Agriculture, and WASH with the skillset of thought leadership, evidence-based advocacy and brokering partnerships within political, corporate, and civil communities, at the national and international level. They do this while ensuring that the interests of people living in poverty prevail.

We believe that there is strength in diversity, so our current global team includes over 50 different nationalities, with over 90% of our professionals being nationals of the country in which they work. This masks for a lively and highly professional working environment, where local knowledge and international best practices combine to achieve effective change and innovation.

We believe in the importance of personal and professional development and offer national and international career opportunities to those who have strong potential to develop their skills and expertise in a highly professional and challenging work environment.

Working at SNV is rewarding and inspiring. Our focus on capacity building and our partnerships with local organisations mean our advisors have the chance to see local communities map out their own roads to sustainable development based on their tools and interventions.

4. Market place practices-

a) Responsible Supply chain and supplier relations-

The policy is based on the principles of SNV's Code of Conduct and aims to ensure effective Project implementation. The principles of ethics, effectiveness, open competition, transparency, and legality apply throughout.

b) Responsible ethical practices

SNV's Contracting and Procurement Policy has been developed to define the minimum conditions that must be met for contracting and procurement across all SNV's operations, including the contracting of all partners. It is structured as follows:

- SNV Contracting and Procurement Policy
- SNV Procurement and Contracting of Goods, Works & Non-consultancy Services
- SNV Procurement and Contracting of Consultancy Services
- SNV Contracting Partners.

c) Regulatory impact assessment

This is covered under SNV's contracting and procurement policy.

5. Community Engagements

KFM undertook field monitoring visits for meeting with recipients, agents/distributors and end users in Tana River, Kilifi, Taita Taveta, Turkana, Isiolo, Samburu and West Pokot Counties. Engagement with Recipients provided insights on current opportunities and challenges of selling cookstoves and solar products in KSTs. Challenges identified include poor road network and coverage of mobile network is weak in some regions. Recipients banked on trained local sales teams and good relationship with county and ward administrators as entry point to boost sales. The KFM also the opportunity to provide insights to recipients on avenues of increasing sales and more engagements with county government who are providing a good platform for project implementation.

4. Statement of Project Management Responsibilities

The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2022.

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

The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2022, and of the Project's financial position as at that date. The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

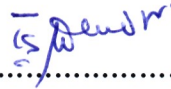
Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project on 27/09/ 2022 and signed by them.



.....
Mr. Alex K. Wachira
Principal Secretary



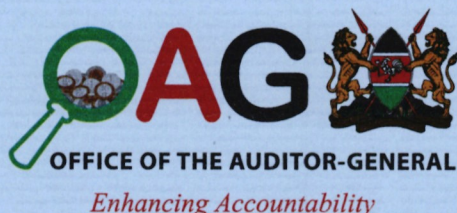
.....
Rodney Sultani
Project Coordinator



.....
Apollonia Ochieng
Project Accountant
ICPAK Member No: 19427

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA OFF-GRID SOLAR ACCESS PROJECT FOR UNDERSERVED COUNTIES (IDA CR. NO.6135-KE) FOR THE YEAR ENDED 30 JUNE, 2022 - MINISTRY OF ENERGY AND SNV NETHERLANDS DEVELOPMENT ORGANIZATION

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Off-Grid Solar Access Project for Underserved Counties set out on pages 1 to 14, which comprise of the

Report of the Auditor-General on Kenya Off-Grid Solar Access Project for Underserved Counties (IDA Cr. No.6135-KE) for the year ended 30 June, 2022 - Ministry of Energy and SNV Netherlands Development Organization

statement of financial assets as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows, the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Off-Grid Solar Access Project for Underserved Counties as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No.6135-KE dated 5 September, 2017, between the International Development Association (IDA) and the Republic of Kenya and the Public Finance Management Act, 2012.

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

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the of the Kenya Off-Grid Solar Access Project for Underserved Counties Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflect a receipts budget of Kshs.521,462,008 and actual on comparative basis of Kshs.143,890,765 resulting in underfunding of Kshs.377,571,243 or 73%. Similarly, the Project spent Kshs.69,295,237 against an approved budget of Kshs.521,462,008 resulting to an under absorption of Kshs.452,166,771 or 87% of the approved budget.

The underfunding and under expenditure affected the planned activities which may have impacted negatively on service delivery to the public.

Other Information

The Management are responsible for the other information, which comprises the statement of performance against Project's Predetermined Objectives and Responsibilities, Statement of Corporate Social Responsibility/Sustenance Reporting

and the Statement of Management Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Terms for Subsidiary Agreements

The Ministry of Energy entered into a management consultancy contract with an International Development Organization for result-based and debt facilities management on behalf of the Kenya Off-Grid Solar Project. According to the contract, the period to be accorded to the Solar Service Providers (SSPs) was not to exceed the management consultancy services period. However, review of subsidiary financing agreements signed by the consultant in June, 2020 revealed that four (4) SSPs with a total allocation of Kshs.174,223,339 had their contracts extended to 30 April, 2023 which was later than the consultancy period of 31 May, 2022. The extension was attributed to the providers' inability to meet the desired targets under the market survey component.

In addition, the Management signed new subsidiary agreements in the second phase of the component with an implementation date of 31 May, 2023, contrary to the consultancy contract's terms of reference. Further, the Project was expected to end on 30 June, 2023 and therefore, the new contracts did not allow for a one year monitoring period by the Ministry as required in the financing agreement. The new SSPs may also not be able to absorb the 10% sustainability funding which is to be deployed upon verification of functioning of systems and honor of warranties within one year of deployment.

In the circumstances, the Management did not comply with the terms of the contract.

2. Non-Compliance the Project's Financing Agreement

The Project financing agreement provides that Ministry of Energy is to implement component 2 of the project which entails Solar Service Providers facility sub-projects, Debt Facility sub-projects, and Clean Cooking Solution Providers (CCSP) facility sub-projects.

According to schedule 2, Section 1.D of the agreement, the recipient is required to prepare and adopt, in form and substance acceptable to the lender, a Project Implementation Manual (PIM) and a Facilities Implementation Manual (FIM), and thereafter ensure that the Project is carried out in accordance with the arrangements

and procedures set out in the PIM and the FIM. However, no PIM was provided for audit in respect of the three facilities implemented under part 2 of the project.

In addition, a consultant engaged to implement component 2 of the project on behalf of the Ministry prepared the FIMs. However, no evidence was provided to indicate that the FIMs were adopted by the recipient and that they were in form and of substance acceptable to the lender, the International Development Association (IDA).

In the circumstances, Management did not comply with terms of the financing agreement.

3. Long Outstanding receivable

Review of debt facility agreements revealed that one Solar Service Provider with debt facility under the project signed on 29 September, 2020 for a commitment funding of Kshs.50,000,000 at 18% interest per annum was in default. The funds which were to be utilized in developing solar facilities for households in Underserved Counties were disbursed in two instalments with the first disbursement of Kshs.19,245,512 of the funds released on 11 November, 2020, and had maturity date of 30 March, 2023. However, the provider defaulted on the loan from September, 2021 when the balance was Kshs.8,510,207 comprising Kshs.7,217,067 and Kshs.1,293,140.22 in principal amount and interest respectively.

In the circumstances, the recoverability of the loan was in doubt.

4. Delay in Implementation of the Project

As disclosed under Paragraph 1.6 of the Project information, the Project was earmarked to close on 30 June, 2023. However, Paragraph 1.10 on funding summary indicates that the Donor had made a commitment amounting to EUR 42,800,000 equivalent to Kshs.4,700,000,000 as at 30 June 2022. However, actual drawdowns during the project life amounted to EUR 20,000,000 equivalent to Kshs.2,223,466,000 leaving out Kshs.2,476,534,000 or 53% of committed funds undrawn with only 12 months to project closure. Management did not provide for audit review, mitigation measures to absorb the remaining funds of secure an extension the project from the Donor.

In addition, the Ministry appointed a consultant on 28 November, 2018 to implement on its behalf the results based financing and debt facilities. Review of the contract and implementation status of the contract revealed the following the following anomalies:

- i. The contract sum for the consultancy services was set at USD 6,081,947.28, inclusive of taxes. However, as at 30 June, 2022, the amount invoiced by the consultant amounted to USD 1,346,407.62, representing 22.1% of the contract sum, with only 11% of the contract duration remaining.
- ii. An independent Verification Agent (IVA) was contracted by the Ministry on 17 December, 2021 at a cost of USD 1,041,643.35 equivalent to Kshs.98,004,498. The IVA was review and report on compliance of Solar Service Providers (SSPs) with the terms of results-based financing and debt facility agreements. However, the contract was entered into long after commencement of the project on 17

December, 2021, thereby affecting disbursements by the consultant and monitoring of compliance by the IVA.

- iii. As 30 June, 2022, a total of Kshs.111,426,656 had been disbursed out of Kshs.2,223,466,000 drawn under the project comprising Kshs.92,181,144 and Kshs.19,245,512 in respect of results-based financing and debt facility respectively. The amount disbursed translates to 5% of the amount drawn while 78.2% of the project duration had elapsed, and only 2.4% of the total budget under component 2 of project financing having been absorbed.
- iv. A joint technical mission of Ministry of Energy and The World Bank which conducted an evaluation of the Project in June, 2022 recommended a stop of further disbursements beyond 31 August, 2022, owing to underperformance of the debt facility. This therefore, casts doubts on the attainment of project objectives and the utilization of Kshs.3,000,000,000 initially earmarked for debt facility.

In the circumstances, the Project's objectives may not be achieved.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control which might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts which would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


16 December, 2022

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022


6. Statement of Receipts and Payments for the year ended 30th June 2022.

	Note	Receipts and payments controlled by the entity	Receipts and payment controlled by the entity	Cumulative to-date (From inception)
		2021/2022	2020/2021	
Receipts		Kshs.	Kshs.	Kshs.
Transfer from Government entities		-	-	2,223,466,000
Miscellaneous receipts	1	143,890,765	43,581,597	187,472,361
Total receipts		143,890,765	43,581,597	2,410,938,361
Payments				
Purchase of goods and services	2	26,812,139	11,170,230	37,982,369
Other Payments	3	42,483,098	6,231,543	48,714,641
Total payments		69,295,237	17,401,773	86,697,010
Fund balance Surplus/ (deficit)		74,595,528	26,179,824	2,324,241,352


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



Mr. Alex K. Wachira
Principal Secretary



Rodney Sultani
Project Coordinator



Apollonia Ochieng
Project Accountant
ICPAK Member No: 19437

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

7. Statement of Financial Assets as at 30th June 2022

Description	Note	2021/2022	2020/2021
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	4	2,258,329,343	2,172,039,719
Total Cash and Cash equivalents		2,258,329,343	2,172,039,719
Accounts receivables	5	65,912,009	77,606,105
Total Financial Assets		2,324,241,352	2,249,645,824
Represented By			
Fund Balance B/fwd.	6	2,249,645,824	2,223,466,000
Pending bills			-
Prior Year adjustments		-	-
Surplus/(Deficit) for the Year		74,595,528	26,179,824
Net Financial Position		2,324,241,352	2,249,645,824

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27/09/ 2022 and signed by:

.....

Mr. Alex K. Wachira
Principal Secretary



Rodney Sultani
Project Coordinator




Apollonia Ochieng
Project Accountant
ICPAK Member No: 19427

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022

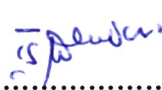
8. Statement of Cashflow for the year ended 30th June 2022

Description	Notes	2021/2022	2020/2021
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Miscellaneous income	1	143,890,765	43,581,597
Total receipts		143,890,765	43,581,597
Payments			
Purchase of goods and services	2	(26,812,139)	(11,170,230)
Other Payments	3	(42,483,098)	(6,231,543)
Total Payments		(69,295,237)	(17,401,773)
Adjustments during the year			
Prior year adjustments			
Decrease/(increase) in accounts receivable	7	11,694,096	(77,606,105)
Increase/(decrease) in accounts payable:			
Net cash flow from operating activities		86,289,624	(77,606,105)
Cashflow from investing activities			
Acquisition of non-financial assets			
Net cash flows from investing activities		-	-
Cash flow from financing activities			
Proceeds from foreign borrowings			
Net cash flow from financing activities			
Net increase in cash and cash equivalents		86,289,624	(51,426,281)
Cash and cash equivalent at beginning of the year		2,172,039,719	2,223,466,000
Cash and cash equivalent at end of the year		2,258,329,343	2,172,039,719

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/09/2022 and signed by:



Mr. Alex K. Wachira
Principal Secretary



Rodney Sultani
Project Coordinator




Apollonia Ochieng
Project Accountant
ICPAK Member No: 19427

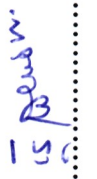
**Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**


9. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2022

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utiliza tion f=d/c %
Receipts						
Proceeds from borrowing RBF facility	246,462,008		246,462,008		246,462,008	0%
Proceeds from borrowing Debt facility	275,000,000		275,000,000		275,000,000	0%
Miscellaneous Receipts	-		-	143,890,765	(143,890,765)	
Total Receipts	521,462,008	-	521,462,008	143,890,765	377,571,243	27.5%
Payments						
RBF Facility issued	246,462,008		246,462,008	26,812,139	219,649,869	10.9%
Debt Facility issued	275,000,000		275,000,000	-	275,000,000	0%
Other Payments	-		-	42,483,098	(42,483,098)	
Total Payments	521,462,008	-	521,462,008	69,295,237	452,166,771	13.2%

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.

.....

Mr. Alex K. Wachira
 Principal Secretary

.....

Rodney Sultani
 Project Coordinator

.....

Apollonia Ochieng
 Project Accountant
 ICPAK Member No: 19527

10. Significant Accounting Policies

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

10.1 Statement of compliance and basis of preparation

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

10.2 Reporting entity

The financial statements are for Kenya Off-grid Solar Access Project implemented by SNV Netherlands Development Organisation.

10.3 Reporting currency

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

10.4 Recognition of receipts

The KOSAP project recognises all receipts from the various sources when the event occurs, and the related cash has been received by SNV Netherlands Development Organisation.

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

Significant Accounting Policies (Continued)

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

10.5 Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items, respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration

and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

10.6 In-kind donations

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

10.7 Cash and cash equivalents

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

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

10.8 Restriction on cash

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

Significant Accounting Policies (Continued)

10.9 Imprests and advances

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

10.10 Contingent liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

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

10.11 Contingent assets

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

Significant Accounting Policies (Continued)

10.12 Pending bills

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

10.13 Budget

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

10.14 Third party payments

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

10.15 Exchange rate differences

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

10.16 Comparative figures

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

Significant Accounting Policies (Continued)

10.17 Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2022.

10.18 Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s).

Kenya Off-Grid Solar Project**Annual Report and Financial Statements for the financial year ended June 30, 2022****11. Notes to the Financial Statements****1. Miscellaneous Receipts**

	2021/2022	2020/2021	
	Total receipts	Total receipts	Cumulative to date (from inception)
	Kshs	Kshs	Kshs
Other receipts not classified elsewhere	143,890,765	43,581,597	187,472,362
Total	143,890,765	43,581,597	187,472,362

*In December 2021, February 2022 and June 2022 the interest paid into the account is net of withholding tax of 15%. The interest relates to current account interest and interest from funds on call.

*KFM computations of interest paid indicate that interest income includes Kshs. 4,358,705 overpayment by KCB..

2. Purchase of goods and services

Description	Total amount in KShs.	
	2021/22	2020/21
Purchase of goods and services	26,812,139	11,170,230
Total	26,812,139	11,170,230

3. Other payments

Description	Total amount in KShs.	
	2021/22	2020/21
Withholding tax on interest earned	42,480,698	6,218,343
Bank charges	2,400	13,200
Total	42,483,098	6,231,543

4. Bank balances

Description	Total amount in KShs	
	2022/21	2021/20
	KShs	KShs
Cash in bank	2,258,329,343	2,172,039,719

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2022

The Project has 3 bank accounts as listed below:

4 A. Bank Accounts

Project Bank accounts

Description	Total amount in KShs.	
	2021/22	2020/21
Kenya Commercial bank A/C no. 126 366 8569 – KOSAP-SNV Netherlands Development	2,209,006,598	2,108,703,164
Kenya Commercial Bank A/C no. 127 559 4816 - KOSAP RBF Facility	10,593,320	28,050,708
Kenya Commercial Bank A/C no. 127 559 3437 – KOSAP Debt Facility	38,729,425	35,285,847
Total	2,258,329,343	2,172,039,719

5. Ex-ante prepayments

This relates to ex-ante incentives and debt facility issued as at June 30, 2022.

Description	Total amount in KShs	
	2021/22	2020/22
RBF Facility-CCS	25,488,131	28,876,951
RBF Facility-SSP	25,989,744	31,889,331
Debt Facility	14,434,134	16,839,823
Total	65,912,009	77,606,105

5. A. Breakdown of Ex-ante prepayments

Name of Officer or Institution	Amount Disbursed	Due Date of Surrender	Amount Utilised	Balance	Balance
				2021/2022	2020/2021
	Kshs	Kshs	Kshs	Kshs	Kshs
RBF Facility-CCS					
ACE Hybrid Kenya Limited	4,892,640.00		4,197,855.00	694,785.00	4,892,640.00
Biolite Holding CCS	3,280,250.00		-	3,280,250.00	3,280,250.00
Equity Bank Limited	5,006,440.00		-	5,006,440.00	5,006,440.00
Green Light Planet	4,100,000.00		-	4,100,000.00	4,100,000.00
KWFT CCS	2,682,500.00		1,194,950.00	1,487,550.00	146,300.00
Livelihoods CCS	1,961,000.00		1,826,700.00	134,300.00	134,300.00
MK Light Africa	4,943,465.00		-	4,943,465.00	4,943,465.00
RAFODE Renewable Enrgy	7,604,300.00		3,599,626.00	4,004,674.00	3,797,300.00
RAJ Ushanga House Limited CCS	1,836,667.00		-	1,836,667.00	1,836,667.00

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2022

Name of Officer or Institution	Amount Disbursed	Due Date of Surrender	Amount Utilised	Balance	
				2021/2022	2020/2021
Solar Intergrated Appliances	739,589.00		739,589.00	-	739,589.00
Total	37,046,851.00		11,558,720.00	25,488,131.00	28,876,951.00
RBF Facility SSP					
Livelihoods Kenya	1,378,000.00		831,307.00	546,693.00	1,378,000.00
Mobisol Kenya Ltd	2,471,800.00		-	2,471,800.00	2,471,800.00
PAWAME Kenya Ltd	1,464,000.00		-	1,464,000.00	1,464,000.00
RAJ Ushanga House Limited	1,644,960.00		-	1,644,960.00	1,644,960.00
Solar Integrated Appliances Ltd	1,098,805.00		-	1,098,805.00	1,098,805.00
Solibrium Limited	1,329,000.00		645,981.00	683,019.00	683,019.00
Azuri Limited	7,567,286.00		6,890,074.00	677,212.00	7,567,286.00
Biolite Holdings Limited	2,720,900.00		2,720,900.00	-	2,720,900.00
D LIGHT	23,414,782.00		7,502,599.46	15,912,182.54	815,800.54
Green Light Planet Limited	12,044,760.00		10,553,688.00	1,491,072.00	12,044,760.00
Total	55,134,293.00		29,144,549.46	25,989,743.54	31,889,330.54
Debt Facility					
PAWAME	19,245,512.00		4,811,378.00	14,434,134.00	16,839,823.00
G/Total	11,426,656.00		45,514,647.46	65,912,008.54	77,606,104.54

6. Fund balance brought forward

Description	Total amount in KShs.	
	2021/2022	2020/2021
Cash in bank	2,172,039,719	2,223,466,000
Ex-ante Incentives	77,606,105	
Total	2,249,645,824	2,223,466,000

7. Changes in Ex-ante prepayments

Description	2021/2022	2020/2021
	Kshs	Kshs
Opening Pre-payments as at 1 st July	77,606,104.54	0
Closing Pre-payments as at 30 th June	65,912,008.54	77,606,104.54
Change in Pre-payments	11,694,096.00	- 77,606,104.54

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2022

12. Other Important Disclosures

1. Other Pending Payables

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Solaria		4,711		4,711
Total	-	4,711	-	4,711

Overpayment of interest in our own calculations of interest due from KCB by 4,358,705

2. External Assistance

	2021/2022	2020/2021
Description	Kshs	Kshs
External assistance received as loans	-	2,223,466,000
Total	-	2,223,466,000

a). External assistance relating loans and grants

	2021/2022	2020/2021
Description	Kshs	Kshs
External assistance received as loans	-	2,223,466,000
Total	-	2,223,466,000

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2021/2022	2020/2021
Description		Kshs	Kshs
Undrawn external assistance - loans		2,476,534,000	2,476,534,000
Total		2,476,534,000	2,476,534,000

c) Classes of providers of external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
International assistance organization	-	2,223,466,000
Total	-	2,223,466,000

Kenya Off-Grid Solar Project

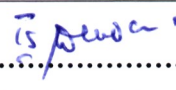
Annual Report and Financial Statements for the financial year ended June 30, 2022

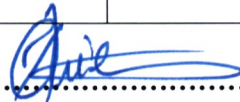
13. Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:
			(Resolved / Not Resolved)
	Budgetary Performance and control	Effect of COVID 19 affected the Solar users' purchasing power since the component is driven by the market forces.	
	Un Deposited Interest Income in the Facilities Account	The Kenya Commercial Bank has deposited the funds to KOSAP accounts as at 30th June 2022	Resolved
	Purchase of Goods and services	Payments were reviewed to ensure conformity with Recipient contract and budgets, workplans submitted by recipients for Clean cooking stoves and solar service providers.	Resolved
	Inaccuracies in the Financial Statements	The variance as per the statement of Receipts and Payments and as per the statement of Budget and actual amounts was provided.	Resolved
	Unaccounted for Accounts Receivables	These amounts are not unaccounted accounts receivables, but funds duly held by the Recipients for ongoing expenditure per their Contracts with MOE. In the RBF Facility design, to Recipients are not typical debtor-type receivables to be recovered, but ex-ante incentives advanced by the Project to the Recipients for them to expend as per the project design and the Facilities Implementation Manual. The Recipients are accounting for these funds as they implement in the field, and this will continue being the case until the end of the project.	Resolved
	Failure to appoint an Independent Verification Agent (IVA)	IVA has been onboarded	Resolved
	Delay in Project Implementation	The project management holds meetings every month, in addition to field visits, to review the progress of the Recipients in implementation of their work plans. The Recipients are required to report progress and their expenditures on a quarterly basis. Full accounting for the advanced funds is expected by the end of their contract term and not on an annual calendar basis.	Resolved

.....

Mr. Alex K. Wachira
Principal Secretary

.....

Rodney Sultani
Project Coordinator

.....

Apollonia Ochieng
Project Accountant
ICPAK Member No: 19427

**Kenya Off-Grid Solar Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

14. Annexes

Annex 1: Explanations of Variances – Comparative Budget and Actual amounts for FY 2021-2022

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %	Comments
Receipts							
Proceeds from borrowing RBF facility	246,462,008		246,462,008		246,462,008	0%	The Receipts depends entirely on the disbursements made to the recipients since this relies heavily to the recommendations of the IVA of which the Verification is ongoing. In addition, the expected winding up of Debt facility could not trigger further withdrawal applications from the financier due to the initial disbursement receipt which was more than enough to facilitate the RBF facility
Proceeds from borrowing Debt facility	275,000,000		275,000,000		275,000,000	0%	During the year no funds were received.
Miscellaneous Receipts	-		-	143,890,765	(143,890,765)		Represents interest earned which was not anticipated.
Total Receipts	521,462,008	-	521,462,008	143,890,765	377,571,243	27.5%	
Payments							Out of the 2.22 Billion received, KShs 19.2 Million was issued under the debt facility and KShs 92.1 million was issued under the RBF facility. Of the disbursed funds, KShs 37 million of the RBF funds issued had been sufficiently accounted for as at June 30, 2022. The ex-post claims being verified by IVA are waiting for

**Kenya Off-Grid Solar Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %	Comments
							disbursements as soon as the IVA recommends.
RBF Facility issued	246,462,008		246,462,008	26,812,139	219,649,869	10.9%	This relates to loan issued under the debt facility. The debt facility is expected to wind down by Aug 31 st 2022
Debt Facility issued	275,000,000		275,000,000	-	275,000,000	0%	Applications from various service providers were received but they could not meet the set criteria
Other Payments	-		-	42,483,098	(42,483,098)		These payments relate to the withholding tax on interest on the bank balances and bank charges which had not been budgeted for in the Financial Year
Total Payments	521,462,008	-	521,462,008	69,295,237	452,166,771	13.2%	

**Kenya Off-Grid Solar Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

Annex 2: Details of Interest income

		2021/22		2020/21	
Description	Date received	Total amount in KShs.	Description	Date received	Total amount in KShs.
Interest income-bank main account	31 Jul 2021	3,946,562	Interest income-bank	9 Mar 2021	27,128,004
Interest income-bank main account	31 Aug 2021	3,953,684	Interest income-bank	10 Mar 2021	126,474
Interest income-bank main account	30 Sep 2021	3,833,051	Interest income-bank	11 Mar 2021	126,482
Interest income-bank main account	31 Oct 2021	3,967,738	Interest income-bank	12 Mar 2021	126,489
Interest income-bank main account	18 Nov 2021	7,788,475.70	Interest income-bank	13 Mar 2021	126,496
Interest income-bank main account	30 Nov 2021	2,484,571.35	Interest income-bank	15 Mar 2021	253,008
Interest income-bank main account	10 Dec 2021	16,953,350	Interest income-bank	16 Mar 2021	126,519
Interest income-bank main account	31 Dec 2021	49,350	Interest income-bank	31 Mar 2021	1,897,888
Interest income-bank main account	31 Jan 2022	49,439	Interest income-bank	30 Apr 2021	3,799,090
Interest income-bank main account	8 Feb 2022	10,363,304	Interest income-bank	31 May 2021	3,932,583
Interest income-bank main account	28 Feb 2022	61,026	Interest income-bank	30 Jun 2021	3,812,594
Interest income-bank main account	31 Mar 2022	68,343	Interest income-Debt facility	7 Jan 2021	474,547
Interest income-bank main account	30 Apr 2022	66,257	Interest income-Debt facility	31 Mar 2021	787,748
Interest income-bank main account	31 May 2022	68,585	Interest income-Debt facility	30 Jun 2021	863,675
Interest income-bank main account	30 Jun 2022	2,442,494			

**Kenya Off-Grid Solar Project
Annual Report and Financial Statements for the financial year ended June 30, 2022**

Description	Date received	2021/22 Total amount in KShs.	Description	Date received	2020/21 Total amount in KShs.
Interest income-bank debt account	31 Mar 2022	81,652	Total Interest Jul-20- Jun 21		43,581,597
Interest income-bank debt account	30 Apr 2022	79,161			
Interest income-bank debt account	31 May 2022	81,942			
Interest income-bank debt account	30 Jun 2022	79,442			
Interest income-bank RBF account	31 Mar 2022	16,569			
Interest income-bank RBF account	30 Apr 2022	4,278			
Interest income-bank RBF account	30 Apr 2022	15,886			
Interest income-bank RBF account	31 May 2022	22,413			
Interest income-bank RBF account	30 Jun 2022	21,729			
Interest income-bank call deposit	18-Nov-21	8,952,881			
Interest income-bank call deposit	10-Dec-21	22,054,063			
Interest income-bank call deposit	18-Jun-22	55,620,497			
Interest income-Debt Facility	29-Sep-21	764,020			
Total Interest Jul 21-Jun 22		143,890,765			

***Kenya Off-Grid Solar Project
Reports and Financial Statements For the financial year ended June 30, 2022***

Annex 3: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2022
- ii. Certificate of Bank Balance

Report of SNV Netherlands Dev Bank a/c no. 1263668569 Control KES

Today, being the 30th June 2022 I Gloria Ogaga, being a Project Finance Officer of SNV Kenya have monitored the bank account administered by myself and in so doing, the following is the case:

	KES
Opening Balance as at 01.06.2022	32,359,840.35
Receipts For the Month	2,198,024,817.90
Receipts together with the opening balance as per bank book	2,230,384,658.25
Expenditure as per bank book	21,378,060.10
Book Balance	2,209,006,598.15
Balance as per Bank Statement dated 30.06.2022	2,209,006,598.15
Noted Difference	0.00
Reason for Difference	
Outstanding Cheques As Per List	0
	<u>0.00</u>

Witnessed the:

Account holder: Project Finance Officer
Name: Gloria Ogaga

for control.....



Date.....30/06/2022.....

Approved: Finance and Support
Services Manager

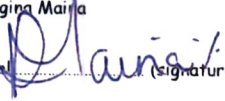
Name: Peter Schokker

for control..... (signature)

Date...30/06/2022.....

Verified: Country Finance Manager
Name: Regina Maina

for control..... (signature)



Date...30/06/2022.....

RECONCILIATION REPORT

Reconciled on: 01-08-2022

Reconciled by: Apollonia Ochieng

Any changes made to transactions after this date aren't included in this report.

Summary	KES
Statement beginning balance	32,359,840.35
Service charge	-8,709,448.60
Interest earned	58,062,990.65
Cheques and payments cleared (1)	-21,011,686.00
Deposits and other credits cleared (1)	2,148,304,901.75
Statement ending balance	<u>2,209,006,598.15</u>
Register balance as of 30-06-2022	2,209,006,598.15

Details

Cheques and payments cleared (1)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (KES)
30-06-2022	Cheque		Kenya Revenue authority	-21,011,686.00
Total				-21,011,686.00

Deposits and other credits cleared (1)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (KES)
17-06-2022	Transfer			2,148,304,901.75
Total				2,148,304,901.75

Report of SNV Netherlands Dev Bank a/c no. 1275593437 Control KES

Today, being the 30th June 2022 I Gloria Ogaga, being a Project Finance Officer of SNV Kenya have monitored the bank account administered by myself and in so doing, the following is the case:

	KES
Opening Balance as at 01.06.2022	38,661,898.65
Receipts For the Month	79,442.25
Receipts together with the opening balance as per bank book	38,741,340.90
Expenditure as per bank book	11,916.35
Book Balance	38,729,424.55
Balance as per Bank Statement dated 30.06.2022	38,729,424.55
Noted Difference	0.00
Reason for Difference	
Ousting Cheques As Per List	-
	-

Witnessed the:

Account holder: Project Finance Officer
Name: Gloria Ogaga

for control.....

Date.....30/06/2022.....

Approved: Finance and Support
Services Manager
Name : Peter Schokker

for control..... (signature)

Date.....30/06/2022.....

Verified: Country Finance Manager
Name: Regina Maina

for control..... (signature)

Date...30/06/2022.....

RECONCILIATION REPORT

Reconciled on: 01-08-2022

Reconciled by: Apollonia Ochieng

Any changes made to transactions after this date aren't included in this report.

Summary

	KES
Statement beginning balance	38,661,898.65
Service charge	-11,916.35
Interest earned	79,442.25
Cheques and payments cleared (0)	0.00
Deposits and other credits cleared (0)	0.00
Statement ending balance	<u>38,729,424.55</u>
Register balance as of 30-06-2022	38,729,424.55





Report of SNV Netherlands Dev Bank a/c no. 127 559 4816 Control KES

Today, being the 30th June 2022 I Gloria Ogaga, being a Project Finance Officer of SNV Kenya have monitored the bank account administered by myself and in so doing, the following is the case:

	KES
Opening Balance as at 01.06.2022	10,574,850.35
Receipts For the Month	21,729.15
Receipts together with the opening balance as per bank book	10,596,579.50
Expenditure as per bank book	3,259.35
Book Balance	10,593,320.15
Balance as per Bank Statement dated 30.06.2022	10,593,320.15
Noted Difference	0.00
Reason for Difference	
Outstanding Cheques As Per List	0.00
	0.00

Witnessed the:

Account holder: Project Finance Officer
Name: Gloria Ogaga

for control.....



Date.....30.06.2022.....

Approved: Finance and Support
Services Manager
Name: Peter Schokker

for control..... (signature)

Date...30.06.2022.....

Verified: Country Finance Manager
Name: Regine Mairia

for control..... (signature)



Date...30.06.2022.....

RECONCILIATION REPORT

Reconciled on: 01-08-2022

Reconciled by: Apollonia Ochieng

Any changes made to transactions after this date aren't included in this report.

Summary

	KES
Statement beginning balance.....	10,574,850.35
Service charge.....	-3,259.35
Interest earned.....	21,729.15
Cheques and payments cleared (0).....	0.00
Deposits and other credits cleared (0).....	0.00
Statement ending balance.....	<u>10,593,320.15</u>
Register balance as of 30-06-2022.....	10,593,320.15
Cleared transactions after 30-06-2022.....	0.00
Uncleared transactions after 30-06-2022.....	-13,225,250.00
Register balance as of 01-08-2022.....	-2,631,929.85

Additional Information

Uncleared cheques and payments after 30-06-2022

DATE	TYPE	REF NO.	PAYEE	AMOUNT (KES)
07-07-2022	Cheque	KOSAPKCB028	GREEN LIGHT PLANET LIMITED	-13,225,250.00
Total				-13,225,250.00



1218 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2228600001

KCB PRESTIGE PLAZA NGONG ROAD
.....
13 OCT 2022
.....

Certified that the balance at the CREDIT OF KOSAP-SNV NETHERLANDS DEV ORG
.....

A/C 1263668569
.....

at the close of business on 30 JUN 2022 Was KES
.....

TWO BILLION TWO HUNDRED AND NINE MILLION SIX THOUSAND FIVE HUNDRED AND NINETY EIGHT CENTS FIFTEEN
.....

KES 2,209,006,598.15

..... For: KCB BANK KENYA LTD.
..... Manager SOC
..... PRESTIGE PLAZA

Examined by

Manager Service Quality & Compliance

Branch Manager

For: KCB BANK KENYA LTD.
..... Branch Manager
..... PRESTIGE PLAZA

Results 1 - 1 of 1

1218 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2228500046

KCB PRESTIGE PLAZA NGONG ROAD
.....

12 OCT 2022
.....

Certified that the balance at the CREDIT Of KOSAP-DEBT FACILITY A
.....

A/C 1275593437
.....

at the close of business on 30 JUN 2022 Was KES
.....

THIRTY EIGHT MILLION SEVEN HUNDRED AND TWENTY NINE THOUSAND FOUR HUNDRED AND T
.....

KES 38,729,424.55
.....

Examined by

For: KCB BANK KENYA LTD.
.....
Manager Service Quality & Compliance

For: KCB BANK KENYA LTD.
.....
Branch Manager
PRESTIGE PLAZA

Results 1 - 1 of 1

1218 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2228500047

KCB PRESTIGE PLAZA NGONG ROAD
.....

12 OCT 2022
.....

Certified that the balance at the CREDIT Of KOSAP-RBF FACILITY AC
.....


A/C 1275594816
.....

at the close of business on 30 JUN 2022 Was KES
.....

TEN MILLION FIVE HUNDRED AND NINETY THREE THOUSAND THREE HUNDRED AND TWENTY CE
.....

KES 10,593,320.15
.....

Examined by


.....
Manager Service Quality & Compliance


.....
Branch Manager
PRESTIGE PLAZA

