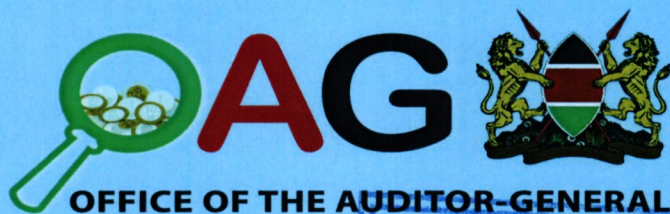


REPUBLIC OF KENYA



Enhancing Accountability

REPORT THE NATIONAL ASSEMBLY
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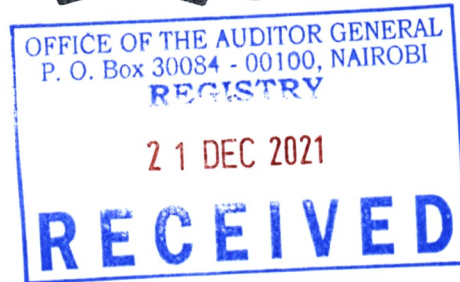
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ON

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

**FOR THE YEAR ENDED
30 JUNE, 2021**

**RURAL ELECTRIFICATION AND
RENEWABLE ENERGY CORPORATION**



**KENYA OFF-GRID SOLAR ACCESS PROJECT
(KOSAP)**

RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

PROJECT CREDIT NUMBER 6135KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

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PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Kenya Off-Grid Solar Access Project

Objective:

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

The project headquarters offices are in Nairobi, Kenya

The address of its registered office is:

Kawi House, Red Cross Road,
P.O Box 34585 – 000100,
Telephone: (254) 2341400, 2710955,
E-mail: info@rea.co.ke,
Website: www.rea.co.ke

1.2 Project Information

| | |
|---------------------|--|
| Project Start Date: | The project start date is 05 September 2017 |
| Project End Date: | The project end date is 30 th June 2023 |
| Project Manager: | The project manager is Edward Gakunju |
| Project Sponsor: | The project sponsor is International Development Association, which will contribute 100% of project costs. |

1.3 Project Overview

| | |
|--------------------------------|--|
| Line Ministry of the project | The project is under the supervision of the Ministry of Energy. |
| Project number | IDA CR. NO. 6135-KE |
| Strategic goals of the project | The strategic goals of the project are as follows: (i) Mini-grids for Community Facilities, Enterprises, and Households (Component 1) (ii) Standalone Solar Systems and Clean Cooking Solutions for Households (Component 2) (iii) Standalone Solar Systems and Solar Water Pumps for Community |

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| | Facilities (Component 3) (iv) Implementation Support and Capacity Building (Component 4) |
|--|--|
| Achievement of strategic goals | The project management aims to achieve the goals through the following means: The implementing agencies (IAs) are the Ministry of Energy (MoE), KPLC, and REREC. Components 1 and 3 is being implemented by KPLC and REREC. Component 2 is implemented by the MoE through a competitively selected consortium of debt and grant facility managers. The MoE will implement Component 4 as well. |
| Other important background information of the project | <p>The proposed project aims to support the GoK's announced objective of reaching all Kenyan consumers with energy services. The project proposes a comprehensive suite of investments to provide modern energy services to households, enterprises, and community facilities, with pragmatic business models to attract private sector investment, sustainable services, know-how, and efficiencies. A substantial TA component is proposed to support a widespread consumer education campaign to inform and engage with citizens, create a new strategic planning and program management (SPPM) unit to coalesce sector planning and NES implementation efforts, and launch an inclusive county capacity building program across various dimensions identified through a needs assessment.</p> <p>The project area is divided into six lots (referred as 'service territories' hereon) based on county allocations derived from scale of challenge (un-electrified population and community facilities), poverty index, and population density¹⁹ to (a) achieve greatest impact with limited IDA resources, (b) deliver services where the need is the largest, (c) consider additional costs due to low population density, and (d) consider principles of equality such that all the counties should benefit in a similar manner (Error! Reference source not found.). Such a division into lots allows economies of scale in the procurement and elicits private sector contractors to be present in these underserved counties over a long term. All the procurements in the proposed project will be carried out according to these lots.</p> |
| Current situation that the project was formed to intervene | The 14 underserved counties collectively represent 72 percent of the country's total land area and 20 percent of the country's population, including historically nomadic societies that even today continue to rely on pastoralism. Their population is highly dispersed, at a density four times lower than the national average. They present profound infrastructure deficits, including lack of access to roads, electricity, water, and social services. There is also significant insecurity in certain areas, giving rise to substantial numbers of displaced persons and livelihood adaptations that further undermine economic prosperity. |
| Project duration | The project started on 5 th September 2017 and is expected to run until 30 th June 2023 |

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.4 Project Information

| | |
|----------------------------|---|
| Project Start Date: | The project start date is 5 th September 2017 |
| Project End Date: | The project end date is 30 th June 2023 |
| Project Manager: | The project manager is Mr. Edward Gakunju |
| Project Sponsor: | The project sponsor is International Development Association, meeting 100% of project costs |

1.5 Project Overview

| | |
|---|---|
| Line Ministry/State Department of the project | The project is under the supervision of the Ministry Of Energy |
| Project number | IDA CREDIT NUMBER 6135KE |
| Strategic goals of the project | The strategic goals of the project are as follows: (i) To connect public facilities in selected areas (ii) To connect households in the selected Islands |
| Achievement of strategic goals | The project management aims to achieve the goals through the following means: The implementing agencies (IAs) are the Ministry of Energy (MoE), KPLC, and REA. Components 1 and 3 is being implemented by KPLC and REREC. Component 2 is implemented by the MoE through a competitively selected consortium of debt and grant facility managers. The MoE will implement Component 4 as well. |
| Other important background information of the project | The proposed project aims to support the GoK's announced objective of reaching all Kenyan consumers with energy services. The project proposes a comprehensive suite of investments to provide modern energy services to households, enterprises, and community facilities, with pragmatic business models to attract private sector investment, sustainable services, know-how, and efficiencies. A substantial TA component is proposed to support a widespread consumer education campaign to inform and engage with citizens, create a new strategic planning and |

| | |
|---|--|
| | <p>program management (SPPM) unit to coalesce sector planning and NES implementation efforts, and launch an inclusive county capacity building program across various dimensions identified through a needs assessment.</p> <p>The project area is divided into six lots (referred as ‘service territories’ hereon) based on county allocations derived from scale of challenge (un-electrified population and community facilities), poverty index, and population density¹⁹ to (a) achieve greatest impact with limited IDA resources, (b) deliver services where the need is the largest, (c) consider additional costs due to low population density, and (d) consider principles of equality such that all the counties should benefit in a similar manner (Error! Reference source not found.). Such a division into lots allows economies of scale in the procurement and elicits private sector contractors to be present in these underserved counties over a long term. All the procurements in the proposed project will be carried out according to these lots.</p> |
| <p>Current situation that the project was formed to intervene</p> | <p>The 14 underserved counties collectively represent 72 percent of the country’s total land area and 20 percent of the country’s population, including historically nomadic societies that even today continue to rely on pastoralism. Their population is highly dispersed, at a density four times lower than the national average. They present profound infrastructure deficits, including lack of access to roads, electricity, water, and social services. There is also significant insecurity in certain areas, giving rise to substantial numbers of displaced persons and livelihood adaptations that further undermine economic prosperity.</p> |
| <p>Project duration</p> | <p>The project started on 5th September 2017 and is expected to run until 30th June 2023</p> |

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.6 Bankers

The Project bank details are as below;

Co-operative Bank,
Mombasa Road Branch,
Account No. 01141125016301
Nairobi.

1.7 Auditors

Auditor-General,
Office of the Auditor-General,
Anniversary Towers, University Way,
P. O. Box 30084-00100,
Nairobi

1.8 Auditors

The project is audited by the:

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P O Box 30084-00100
Nairobi

1.9 Roles and Responsibilities

| Names and contact details | Title designation | Key Qualifications | Responsibilities |
|--|--------------------------|---|---|
| Edward Gakunju 0722244879 egakunju@rea.co.ke | Project Coordinator | Master's Degree in Economic Policy Management | Overall coordination of Project activities Responsibilities <ul style="list-style-type: none"> • Coordinate Project implementation activities as per the work plan • Prepare project implementation reports • Attend project coordination meetings |
| Lucy Kinyanjui 0722842402 lkinyanjui@rea.co.ke | Project Accountant | Bsc Admin(Accounting), C.P.A (K) | <ul style="list-style-type: none"> • Preparation of Financial Reports for the project • Process of project related payments |
| Festus Kasonzo 0722138880 fkasomzo@rea.co.ke | Procurement Specialist | Master's Degree in Procurement and Supplies | <ul style="list-style-type: none"> • Preparation of projects procurement plans • Preparation of bid documents • Coordinate tendering evaluation and award notifications • Coordination of procurement activities of the project |
| Nicholas Muigai 0722269540 nmuigai@rea.co.ke | Project Engineer | Bsc in Electrical Engineering | <ul style="list-style-type: none"> • Review of project designs • Analyse all the Technical aspects of the project |
| World Bank and Government | | | <ul style="list-style-type: none"> • Project sponsors. • Review and approving the projects withdrawal applications, expenditure justifications, no objection requests, annual work plan and budget, expenditure category reallocation |

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| | | | |
|-----------------------------------|--|--|--|
| | | | <ul style="list-style-type: none"> request. Participating in implementation support missions. |
| The Ministry Of Energy | | | <ul style="list-style-type: none"> Ensures Project's budget is captured in its development Projects Disburse the government counterpart funding. Review and track the Project's annual work plan and budget against the set targets and makes the approvals. Oversee the execution of the project coordinating team. |
| The Office Of The Auditor General | | | <ul style="list-style-type: none"> Mandated to audit all national government entities, which include government development projects and present these statutory financial statements to the Parliament. Facilitate submission of the audited report to the project's sponsors by 30th December each year. |

1.10 Funding summary

The Project is for duration of Six (6) years from 2017 to June 2023 with an approved budget of Euros 28M equivalent to Kshs 3,500,000,000 as highlighted in the table below:

INFORMATION AND OVERALL PERFORMANCE (Continued)

Below is the funding summary:

A. Source of Funds

| Source of funds | Donor Commitment | | Amount received to date (30.06.2021) | | Undrawn balance to date (30.06.2021) | |
|---|-------------------|----------------------|---|--------------------|---|----------------------|
| | <i>EURO</i> | <i>Kshs</i> | <i>EURO</i> | <i>Kshs</i> | <i>EURO</i> | <i>Kshs</i> |
| | (A) | (A') | (B) | (B') | (A)-(B) | (A')-(B') |
| (i) Grant | | | | | | |
| International Development Association-IDA | - | - | - | - | - | - |
| (ii) Loan | | | | | | |
| International Development Association-IDA | 28,000,000 | 3,500,000,000 | 870,000 | 110,868,972 | 27,130,000 | 3,389,131,028 |
| (iii) Counterpart Funds-GOK | - | - | - | - | - | - |
| Total | 28,000,000 | 3,500,000,000 | 870,000 | 110,868,972 | 27,130,000 | 3,389,131,028 |

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PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

| Application of funds | Amount received to date – (30 th June 2021) | | Cumulative Amount paid to date – (30 th June 2021) | Unutilised balance to date (June 2021) | | |
|---|---|--------------------|--|---|---------------------------|-------------|
| | <i>Donor currency</i> | <i>Kshs</i> | | <i>Kshs</i> | <i>Donor currency</i> | <i>Kshs</i> |
| | (A) | (A') | | (B') | (A)-(B) | (A')-(B') |
| (i) Grant | | | | | | |
| International Development Association-IDA | | | | | | |
| 1) Loan | | | | | | |
| International Development Association-IDA | 870,000 | 110,868,972 | - | 870,000 | 110,868,972 | |
| 2) Counterpart funds | | | | | | |
| Government of Kenya | | | | | - | |
| Total | 870,000 | 110,868,972 | - | 870,000 | 110,868,972 | |

1.10 PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

Summary of Overall Project Performance:

- i) Budget performance against actual amounts for current year and for cumulative to-date,
- ii) Physical progress based on outputs, outcomes and impacts since project commencement,
- iii) Comment on value-for-money achievements,
- iv) Indicate the absorption rate for each year since the commencement of the project.
- v) List the implementation challenges and recommended way forward.

1.10.1 Budget performance against actual amounts for current year and for cumulative to-date,

During the year under review, the project received Kshs. 110,868,972 against a final budget of Kshs. 150,000,000 and incurred a Nil expenditure, against a budget of Kshs 150,000,000 resulting to underutilization of Kshs 150,000,000 or 100%. The projects' cumulative receipts and payments are Kshs 110,868,972 and Kshs Nil respectively.

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

The project is ending on 30 June 2023. Activities in component 4 are under way. This are preparatory activities for component 1, and 3. As highlighted below per components;

1.10.2.1 Mini-grids for Community facilities, Enterprises, and Households

Mini-grids for Community Facilities, Enterprises, and Households is being implemented by Kenya Power & Lighting Company (KPLC) and Rural Electrification and Renewable Energy Corporation (REREC): This component finances procurement of construction, operation and maintenance of mini-grids. A total of 157 mini grids will be implemented in the 14 underserved counties. The mini grids will serve 75-1,835 prospective users, with approximate total demand of 20-340kW. This component comprises two packages with eight lots under KPLC and five lots with two packages under REREC for Supply and Installation, and 6- 7 years Operation and Maintenance (O&M) of mini-grids, with possible renewal of O&M contract period by the client.

Key Achievements

REREC and KPLC finalized the bidding documents for the Mini Grids and submitted them to the Bank for review. The Bank has since cleared the documents for the technical and procurement aspects. However, the Bank informed REREC and KPLC of a new requirement for the bid documents to include information on the Environment and Social Management Plan (ESMP) and pricing

schedules for costing by bidders. This requires that the Environmental and Social Impact Assessment (ESIA) be completed before this information is available for inclusion in the bidding documents. In the meantime, KPLC and REREC have submitted ESIA reports for 10 Mini-grid sites, including the ESMP's to the World Bank for approval.

A second set of comments was received from the Bank. KPLC and REREC are currently reviewing the reports to incorporate the comments. Once the ESMP is approved, it will be included in the bidding documents and both KPLC and REREC will proceed to advertise for the bids.

Community Engagements Exercise in support of Land Acquisition has been completed in 9 (Mandera, Narok, Kilifi, Lamu, Kwale, Samburu Turkana, Wajir and Garissa) out of the 12 Counties.

Environmental and Social Impact Assessment Consultant-Norken and Centric Africa Ltd has been on-boarded and will be undertaking the ESIA studies for all the mini-grid sites. The consultant has since submitted the Inception report, which has been reviewed and consolidated comments sent back to the consultant

1.10.2.2 A Stand-alone solar system for community facilities

Standalone Solar Systems and Solar Water Pumps for Community Facilities to be implemented by KPLC and REREC. This component has two subcomponents: Sub-component **3A**- Standalone Solar Systems for Community Facilities which will be implemented as one package with 11 lots and Sub-component **3B**- Solar Water Pumps for Community Facilities

Key Achievements

- The ministry had requested Bank to allow transfer procurement to REREC and KPLC CER. The two procurements have been transferred to REREC and KPLC to proceed to expedite.
- The Bidding documents for 117 boreholes in 4 Counties of Mandera, Wajir, Garrissa and Lamu were prepared and advertised and evaluation process completed pending internal approvals before award.

1.10.3 Comment on value-for-money achievements

Major consultancies have been concluded in the preparatory stage. Bidding documents have been delivered therefore publishing of the documents will set stage for implementing component 1. Component 2 his ongoing and disbursement of funds to the Solar Service Providers and Clean Cooking Stove Service Providers is in progress. Component 3 it is still at the preparatory stage. Activities in component 4 are underway and are facilitating components 1,2 and 3. Measures are in place to ensure that value for money is achieved. This is through projects monitoring and evaluation strategy adopted by the Project Coordinating Unit (PCU).

1.10.4 Indicate the absorption rate for each year since the commencement of the project.

The absorption rate for the year under review was 73% against the allocated budget of Kshs. 150,000,000.

1.10.5 List the implementation challenges and recommended way forward.

- 1) Delay in land identification exercise due to the travel and health restrictions arising from COVID 19. Land identification exercise has since resumed. Community Engagement meetings in support of land identification are being held adhering to the health protocols issued by the Ministry of Health.
- 2) Failure of the Bank's E&S experts in advising the project appropriately and in a timely manner on acceptable method of land acquisition for unregistered community land as majority of the Mini-grid sites under KOSAP fall under this category. This has resulted in delays in bidding for the Mini-grids
- 3) Lack of clarity on the applicability of voluntary land donation criteria to the KOSAP context especially on unregistered community Land. The Ministry of Lands and Physical Planning has however given direction on how KOSAP should proceed with land acquisition on unregistered community land which should be restricted to areas set aside for public purposes and consider acquiring resources for areas where public land may not be available.
- 4) Insecurity in some areas may affect the construction and installation phase of the project; Project has developed a draft Security Plan that was submitted to the Bank. No feedback had been received by the end of the quarter.
- 5) Availability of staff in procurement documentation and evaluations: Since the Project relies on staff from the implementing entities, who are only partially available given their main organizational function line duties, there has been delays in undertaking procurement related activities.

- 6) Delays in advertising of the bids for the mini grids occasioned by a new requirement by the Bank for the bid documents to include information on the Environment and Social Management Plan (ESMP) for costing by bidders. This requires that the Environment and Social Impact Assessment (ESIA) be completed before this information is available for inclusion in the bidding documents.
- 7) Poor performance of the Debt Facility. To date the debt facility has only contracted one SSP for a loan worth \$50,000. The KFM has drafted a proposal on how this can be remedied through restructuring of the debt facility. This proposal was reviewed by the Ministry and is currently under review by the Bank.

1.11 Summary of Project Compliance:

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

1. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

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

The key Development Objective of the project's 2018-2023 plan is to increase access to modern energy services in underserved counties of Kenya. This shall be achieved through the following: -

- i. Mini-grids for Community Facilities, Enterprises, and Households
- ii. Stand-alone Solar Systems and Clean Cooking Solutions for Households
- iii. Stand-alone Solar Systems and Solar Water Pumps for Community Facilities

Project Beneficiaries

The project beneficiaries are households, enterprises, and community and public facilities located in the 14 target counties. These beneficiaries will receive modern and climate-friendly infrastructure services such as electricity, improved water, and cooking solutions for the first time and replace consumption of alternative fuels and unimproved options.

The beneficiaries are located in counties deemed marginalized by the CRA and consist primarily of the relatively cash-poor, remote, indigenous, and pastoralist population. Many of these areas have also experienced significant security disruptions in recent years. Therefore, provision of infrastructure facilities, energy and water, could have a profound impact on these communities.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

| Objective | Indicator | Performance |
|--|--|--------------------|
| Mini-grids for Community Facilities, Enterprises, and Households | No. of people provided with new or improved electricity service | On going |
| | No. of enterprises provided with new or improved electricity service | On going |
| | No. of enterprises provided with new or improved electricity service, of which headed by women | On going |
| Stand-alone Solar Systems and Clean Cooking Solutions for Households | Households provided with new or improved electricity service | On going |
| | Households provided with new or improved electricity service, of which headed by women | On going |
| Stand-alone Solar Systems and Solar Water Pumps for Community Facilities | Community facilities provided with new or improved electricity service | On going |

2. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Project exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The Corporation is committed to promoting sustainable environmental management and utilization of natural resources to generate socio- economic benefits. Measures were put in place in 2019/20 to ensure sustainable energy resource management. Among them include: Implementation of the Energy Act 2019 through development and review of various regulations (in draft form) that guides on sustainable utilization of the energy resources; Formulation of the Kenya Energy Efficiency and Conservation Strategy and Bio-energy strategy (which aims at promote the development and utilization of bio-energy resources in Kenya in a sustainable manner) both of which are at draft stage; among others. Other strategies put in place included protection of riparian land and reforestation of hydro dam catchment areas through direct involvement and also supply of seedlings to the communities living in project areas.

2. Environmental performance

- a. The proposed project was screened by World Bank and assigned an Environmental Category B Partial Assessment, on the assumption that no major civil works will be funded and no major physical or economic displacement will take place. Four safeguard policies have been triggered for the project. They include (a) OP/BP 4.01 (Environmental Assessment); (b) OP/BP 4.04 (Natural Habitats); (c) OP/BP 4.10, (Indigenous Peoples); and (d) OP/BP 4.12 (Involuntary Resettlement).
- b. The World Bank operational policy on Environmental Assessment (OP/BP 4.01) has been triggered, due to the implementation of the activities outlined under Components 1–3. The main potential environmental impacts anticipated for the project are (a) civil works that would be limited to construction of the mini-grids in remote areas (Component 1), installation of stand-alone systems for households (Component 2), installation of solar PV for water pumping (Component 3), and construction of distribution lines to connect new customers and (b) environmental, health, and safety concerns are likely to be associated with recycling and disposal of spent batteries at the end of their useful lives, which is usually 3–5 years after deployment. Rechargeable batteries for storing solar energy may run on nickel-cadmium (Ni-Cad), nickel metal hydride (NiMH), lithium-ion (Li-ion), lead-acid (Pb-A), or lead-gel (Pb-gel). These batteries should not be disposed in standard landfills because

they can create long-lasting environmental and human health impacts (for example, headaches, abdominal discomfort, seizures and comas, cancers, irritation of skin and respiratory system, burns and damage to skin and eyes, and corrosion) due largely to the heavy metals such as mercury, lead, cadmium, and nickel and acids. The entire management processes including de-manufacturing, collection, storage, recycling, transport, and disposal may present a challenge to this project and, given the scope of this World Bank operation, could result in environmental and social risks and impacts, although these impacts are reversible and localized and can be easily and cost-effectively mitigated.

- c. The operational policy on Natural Habitats (OP/BP 4.04) has been triggered, on the assumptions that the project activities under Components 1 and 3 are likely to affect the natural habitats through erection of poles, construction of the mini-grids, and the installation of the solar water pumping equipment.

3. Employee welfare

The policies that guides the Corporation on recruitment includes: PSC Recruitment and Selection Policy; Delegation of PSC HRM Functions to the Cabinet Secretary, July,2018; Framework for Short Term Employment in the Public Service, May,2019; and Human Resources Policies and Procedure Manual for the Public Service, May,2016. This enabled the Corporation to promote common cadre under the delegated powers as guided by the policy taking into consideration gender and regional balance.

For skill improvements and career progression the Corporation is guided by Human Resource Development Policy for the Public Service, June, 2015 and Guidelines on Managing Training in the Public Service. This enabled the Corporation to conducts individual trainings programmes required for career progression/promotion and those required in the Schemes of Service for various cadres and also group trainings for various cadres.

The Corporation ensured that all staffs were put on Performance Appraisal System (PAS) as guided by guidelines for Implementation of Performance Rewards and Sanctions in the Public Service and also Performance Rewards and Sanctions framework.

The Corporation has developed its own Occupational Safety and Health Policy with reference to made Occupational Safety and Health, ACT of 2007. A Corporation Committee on Occupational Safety and Health is in place which ensures adherence to OSHA and safety and security of the staff and Corporation properties.

4. Market place practices

a) **Responsible competition practice.** (Strict adherence to Annex IV of World Bank Regulations on Banks Anti-corruption guidelines)

b) **Responsible Supply chain and supplier relations-** Procurement undertaken in compliance with WB Procurement Regulations as per Section 3.7 of the regulations are as follows;

a. Provide timely and sufficient information to Bidders/Proposers/Consultants, including through the Notification of Intention to Award and debriefing, so that Bidders/Proposers/Consultants can both understand the basis for the Borrower's decision and make an informed decision on whether to lodge a Complaint challenging that decision.

b. Promptly acknowledge Complaints received;

c. Resolve Complaints promptly and fairly; d. Preserve the confidentiality and proprietary information of other Applicants/ Bidders/Proposers/Consultants, including commercial and financial information and trade secrets as requested by the Bidders/Proposers/Consultants in their Bids/Proposals;

d. Maintain complete records of all debriefings and Complaints and their resolution;

e. For contracts subject to prior review, inform the Bank promptly of any Complaint submitted and provide the Bank a copy of all relevant documents and information; and

f. For contracts subject to prior review, The Client consult with the Bank promptly and forthrightly throughout the Complaint review and resolution process.

c) **Responsible marketing and advertisement-:** Ensuring suppliers are given sufficient time to respond. Provide extensions in even of clarifications lead to substantial changes to bidding documents

d) **Product stewardship-;** we have to ensure adherence to NEMA in project implementation is undertaken and well as pursuing "green procurement "to ensure that suppliers who value the environment are encouraged.

5. Community Engagements

The Corporation has been carried out the following measures to enhance acceptance of the projects by the communities around the project area; The Ministry and its Agencies put in place mechanism for engagement of the people during project implementation. Among them includes operationalization of Stakeholders Coordination Committees and rolling out of community engagement strategy and policy.

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In addition the Corporation continued to ensure that local communities were considered for jobs during the implementation of the energy projects. Local communities were also involved during land acquisition.

3. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Executive Officer, Rural Electrification and Renewable Energy Corporation and the Project Manager, are responsible for preparing the project's financial statements, which give a true and fair view of the state of affairs of the project as at the end of the accounting period. This responsibility includes: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements, whether due to fraud or error; safeguarding the assets of the Project; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

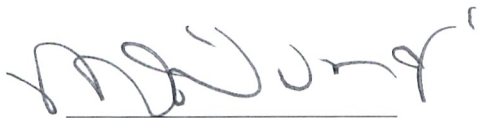
The Chief Executive Officer and the Project Manager for KOSAP project accept responsibility for the project's financial statements, which have been prepared on the Cash Basis method of Financial Reporting, using appropriate accounting policies in accordance with the International Public Sector Accounting Standards (IPSAS).

The Chief Executive Officer and the Project Manager for KOSAP project are of the opinion that the financial statements give a true and fair view of the state of the project financial position as at June 30, 2021. The Chief Executive Officer and the Project Manager KOSAP project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon on the preparation of the Financial Statements as well as on the adequacy of the internal control systems.

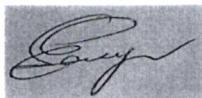
The Chief Executive Officer and the Project Manager for KOSAP project confirm that the Project has complied fully applicable Government Regulations the terms of the Financing Covenants and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Chief Executive Officer and the Project Manager for KOSAP on 20/9/21 2021 and signed by them.



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Edward Gakunju



Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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, 2021 - RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

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, gazetted 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 control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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 39, which comprise of the statement of financial assets as at 30 June, 2021, statement of receipts and payments, statement of cash flows and the statement of comparative 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 Kenya Off-Grid Solar Access Project for Underserved Counties as at 30 June, 2021, 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 Kenya Off-Grid Solar Access Project for Underserved Counties Project 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 Information

The Project Management are responsible for the other information, which comprises (the statement of performance against project's predetermined objective, statement of corporate social responsibility/sustainability reporting and the statement of project management's 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.

Other Matter

Project Performance

The Project Financing Agreement and the supporting documentation indicated that Kenya Off-Grid Solar Access Project for the underserved counties had a total funding of Kshs.3,500,000,000 and was to be implemented within 5 years from July, 2017 to 30 June, 2022. As at the end of the financial year 2020/2021, the total amount drawn under the financing agreement was Kshs.110,868,972 but the amount remained unspent with no expenditure incurred on the project during the financial year. The amount drawn up to 30 June, 2021 represents 3.17% of the total funds committed for the project under the financing agreement while the project timeline was forty six months out of seventy months representing sixty six (66%) of the total time.

Further, the Management did not provide an approved work plan for audit review. In the circumstance, it was not possible to ascertain/determine the project performance against the work plan.

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 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

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 financial reporting process, reviewing the effectiveness of how the Project 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

22 December, 2021

**Kenya Off-grid Solar Access Project
Reports and Financial Statements
For the financial year ended June 30, 2021**

5. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

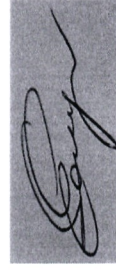
| | Note | 2020-2021 | | 2019-2020 | | Cumulative to date |
|---|------|--|--|---|--|--------------------|
| | | Receipts and payments controlled by the entity Kshs | Payments made by third parties Kshs | Receipts and payment controlled by the entity Kshs | Payments made by third parties Kshs | |
| RECEIPTS | | | | | | |
| Transfer from Government entities | 1 | | | | | |
| Proceeds from domestic and foreign grants | 2 | | | | | |
| Loan from external development partners | 3 | 110,868,972 | - | 110,868,972 | - | 110,868,972 |
| Miscellaneous receipts | 4 | | | | | |
| Total receipts | | 110,868,972 | - | 110,868,972 | - | 110,868,972 |
| PAYMENTS | | | | | | |
| Compensation of employees | 5 | | | | | |
| Purchase of goods and services | 6 | | | | | |
| Social security benefits | 7 | | | | | |
| Acquisition of non-financial assets | 8 | | | | | |
| Transfers to other government entities | 9 | | | | | |
| Other grants and transfers and payments | 10 | | | | | |
| TOTAL PAYMENTS | | - | - | - | - | - |
| SURPLUS/DEFICIT FOR THE YEAR | | 110,868,972 | - | 110,868,972 | - | 110,868,972 |

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



Chief Executive Officer

CPA Peter Mbugua



Project Manager

Edward Gakunju



Project Accountant

CPA Lucy Kinyanjui
ICPAK 4862

*Kenya Off-grid Solar Access Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

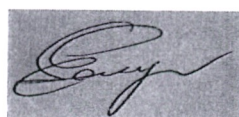
6. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021

| | Note | 2020-2021 Kshs | 2019-2020 Kshs |
|---|-------|--------------------|-------------------|
| Cash and Cash Equivalents | | | |
| Bank Balances | 11..A | 110,868,972 | - |
| Cash Balances | 11.B | - | - |
| Cash Equivalents (short-term deposits) | 11.C | - | - |
| Total Cash and Cash Equivalents | | 110,868,972 | - |
| Accounts receivables – Imprest and Advances | 12 | - | - |
| TOTAL FINANCIAL ASSETS | | 110,868,972 | - |
| FINANCIAL LIABILITIES | | | |
| Payables- Deposits and Retentions | 13 | - | - |
| REPRESENTED BY: | | | |
| Fund Balance b/fwd | 14 | - | - |
| Prior year adjustments | 15 | - | - |
| Surplus/Deficit for the year | | 110,868,972 | - |
| NET FINANCIAL POSITION | | 110,868,972 | - |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 20/9/2021 2021 and signed by:



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Edward Gakunju



Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

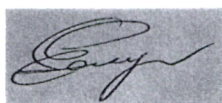
7. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021

| | Note | 2020-2021 Kshs | 2019-2020 Kshs |
|--|------|-------------------|-------------------|
| CASHFLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from operating income | | | |
| Transfer from Government entities | 1 | - | - |
| Proceeds from domestic and foreign grants | 2 | - | - |
| Miscellaneous Receipts | 4 | - | - |
| Payments from operating expenses | | | |
| Compensation of employees | 5 | | |
| Purchase of goods and services | 6 | | |
| Social security benefits | 7 | - | - |
| Transfers to other government entities | 9 | | |
| Other grants and transfers and payments | 10 | - | - |
| Adjustments during the year | | | |
| Prior Year Adjustments | 15 | | |
| Decrease/(Increase) in Accounts receivable: (outstanding imprest) | 16 | - | - |
| Increase/(Decrease) in Accounts Payable: (deposits and retention) | 17 | - | - |
| Net cash flow from operating activities | | - | - |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Net cash flows from Investing Activities | | | |
| Acquisition of Assets | 8 | - | - |
| Net cash flows from Investing Activities | | - | - |
| CASHFLOW FROM BORROWING ACTIVITIES | | | |
| Proceeds from Foreign Borrowings | 3 | 110,868,972 | - |
| Net cash flow from financing activities | | 110,868,972 | - |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | 110,868,972 | - |
| Cash and cash equivalent at BEGINNING of the year | | - | - |
| Cash and cash equivalent at END of the year | | 110,868,972 | - |

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 20/9/2021 2021 and signed by:



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Edward Gakunju



Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

*Kenya Off-grid Solar Access Project
Reports and Financial Statements
For the financial year ended June 30, 2021*

8. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

| Receipts/Payments Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|---|--------------------|--------------------|--------------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=d-c | f=d/c % |
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Receipts | | | | | | |
| Transfer from Government entities - REA | - | - | - | - | - | - |
| Proceeds from domestic and foreign grants | - | - | - | - | - | - |
| Proceeds from borrowings | 700,000,000 | 550,000,000 | 150,000,000 | 110,868,972.00 | 39,131,028 | 74 |
| Miscellaneous receipts | - | - | - | - | - | - |
| Total Receipts | 700,000,000 | | 150,000,000 | 110,868,972 | 39,131,028 | |
| Payments | | | | | | |
| Acquisition of non-financial assets | 700,000,000 | 550,000,000 | 150,000,000 | - | 150,000,000 | - |
| Transfers to other government entities | - | - | - | - | - | - |
| Other grants and transfers | - | - | - | - | - | - |
| Other payments | - | - | - | - | - | - |
| Total Payments | 700,000,000 | 550,000,000 | 150,000,000 | - | 150,000,000 | 100 |

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



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Edward Gakunju



Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

9. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.2 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.

10.3 Reporting entity

The financial statements are for the Project KOSAP under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.3.1 Reporting currency

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

10.4 Significant Accounting Policies

a) Recognition of receipts

The Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

b) 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.

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

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

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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.

h) Accounts receivable

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.

Significant Accounting Policies (Continued)

i)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.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

j) Contingent Assets

The Entity 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 Entity 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)

k) Pending bills

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

l) Budget

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

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

m) Third party payments

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

During the year Kshs Nil being loan disbursements were received in form of direct payments from third parties.

Significant Accounting Policies (Continued)

n) Exchange rate differences

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

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2021.

q) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

10. NOTES TO THE FINANCIAL STATEMENTS

1. RECEIPTS FROM GOVERNMENT OF KENYA

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

| | 2020/21 | 2019/20 | Cumulative to-date(from inception) |
|---|----------|----------|------------------------------------|
| | KShs | KShs | |
| <i>Counterpart funding through Ministry xxx</i> | | | |
| Counterpart funds Quarter 1 | - | - | - |
| Counterpart funds Quarter 2 | - | - | - |
| Counterpart funds Quarter 3 | - | - | - |
| Counterpart funds Quarter 4 | - | - | - |
| Total (See Annex 2) | = | = | = |
| <i>Other transfers from government entities</i> | | - | - |
| Ministry xx | - | - | - |
| Ministry xy | - | - | - |
| Project zxy | - | - | - |
| Agency xz | - | = | = |
| | = | - | - |
| Appropriations-in-Aid | - | - | - |
| Total | - | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 20xx we received grants from donors as detailed in the table below:

| Name of Donor | Date received | Amount received in donor currency | Grants received in cash | Grants received as direct payment* | Grants received in kind | Total amount in KShs | |
|---|---------------|-----------------------------------|-------------------------|------------------------------------|-------------------------|----------------------|---------|
| | | | | | | 2020/21 | 2019/20 |
| | | | KShs | KShs | KShs | KShs | KShs |
| Grants Received from Bilateral Donors (Foreign Governments) | | | - | - | - | - | - |
| Insert name of foreign Government | | | - | - | - | - | - |
| Grants Received from Multilateral Donors (International Organisations) | | | | | - | - | - |
| International Development Association (IDA) | | | - | - | - | - | - |
| Grants Received from Local Individuals and organisations | | | - | - | - | - | - |
| Insert name of individual or local organization | | | - | - | - | - | - |
| Total | | - | - | - | - | - | - |

* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that the adequate documents and support document is requested from the donors to support this grant.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2021 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

| Name of Donor | Date received | Amount in loan currency | Loans received in cash | Loans received as direct payment* | Total amount in Kshs | |
|---|---------------|-------------------------|------------------------|-----------------------------------|----------------------|------------|
| | | | | | FY 2020/21 | FY 2019/20 |
| | | Euro | Kshs | Kshs | Kshs | Kshs |
| Loans Received from Bilateral Donors (Foreign Governments) | | | | | | |
| Loans Received from Multilateral Donors (International Organisations) | | | | | | |
| International Development Association (IDA) | | | | | | - |
| Through MOE | | 870,000 | 110,868,972 | - | 110,868,972 | - |
| Total | | 870,000 | 110,868,972 | - | 110,868,972 | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. MISCELLANEOUS RECEIPTS

| | 2020/21 | | | 2019/20 | Cumulative to- date |
|---|---|--------------------------------------|----------------|---------|---------------------|
| | Receipts controlled by the entity in Cash | Receipts controlled by third parties | Total Receipts | | (from inception) |
| | KShs | KShs | KShs | KShs | KShs |
| Property income | - | - | - | - | - |
| Sales of goods and services | - | - | - | - | - |
| Administrative fees and charges | - | - | - | - | - |
| Fines, penalties and forfeitures | - | - | - | - | - |
| Voluntary transfers other than grants | - | - | - | - | - |
| Other receipts not classified elsewhere | - | - | - | - | - |
| | - | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. COMPENSATION OF EMPLOYEES

| | 2020/21 | | | 2019/20 | Cumulative to-date |
|---|--|-----------------------------------|-------------------|----------|-----------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | | |
| | KShs | KShs | KShs | KShs | KShs |
| Basic salaries of permanent employees | - | - | - | - | - |
| Basic wages of temporary employees | - | - | - | - | - |
| Personal allowances paid as reimbursements | - | - | - | - | - |
| Pension and other social security contributions | - | - | - | - | - |
| Compulsory national social security schemes | - | - | - | - | - |
| Compulsory national health insurance schemes | - | - | - | - | - |
| Social benefit schemes outside government | - | - | - | - | - |
| Other personnel payments | - | - | - | - | - |
| Total | - | - | - | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PURCHASE OF GOODS AND SERVICES

| | 2020/21 | | | 2019/20 | Cumulative to- date |
|--|-------------------------------------|--------------------------------|----------------|---------|---------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | | |
| | KShs | KShs | KShs | KShs | KShs |
| Utilities, supplies and services | - | - | - | - | - |
| Communication, supplies and services | - | - | - | - | - |
| Domestic travel and subsistence | - | - | - | - | - |
| Foreign travel and subsistence | - | - | - | - | - |
| Printing, advertising and – information supplies & services | - | - | - | - | - |
| Rentals of produced assets | - | - | - | - | - |
| Training payments | - | - | - | - | - |
| Hospitality supplies and services | - | - | - | - | - |
| Insurance costs | - | - | - | - | - |
| Specialised materials and services | - | - | - | - | - |
| Other operating payments | - | - | - | - | - |
| Routine maintenance – vehicles and other transport equipment | - | - | - | - | - |
| Routine maintenance- – other assets | - | - | - | - | - |
| Exchange rate losses/gains (net) | - | - | - | - | - |
| Total | - | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. SOCIAL SECURITY BENEFITS

| | 2020/21 | | | 2019/20 | Cumulative to- date KShs |
|--|--|---|-------------------|-------------------|--------------------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | Total Payments | |
| | KShs | KShs | KShs | KShs | |
| Government pension and retirement benefits | - | - | - | - | - |
| Social security benefits in cash and in kind | - | - | - | - | - |
| Employer social benefits in cash and in kind | - | - | - | - | - |
| Total | = | = | = | = | = |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF NON-FINANCIAL ASSETS

| | 2020/2021 | 2019/2020 | Cumulative to date |
|-----------------------------------|-----------|-----------|--------------------|
| | Kshs | Kshs | Kshs |
| Construction/consultancy/Training | - | - | - |
| | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2021, we transferred funds to reporting government entities as shown below:

| | 2020/21 | | | 2019/20 | Cumulative to-date |
|--|-------------------------------------|--------------------------------|----------------|----------------|--------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total Payments | Total Payments | |
| | KShs | KShs | KShs | KShs | KShs |
| Transfers to National Government entities | | | | | |
| Ministry | - | - | - | - | - |
| Project | - | - | - | - | - |
| | - | - | - | - | - |
| Transfers to County Governments | | | | | |
| County | - | - | - | - | - |
| County | - | - | - | - | - |
| | - | - | - | - | - |
| TOTAL | = | = | = | = | = |

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

| | 2020/2021 | | 2019/2020 | Cumulative to date |
|--------------|--|--------------------------------|---|--------------------|
| | Receipts and payments controlled by the entity | Payments made by third parties | Receipts and payment controlled by the entity | |
| | Kshs | | Kshs | Kshs |
| Bank Charges | - | - | | |
| Total | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. CASH AND CASH EQUIVALENTS

| | 2020-2021 | 2019-2020 |
|---|---------------------------|------------------|
| | Kshs | Kshs |
| Local Currency Accounts | | |
| Bank accounts (Note 11A) | 110,868,972 | - |
| Cash in hand (Note 11B) | - | - |
| Cash equivalents (short-term deposits) (Note 11C) | - | - |
| Total | <u>110,868,972</u> | <u>-</u> |

The project has one project account spread within the project implementation area and one foreign currency designated accounts managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

| | 2020/21 | 2019/20 |
|---|---------------------------|-----------------|
| | KShs | KShs |
| Local Currency Accounts | | |
| Co-operative Bank of Kenya [A/c No01141125016301] | 110,868,972 | - |
| Total local currency balances | <u>110,868,972</u> | <u>-</u> |

Special Deposit Accounts

The project component under REREC doesn't have a special deposit account. The whole project is supervised by the Ministry Of Energy and the Special Account is domiciled under the Ministry and accounting and reconciliations for this account is done at the ministry.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 B Cash In Hand

| | 2020/21 | 2019/20 |
|------------------------------------|----------|----------|
| | KShs | KShs |
| Location 1 | - | - |
| Location 2 | - | - |
| Location 3 | - | - |
| Other locations (<i>specify</i>) | - | - |
| Total cash balances | = | = |

[Provide a cash count certificate for each location above]

11 C Cash equivalents (short-term deposits)

| | 2020/21 | 2019/20 |
|--|----------|----------|
| | KShs | KShs |
| Kenya Commercial Bank [A/C No.....] | - | - |
| Co-Operative Bank of Kenya [A/C No.....] | - | - |
| Others (<i>Specify</i>) | - | - |
| Total | - | - |

[Provide short appropriate explanations as necessary]

12. ACCOUNTS RECEIVABLES

| <i>Description</i> | 2020-2021 | 2019-2020 |
|---------------------|-----------|-----------|
| | Kshs | Kshs |
| Government Imprests | - | - |
| Salary advances | - | - |
| Total | - | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12B: BREAKDOWN OF IMPRESTS AND ADVANCES

| <i>Name of Officer or Institution</i> | <i>Amount Taken</i> | <i>Due Date of Surrender</i> | <i>Amount Surrendered</i> | <i>Balance 2021</i> | <i>Balance 2020</i> |
|---------------------------------------|---------------------|------------------------------|---------------------------|---------------------|---------------------|
| <i>Officer 1</i> | - | - | - | - | - |
| <i>Xx institution</i> | - | - | - | - | - |
| <i>Officer 2</i> | - | - | - | - | - |
| <i>Officer 3</i> | - | - | - | - | - |
| <i>Officer 4</i> | = | = | = | = | = |
| <i>Officer 5</i> | - | - | - | - | - |
| <i>Programme 1</i> | - | - | - | - | - |
| Total | - | - | - | - | - |

13. ACCOUNTS PAYABLES

| Description | 2020-2021 | 2019-2020 |
|--------------------|------------------|------------------|
| | Kshs | Kshs |
| Retention | - | - |
| Deposits | - | - |
| Total | - | - |

14. FUND BALANCE BROUGHT FORWARD

| | 2020/21 | 2019/20 |
|--|----------------|----------------|
| | KShs | KShs |
| Bank accounts | - | - |
| Cash in hand | - | - |
| Cash equivalents (short-term deposits) | - | - |
| Outstanding imprests and advances | - | - |
| Total | - | - |

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15. PRIOR YEAR ADJUSTMENT

| | Balance b/f FY 2019/2020 as per Financial statements | Adjustments | Adjusted Balance b/f FY 2019/2020 |
|---------------------------|--|-------------|---|
| Description of the error | Kshs | Kshs | Kshs |
| Bank account Balances | - | - | - |
| Cash in hand | - | - | - |
| Accounts Payables | - | - | - |
| Receivables | - | - | - |
| Others (<i>specify</i>) | = | = | = |
| Total | - | - | - |

16. CHANGES IN RECEIVABLE

| Description of the error | 2020-2021 | 2019-2020 |
|--|-----------|-----------|
| | KShs | KShs |
| Opening Receivables as at 1 st July 20xx | - | - |
| Closing account receivables as at 30 th June 20xx | - | - |
| Change in Receivables | - | - |

17. CHANGES IN ACCOUNTS PAYABLE

| Description of the error | 2020-2021 | 2019-2020 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Deposit and Retentions as at 1 st July 20xx | - | - |
| Closing accounts payables as at 30 th June 20xx | - | - |
| Change in payables | - | - |

11. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

| | Balance b/f FY 2019/2020 | Additions for the period | Paid during the year | Balance c/f FY 2020/2021 |
|--------------------------------|-----------------------------|-----------------------------|-------------------------|-----------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Construction of buildings | - | - | - | - |
| Construction of civil works | - | - | - | - |
| Supply of goods | - | - | - | - |
| Supply of services | - | - | - | - |
| Total | - | - | - | - |

2. PENDING STAFF PAYABLES (See Annex 3B)

| | Balance b/f FY 2019/2020 | Additions for the period | Paid during the year | Balance c/f FY 2020/2021 |
|-----------------------|-----------------------------|-----------------------------|-------------------------|-----------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Senior management | - | - | - | - |
| Middle management | - | - | - | - |
| Unionisable employees | - | - | - | - |
| Others | - | - | - | - |
| Total | - | - | - | - |

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OTHER IMPORTANT DISCLOSURES (Continued)

3. OTHER PENDING PAYABLES (See Annex 3C)

| | Balance b/fFY 2020/2021 | Additions for the period | Paid during the year | Balance c/fFY 2020/2021 |
|---|----------------------------|-----------------------------|-------------------------|----------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Amounts due to National Government entities | - | - | - | - |
| Amounts due to County Government entities | - | - | - | - |
| Amounts due to third parties | - | - | - | - |
| Total | - | - | - | - |

4. EXTERNAL ASSISTANCE

| | FY 2020/2021 | FY 2019/2020 |
|---|--------------------|--------------|
| Description | Kshs | Kshs |
| External assistance received as grants | - | - |
| External assistance received as loans | 110,868,972 | - |
| External assistance received in kind- as payment by third parties | - | - |
| Total | 110,868,972 | - |

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OTHER IMPORTANT DISCLOSURES (Continued)

a). External assistance relating loans and grants

| | FY 2020/2021 | FY 2019/2020 |
|--|--------------------|--------------|
| Description | Kshs | Kshs |
| External assistance received as loans | 110,868,972 | - |
| External assistance received as grants | - | - |
| Total | 110,868,972 | - |

b) Undrawn external assistance

| | Purpose for which the undrawn external assistance may be used | FY 2020/2021 | FY 2019/2020 |
|--------------------------------------|---|----------------------|----------------------|
| Description | | Kshs | Kshs |
| Undrawn external assistance - loans | Construction | 3,389,131,028 | 3,500,000,000 |
| Undrawn external assistance - grants | | | |
| Total | | 3,389,131,028 | 3,500,000,000 |

c) classes of providers of external assistance

| | FY 2020/2021 | FY 2019/2020 |
|---------------------------------------|--------------------|--------------|
| Description | Kshs | Kshs |
| Multilateral donors | - | - |
| Bilateral donors | - | - |
| International assistance organization | 110,868,972 | - |
| NGOs | - | - |
| National Assistance Organization | - | - |
| Total | 110,868,972 | - |

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OTHER IMPORTANT DISCLOSURES (Continued)

d. non-monetary external assistance

| Description | FY 2020/2021 Kshs | FY 2019/2020 Kshs |
|--------------|----------------------|----------------------|
| Goods | - | - |
| Services | - | - |
| Total | - | - |

e Purpose and use of external assistance

| Payments Made by Third Parties | FY 2020/2021 Kshs | FY 2019/2020 Kshs |
|--|-------------------------|-------------------------|
| Compensation of Employees | - | - |
| Use of goods and services | - | - |
| Subsidies | - | - |
| Transfers to Other Government Units | - | - |
| Other grants and transfers | - | - |
| Social Security Benefits | - | - |
| Acquisition of Assets | - | - |
| Finance Costs, including Loan Interest | - | - |
| Repayment of principal on Domestic and Foreign borrowing | - | - |
| Other Payments | - | - |
| TOTAL | - | - |

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OTHER IMPORTANT DISCLOSURES (Continued)

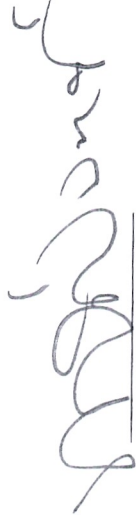
f. External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

| | FY 2020/2021 | FY 2019/2020 |
|---|---------------------|---------------------|
| Description | Kshs | Kshs |
| International assistance organization-IDA | - | - |
| Total | - | - |

12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

The project did not prepare financial statement in the previous year.



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Edward Gakunju

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13. ANNEXES

ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

| | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation Difference to Final Budget | Comments on Variance (below 90% and over 100%) |
|---|--------------------|----------------------------|-------------------------------|---|--|
| | a | b | c=a-b | d=c/a % | |
| | Kshs | Kshs | Kshs | Kshs | |
| RECEIPTS DURING THE YEAR/PERIOD | | | | | |
| External financing | 150,000,000 | 110,868,972 | 39,131,028 | 26 | Delay in acquisition of land title deeds in the counties |
| Miscellaneous receipts | | | | | |
| Total receipts | 150,000,000 | 110,868,972 | 39,131,028 | | |
| PAYMENTS DURING THE YEAR/PERIOD | | | | | |
| Compensation of employees | | | | | |
| Pension and other social security contributions | | | | | |
| Purchase of goods and services | | | | | |
| Social security benefits | | | | | |
| Acquisition of non-financial assets | 150,000,000 | - | 150,000,000 | - | Delay in acquisition of land title deeds in the counties |
| Total payments | 150,000,000 | - | 150,000,000 | | |

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ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS

| PROJECT NAME: | | | | |
|---|--|----------------------------|----------------------|--|
| Break down of Transfers from the State Department of XXX | | | | |
| a. Government Counterpart Funding | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | - | |
| | | Total | - | |
| b. Direct Payments | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | - | |
| | | Total | - | |
| c. Others | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | - | |
| | | TOTAL(a+b+c) | - | |

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

Project Manager
REREC

Head of Accounting Unit
Ministry Of Energy

Sign -----

Sign-----

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ANNEX 3A - ANALYSIS OF PENDING BILLS

| Supplier of Goods or Services | Original Amount a | Date Contracted b | Amount Paid To-Date c | Outstanding Balance 2020/21 d=a-c | Outstanding Balance 2019/20 | Comments |
|------------------------------------|----------------------|----------------------|--------------------------|--------------------------------------|-----------------------------|----------|
| Construction of buildings | | | | | | |
| 1. | | | | | | |
| 2. | | | | | | |
| Sub-Total | | | | | | |
| Construction of civil works | | | | | | |
| 3. | | | | | | |
| 4. | | | | | | |
| Sub-Total | | | | | | |
| Supply of goods | | | | | | |
| 5. | | | | | | |
| 6. | | | | | | |
| Sub-Total | | | | | | |
| Supply of services | | | | | | |
| 7. | | | | | | |
| 8. | | | | | | |
| Sub-Total | | | | | | |
| Grand Total | | | | | | |

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ANNEX 3B - ANALYSIS OF PENDING STAFF BILLS

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2020/21 | Outstanding Balance 2019/20 | Comments |
|---|-----------|-----------------|-------------------------|---------------------|-----------------------------|-----------------------------|----------|
| Permanent Employees - Management | | | | | | | |
| 1. | | | | | | | |
| 2. | | | | | | | |
| Sub-Total | | | | | | | |
| Permanent Employees - Others | | | | | | | |
| 3. | | | | | | | |
| 4. | | | | | | | |
| Sub-Total | | | | | | | |
| Temporary employees | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| Sub-Total | | | | | | | |
| Others (specify) | | | | | | | |
| 7. | | | | | | | |
| 8. | | | | | | | |
| Sub-Total | | | | | | | |
| Grand Total | | | | | | | |

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ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLES

| Name | Brief Description | Original Amount | Date Contracted | Payable Amount Paid To-Date | Outstanding Balance 20xx | Outstanding Balance 20xx | Comments |
|--|-------------------|-----------------|-----------------|-----------------------------|--------------------------|--------------------------|----------|
| Amounts due to National Govt Entities | | | | | | | |
| 1. | | | | | | | |
| 2. | | | | | | | |
| Sub-Total | | | | | | | |
| Amounts due to County Govt Entities | | | | | | | |
| 3. | | | | | | | |
| 4. | | | | | | | |
| Sub-Total | | | | | | | |
| Amounts due to Third Parties | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| Sub-Total | | | | | | | |
| Others (specify) | | | | | | | |
| 7. | | | | | | | |
| 8. | | | | | | | |
| Sub-Total | | | | | | | |
| Grand Total | | | | | | | |

**Kenya Off-grid Solar Access Project
Reports and Financial Statements
For the financial year ended June 30, 2021**

ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER

| Asset class | Opening Cost (KShs) 2020/21 (a) | Donations in form of assets (KShs) 2020/21 (b) | *Purchases/ Additions in the Year (KShs) 2020/21 (c) | **Disposals in the Year (KShs) 2020/21 (d) | Transfers in/(out) KShs 2020/21 (d) | Closing Cost (KShs) 2021 (e)= (a)+ (b)+c-(d)+(-)d |
|--|---------------------------------|--|--|--|-------------------------------------|---|
| Land | | | | | | |
| Buildings and structures | | | | | | |
| Transport equipment | | | | | | |
| Office equipment, furniture and fittings | | | | | | |
| ICT Equipment, | | | | | | |
| Other Machinery and Equipment | | | | | | |
| Heritage and cultural assets | | | | | | |
| Biological assets | | | | | | |
| Infrastructure assets roads, rails | | | | | | |
| Intangible assets | | | | | | |
| Work in Progress | | | | | | |
| Total | | | | | | |

ANNEX 5 – CONTINGENT LIABILITIES REGISTER

| | Nature of contingent liability | Payable to | Estimated Amount Kshs | Expected date of payment | Remarks |
|----|--------------------------------|------------|-----------------------|--------------------------|---------|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |