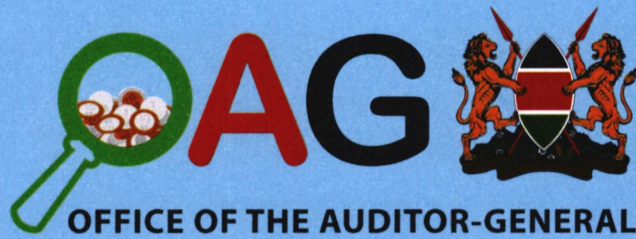


REPUBLIC OF KENYA



*Enhancing Accountability*

PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

DATE: 07 DEC 2023

**OF**

for omen baya, CBS mp  
Deputy majority leader  
at, shubuka

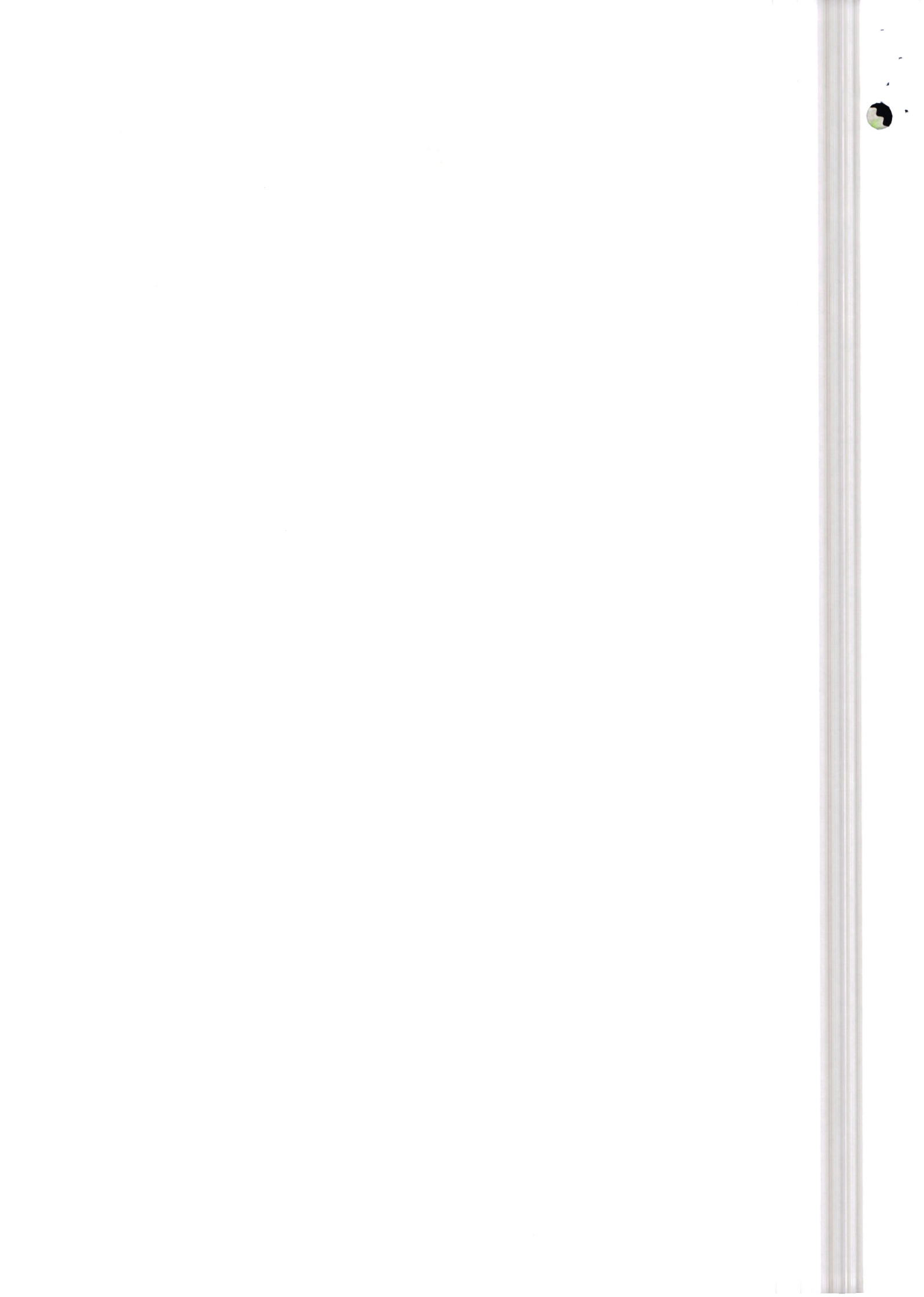
**THE AUDITOR-GENERAL**

**ON**

**SUPPORTING ACCESS TO FINANCE &  
ENTERPRISE RECOVERY PROJECT  
(IDA CREDIT NO. 7018-KE)**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**THE NATIONAL TREASURY**





REPUBLIC OF KENYA

SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT

THE NATIONAL TREASURY AND ECONOMIC PLANNING

IDA CREDIT 70180-KE

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ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

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Acronyms and Glossary of Terms

|                |   |
|----------------|---|
| CBK            | Central Bank of Kenya                                   |
| ICPAK          | Institute of Certified Public Accountants of Kenya      |
| IMF            | International Monetary Fund                             |
| IPSAS          | International Public Sector Accounting Standards        |
| NT             | National Treasury                                       |
| PFM            | Public Finance Management.                              |
| PSASB          | Public Sector Accounting Standards Board                |
| WB             | World Bank  |
| Comparative FY | Financial year preceding the current financial year.    |
| ACH            | Automated Clearing House                                |
| AFI            | Alliance for Financial Inclusion                        |
| AML/CFT        | Anti-Money Laundering and Countering Financing of       |
| Terrorism      |   |
| APA            | Assistant Project Accountant                            |
| CDSC           | Central Depository and Settlement Corporation           |
| CIS            | Credit Information sharing                              |
| CMA            | Capital Markets Authority                               |
| CPAK           | Certified Public Accountants of Kenya                   |
| CSD            | Central Securities Depository                           |
| DFID           | UK Department for International Development             |
| FLSTAP         | Financial and Legal Sector Technical Assistance Project |

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|          |  |
|----------|--|
| FSA      | Financial Services Authority                             |
| FSSP     | Financial Sector Support Project                         |
| GoK      | Government of Kenya                                      |
| ICT      | Information and Communications Technologies              |
| IDA      | International Development Association                    |
| IOSCO    | International Organization of Securities Commissions     |
| IRA      | Insurance Regulatory Authority                           |
| IT       | Information Technology                                   |
| KDIC     | Kenya Deposit Insurance Corporation                      |
| KSH      | Kenya Shillings  |
| LSK      | Law Society of Kenya                                     |
| MDA      | Ministries, Departments, and Agencies                    |
| MSMEs    | Micro, Small & Medium Enterprises                        |
| MTEF     | Medium Term Expenditure Framework                        |
| MTP2     | Medium Term Plan II                                      |
| NT       | National Treasury  |
| NT-BFEA  | National Treasury Budgets, Fiscal & Economics Affairs    |
| OAJ &DoJ | Office of the Attorney General and Department of Justice |
| OSH      | Occupation, Health & Safety                              |
| PDMO     | Public Debt Management Office                            |
| PDO      | Project Development Objective                            |
| PFI      | Participating Financial Institutions                     |

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|       |                                      |
|-------|--------------------------------------|
| PIU   | Project Implementing Unit            |
| PPP   | Public Private Partnerships          |
| RBA   | Retirement Benefits Authority        |
| SACCO | Savings and Credit Cooperative       |
| SASRA | SACCO Societies Regulatory Authority |
| TORs  | Terms of Reference                   |
| TMD   | Treasury Mobile Direct               |
| WB    | World Bank                           |

## Project Information and Overall Performance

### 2.1 Name and registered office

#### Name

The project's official name is Supporting Access to Finance & Enterprise Recovery (SAFER) Project.

#### Objective

The key objective of the project is to increase access to financial services and support COVID-19 recovery of Micro, Small and Medium Enterprises (MSMEs) in Kenya.

#### Address

The National Treasury & Economic Planning  
Anniversary Towers, North Tower  
7<sup>th</sup> Floor,  
University Way/Monrovia Street,  
Nairobi  
KENYA

**Contacts:** The following are the project contacts

P.O. Box: 30007-00100

NAIROBI

Telephone: (254) 020 – 2210271/4

E-mail: [info@piu.go.ke](mailto:info@piu.go.ke)

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**Project information and overall performance (continued)**

**2.2 Project Information**

|                     |   |
|---------------------|---|
| Project Start Date: | 8 <sup>th</sup> December 2021               |
| Project End Date:   | 31 <sup>st</sup> December 2026              |
| Project Manager:    | Mr. Ray Charles Musau                       |
| Project Sponsor:    | International Development Association (IDA) |

**2.3 Project Overview**

|  |   |
|--|---|
| Line Ministry/State<br>Department of the project                       | National Treasury and Economic Planning   |
| Project number   | 70180 - KE  |
| Strategic goals of the project   | The key objective of the project is to increase access to financial services and support COVID-19 recovery of Micro, Small and Medium Enterprises (MSMEs) in Kenya.   |
| Summary of Project<br>Strategies for achievement<br>of strategic goals | <p>The project is in year 1 of implementation.<br/>Management aims to achieve the goals through the following means:</p> <p><b>PROJECT DEVELOPMENT OBJECTIVES</b></p> <p>(i) Indicator 1: Volume of additional private capital mobilized; Cumulative Private Capital mobilized by CGS, lines of credit or and DFI capital.</p> <p><b>Year 5 Target: US\$ 50M</b><br/><b>Current Performance: Pending Assessment</b></p> |

|  |  |
|--|--|
|  | <p>(ii) Indicator 2: Volume of MSMEs financing to enterprises affected by Covid-19; Cumulative (i) credit line and (ii) volume loans guaranteed by SAFER</p> <p>Year 5 Target: US\$ 80M<br/>         Current Performance: Pending Assessment</p> <p>(iii) Indicator 3: Share of beneficiaries under the project that survive the Covid-19 pandemic; Percentage of firms that are recipients of project financing that survive the Covid-19 pandemic.</p> <p>Year 5 Target: 70%<br/>         Current Performance: Pending Assessment</p> <p>(iv) Indicator 4: Share of beneficiaries under the project that do- not survive the Covid-19 pandemic; Percentage of firms that are not recipients of project financing and survive the Covid-19 pandemic.</p> <p>Year 5 Target: 30%<br/>         Current Performance: Pending Assessment</p> <p>(v) Indicator 5: Number of new financial products for MSMEs launched by PFIs in response to the Covid-19 pandemic; New financial products lauched as</p> |
|--|--|

|  |  |
|--|--|
|  | <p>part of SAFER</p> <p><b>Year 5 Target:</b> 3</p> <p><b>Current Performance:</b> Pending Assessment</p> <p><b>INTERMEDIATE RESULT INDICATORS</b></p> <p><b>(i) Indicator 1:</b> No of informal businesses borrowers financed by the MFB/SACCOs and digital platforms under the project (Including women borrowers)</p> <p><b>Year 5 Target:</b> 273,456</p> <p><b>Current Performance:</b> Pending Assessment</p> <p><b>(ii) Indicator 2:</b> Number of PFIs receiving the line of credit under the project</p> <p><b>Year 5 Target:</b> 5</p> <p><b>Current Performance:</b> Pending Assessment</p> <p><b>(iii) Indicator 3:</b> Number of sub loans disbursed through digital channels under the project</p> <p><b>Year 5 Target:</b> 261,666</p> <p><b>Current Performance:</b> Pending Assessment</p> <p><b>(iv) Indicator 4:</b> Percentage of informal MSMEs loans extended to women owned enterprises</p> |
|--|--|

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|  |  |
|--|--|
|  | <p>Year 5 Target: 40<br/>         Current Performance: Pending Assessment</p> <p>(v) Indicator 5: Number of formal MSMES borrowers financed by PFIs under the project (Including women borrowers)</p> <p>Year 5 Target: 94,400<br/>         Current Performance: Pending Assessment</p> <p>(vi) Establishment of the CGS Company</p> <p>Year 5 Target: Yes<br/>         Current Performance: No</p> <p>(vii) No of PFIs participating in the CGS</p> <p>Year 5 Target: 5<br/>         Current Performance: Pending assessment</p> <p>(viii) Total private capital mobilized</p> <p>Year 5 Target: US\$ 10M<br/>         Current Performance: Pending assessment</p> <p>(ix) No of partial credit guarantees provided to PFIs under the project</p> <p>Year 5 Target: 35,400<br/>         Current Performance: Pending assessment</p> |
|--|--|

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|  |  |
|--|--|
|  | <p>(x) Percentage of PFIs develop institutional maturity (IM)</p> <p><b>Year 5 Target:</b> 80%</p> <p><b>Current Performance:</b> Pending assessment</p> <p>(xi) Number of PFIs that implemented institutional development plans( IDPs)</p> <p><b>Year 5 Target:</b> 10</p> <p><b>Current Performance:</b> Pending assessment</p> <p>(xii) Percentage of beneficiary firm's reporting project financing reflected in their needs</p> <p><b>Year 5 Target:</b> 70%</p> <p><b>Current Performance:</b> Pending assessment</p> <p>(xiii) Report drafted on citizen engagement survey</p> <p><b>Year 5 Target:</b> YES</p> <p><b>Current Performance:</b> TBD</p> <p>(xiv) No. of women owned MSMEs that participated in targeted sessions</p> <p><b>Year 5 Target:</b> 88,285</p> <p><b>Current Performance:</b> Pending assessment</p> |
|--|--|

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|  |   |
|--|---|
|  | <p>(xv) Percentage of women owned MSMEs reporting satisfied or very satisfied by targeting sessions</p> <p><b>Year 5 Target:</b> 70%</p> <p><b>Current Performance:</b> Pending assessment</p> <p>(xvi) Share of financial support under the project channelled to investments in the green economy and climate financing.</p> <p><b>Year 5 Target:</b> 70%</p> <p><b>Current Performance:</b> Pending assessment</p>   |
| <p>Other important background information of the project</p> | <p>The Coronavirus Disease (COVID-19) pandemic severely affected the entire world causing a downturn in most economies. Kenya was also hit hard by the onset of COVID-19 crisis. The pandemic created unprecedented supply and demand shocks resulting in a drop-in economic activity, including labour adjustments and challenges in sustainability of MSMEs. The pandemic caused additional market distortions with commercial banks reducing private sector lending, further impacting on the growth of MSMEs.</p> <p>Among key interventions required to increase sustainability of MSMEs following the pandemic are (i) Innovation and liquidity support to MSMEs; (ii) De-Risking and Lending to MSMEs by strengthening guarantee programs and (iii) Technical Assistance to the MSME ecosystem and the</p> |

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|   |  |
|---|--|
|   | financial services sector.   |
| <p>Areas that the project was formed to intervene</p> | <p><b>COMPONENT ONE – LIQUIDITY SUPPORT TO MSMEs</b></p> <p>The objective of this component is to support immediate response to the COVID-19 pandemic focused on resilient recovery of MSMEs, especially those in hard hit sectors. This intervention envisions support to firms through liquidity support to enable a resilient recovery from the effects of the COVID-19 pandemic and emphasizes innovation to deliver demonstration on how financial institutions can increase lending to under-served MSMEs.</p> <p>Liquidity support will be provided to MSMEs through regulated financial institutions especially regulated retail lending financial institutions that have limited liquidity and focus on MSME banking, including those innovating with digital channels.</p> <p>In addition, support will target viable MSMEs that were previously financed but are facing constraints and those considered bankable but have not been able to access credit.</p> <p><b>PROGRESS</b></p> <p>Assessment of qualifying Apex Financial Institutions ongoing; A subsidiary loan agreement between the National Treasury and Apex Financial Institutions has been drafted, pending execution.</p> |

**COMPONENT TWO – DE-RISKING LENDING TO MSMES**

The objective of this component is to unlock lending to MSMEs during the COVID-19 crisis and beyond to support recovery and growth of enterprises. This component aims to enhance support to the existing CGS as an emergency COVID-19 response measure and support the establishment, capitalization and operationalization of the Credit Guarantee Company (CGC).

**COMPONENT THREE- TECHNICAL ASSISTANCE AND PROJECT MANAGEMENT**

This component will provide technical assistance to build resilient capacity of the MSME finance ecosystem beyond the lifecycle of SAFER. During the life of the Project, the component will support the NT, CBK, SASRA, and PFIs in the delivery of Components 1 and 2 and ensure overall growth of the MSME lending market.

In addition, support will be provided to the NT to build on innovations for a stable, efficient, and globally competitive financial services sector needed to make Kenya a regional financial hub that will contribute to the overall economic growth of the country.

The component also supports both project management, including coordination, financial management, procurement, communication and outreach, audits,

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|                  |  |
|------------------|--|
|                  | <p>environmental and social risks management, monitoring and evaluation and operations of the PIU.</p> <p><b>PROGRESS</b></p> <p>The Project Implementation Unit (PIU) staff were onboarded in March 2023.</p> |
| Project duration | The Project Financing Agreement was signed on 8 <sup>th</sup> February 2022, with a project end date of 31 <sup>st</sup> December 2026.  |

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

(a) Special Deposit Accounts

(i) Central Bank of Kenya  
Haile Selassie Avenue  
P.O Box 60000-00200  
Nairobi, Kenya  
SAFER Account (DA-A) 1000568976

(ii) Central Bank of Kenya  
Haile Selassie Avenue  
P.O Box 60000-00200  
Nairobi, Kenya  
SAFER Account (DA-B) 1000632984

(iii) Central Bank of Kenya  
Haile Selassie Avenue  
P.O Box 60000-00200  
Nairobi, Kenya  
SAFER Account (DA-C) 1000632992

(b) Local Project Accounts

(i) Central Bank of Kenya  
Haile Selassie Avenue  
P.O Box 60000-00200  
Nairobi, Kenya

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SAFER Account 1000709596

(ii) Central Bank of Kenya

Haile Selassie Avenue

P.O Box 60000-00200

Nairobi, Kenya

SAFER Account 1000709607

(iii) Central Bank of Kenya

Haile Selassie Avenue

P.O Box 60000-00200

Nairobi, Kenya

SAFER Account 1000693096

**2.5 Independent Auditor**

The project is audited by the Auditor General

**2.6 Roles and Responsibilities**

The Project Coordination team is based in Nairobi and is responsible for the Project management and coordination functions. The PCT comprise of the Project Coordinator and a team of technical officers. The PCT I also supported by other administrative staff.

| No. |                          | Title designation                         | Key Qualifications  | Responsibilities   |
|-----|--------------------------|---|---|--------------------|
| 1.  | Dr. Chris K. Kiptoo, CBS | Principal Secretary/The National Treasury | -Doctor of Philosophy (PhD) - Finance<br>-Master of Science (Ag. Economics)<br>-Bachelor of Science (Ag. Economics) | Accounting Officer |

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|    |                            |                                 |                                     |  |
|----|----------------------------|---------------------------------|-------------------------------------|--|
| 2. | Mr. Albert K. Mwenda, HSC  | Director General - BFEA         | MA- Public & Economic Policy<br>MBA | Overall Project Coordination at The National Treasury    |
| 3. | Mr. Ray Charles Musau      | Project Manager                 | MBA<br>B-Com                        | Project Management and Financial Sector Advisory         |
| 4. | Ms. Winnie Narasha Molonko | Assistant Project Manager       | LLM<br>LLB                          | Support in Project Management                            |
| 5. | CPA David Sandagi          | Financial Management Specialist | MBA<br>B-BM<br>CPA-K                | Support in Financial Management                          |
| 6. | Ms. Sheila Chanyisa        | Project Officer                 | BA- Economics                       | Support in Project management, Monitoring and Evaluation |

## 2.7 Funding summary

The Project is for duration of 5 years from 2021 to 2026 with an approved budget of EUR 85.9 million equivalent to Kshs 11 Billion on 100% IDA (World Bank) funding as highlighted in the table below:

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**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

| Source of funds                             | DONOR COMMITMENT  |                       | AMOUNT RECEIVED TO DATE – (30 <sup>TH</sup> JUNE 2023) |                    | UNDRAWN BALANCE TO DATE |                       |
|---|-------------------|-----------------------|--|--------------------|-------------------------|-----------------------|
|   | EUR               | KSHS                  | EUR  | KSHS               | EUR                     | KSHS                  |
| (i) Loan                                    | (A)               | (A')                  | (B)  | (B')               | (A)-(B)                 | (A')-(B')             |
| International Development Association (IDA) | 85,900,000        | 11,014,098,000        | 1,000,000  | 141,067,100        | 84,900,000              | 10,873,030,900        |
| <b>Total</b>                                | <b>85,900,000</b> | <b>11,014,098,000</b> | <b>1,000,000</b>                                       | <b>141,067,100</b> | <b>84,900,000</b>       | <b>10,873,030,900</b> |

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Project information and overall performance (continued)

**B. Application of Funds**

| Application of funds                           | AMOUNT RECEIVED<br>TO DATE – (30 <sup>TH</sup> JUNE<br>2023) |                    | CUMULATIVE AMOUNT<br>PAID TO DATE – (30 <sup>TH</sup><br>JUNE 2023) |                   | UNUTILISED BALANCE TO<br>DATE<br>(30 <sup>TH</sup> JUNE 2023) |                    |
|--|--|--------------------|---|-------------------|---|--------------------|
|  | EUR  | KSHS               | EUR   | KSHS              | EUR   | KSHS               |
|  | (A)  | (A')               | (B)   | (B')              | (A)-(B)   | (A')-(B')          |
| (i) Loan                                       |  |                    |   |                   |   |                    |
| International Development<br>Association (IDA) | 1,000,000  | 141,067,100        | 112,410   | 17,182,085        | 887,590   | 123,885,015        |
| <b>Total</b>                                   | <b>1,000,000</b>   | <b>141,067,100</b> | <b>112,410</b>  | <b>17,182,085</b> | <b>887,590</b>  | <b>123,885,015</b> |

Project information and overall performance (continued)

**2.8 Summary of Overall Project Performance:**

During the year under review, the project received an amount of Kshs. 141,067,100 and incurred expenditure of Kshs.17,182,085. This represents utilization of 12%.

**2.8.1 Receipts Utilization**

During the year under review, the project received an amount of Kshs. 141,067,100 against final budget of Kshs. 400,000,000. This represents utilization of 35%.

**2.8.2 Payment Utilization**

During the year under review, the project paid Kshs. 17,182,085 against a final budget of Kshs. 400,000,000. This represents utilization of 4%.

**2.8.3 Challenges Encountered**

The project encountered delays in operational commencement resulting to delayed implementation of activities.

**2.9 Summary of Project Compliance:**

There are no indications of non-compliance of the SAFER Project on overall project performance.

**1. Statement of Performance against Project's Predetermined Objectives**

The key development objective of the Supporting Access to Finance and Enterprise Recovery Project are to:

- a) Increase the volume of additional private capital mobilized by the Credit Guarantee Scheme, lines of credit or and DFI capital.
- b) Increase the volume of MSMEs financing to enterprises affected by Covid-19; Cumulatively through (i) credit lines and (ii) volume of loans guaranteed by SAFER.
- c) Enhancement of beneficiaries under the project that survive the Covid-19 pandemic; Percentage of firms that are recipients of project financing that survive the Covid-19 pandemic.
- d) Share of beneficiaries under the project that do- not survive the Covid-19 pandemic;
- e) Number of new financial products for MSMEs launched by PFIs in response to the Covi-19 pandemic

**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.

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Below we provide the progress on attaining the stated objectives:

| Project  | Objective   | Outcome   | Indicator  | Performance   |
|--|---|---|--|---|
| Supporting Access To Finance & Enterprise Recovery Project | The key objective of the project is to increase access to financial services and support COVID-19 recovery of Micro, Small and Medium Enterprises (MSMEs) in Kenya. | Increase in volume of additional private capital mobilized;                                     | Cumulative Private Capital mobilized by CGS, lines of credit or and DFI capital. Year 5 target US\$ 50M.                             | The project is in Yr 1 of implementation and evaluation is pending assessment |
|  |   | Increase in the volume of MSMEs financing to enterprises affected by Covid-19;                  | Cumulative increase in MSME financing through (i) credit lines and (ii) volume of loans guaranteed by SAFER. Year 5 target US\$ 80M. | The project is in Yr 1 of implementation and evaluation is pending assessment |
|  |   | Enhancement of beneficiaries under the project that survive the Covid-19 pandemic;              | Percentage of firms that are recipients of project financing that survive the Covid-19 pandemic. Year 5 target 70%.                  | The project is in Yr 1 of implementation and evaluation is pending assessment |
|  |   | Share of beneficiaries under the project that do- not survive the Covid-19 pandemic;            | Percentage of firms that are not recipients of project financing and survive the Covid-19 pandemic. Year 5 target 30%.               | The project is in Yr 1 of implementation and evaluation is pending assessment |
|  |   | Number of new financial products for MSMEs launched by PFIs in response to the Covi-19 pandemic | New financial products for MSMEs launched by PFIs in response to the Covi-19 pandemic. Year 5 target, 5.                             | The project is in Yr 1 of implementation and evaluation is pending assessment |

## 2. Environmental and Sustainability Reporting

The objective of the Project is to enhance access to Finance and Support recovery of enterprises affected by impact of the Covid-19 pandemic, particularly, MSMEs. On this basis, the Project adopts a comprehensive approach to addressing impediments to the sustainability of the financial sector as an engine of growth by deepening access to sustainable sources of finance and strengthening resilience of these sources of finance.

### i. Sustainability strategy and profile

Sustainability of the Project is hinged on the provision of lines of credit to financial institutions and support innovation to build capabilities and deliver demonstration effect in the financing of MSMEs; It is also premised on the creation of sustainable and dedicated credit guarantee platform to encourage Primary Financial Institutions deepen outreach to MSMEs and maximize the provision of private financing for development; and the provision of technical assistance to Primary Financial Institutions to improve market standards and to MSMEs to increase their capacity to access finance.

The project prioritizes participation of the private sector and includes the integration of different financing mechanisms which are envisaged to incentivize the private sector to ensure their selection of MSMEs and performance of their portfolios are sound. The training, networking, and business advisory services that MSMEs will receive will better prepare them for success constituting an important risk mitigation against potential default/failure which would in turn contribute to the sustainability of the lenders. All these factors will facilitate the strengthening of MSMEs' ability to access finance and sustain the growth of their businesses beyond the life of the Project and thus contribute to the economy growth, stability and resilience.

**ii. Environmental performance**

The Project activities are not expected to have significant, and/or irreversible environmental and social impacts. However, the locations and details of the sub-project MSMEs, the Apex institution and the PFIs though currently unknown, will obtain Project support to MSMEs country wide. Sub-projects that are screened to be of substantial and/or high environmental and social risks, those requiring land acquisition and involuntary resettlement, and those with impacts on sensitive areas (for example, nationally and internationally protected areas) and cultural heritage will not be eligible for project financing.

There are likely risks with labour and working conditions, occupational health, and safety, dust and noise emissions, energy use, waste generation, exclusion of disadvantaged groups (women, youth, persons living with disability, ethnic marginalized and minority groups), poor working conditions and child labour at the sub-project level. These overall risks and impacts are expected to be site specific, temporary, and easily managed with standard mitigation measures and compliance with National laws.

The Project will also support design and implementation and cascading to PFIs of an Environmental and Social Management System (ESMS) and a framework for screening climate and disaster risks and tracking and assessing climate mitigation impacts.

**iii. Employee welfare**

The Project shall maintain, throughout the implementation of the Project, a Project Implementation Unit (PIU), vested with the responsibility of day-to-day administration of the Project. The PIU is resourced and composed of key staff, with qualifications, experience and under terms of reference acceptable to the Association and the Government of Kenya, to manage the Project. All National labour laws are applicable in the context of staff of the PIU.

iv. Market place practices-

a) Responsible Supply chain and supplier relations-

Procurement under Component 3 of the Project that aims at providing technical assistance to The National Treasury and Other Beneficiary agencies including financial sector regulators, and MSMEs is carried out in accordance with the World Bank Procurement Regulations and the Kenya Procurement framework.

b) Responsible ethical practices

The Project is subject to the World Bank Anti-Corruption Guidelines, dated October 15, 2006 and January 2011 and July 1, 2016 and the Kenyan Legislative framework on Anti-Corruption.

c) Regulatory impact assessment

The Project is subject to review by the Donor and assessment of the regulatory impact of the activities.

### Statement of Project Management responsibilities

The Principal Secretary for the National Treasury and the Project Manager for SAFER Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023. This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the National Treasury and the Project Management for SAFER Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the National Treasury and the Project Manager for SAFER Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The Principal Secretary for The National Treasury and Economic Planning and the Project Manager for SAFER project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation

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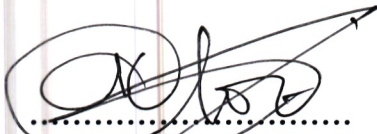
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of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the National Treasury and the Project Manager for SAFER Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the Principal Secretary for the National Treasury and the Project Manager for SAFER project on 25<sup>TH</sup> SEPTEMBER 2023 and signed by:



.....  
Dr. Chris K. Kiptoo, CBS  
Principal Secretary



.....  
Ray Charles Musau  
Project Manager



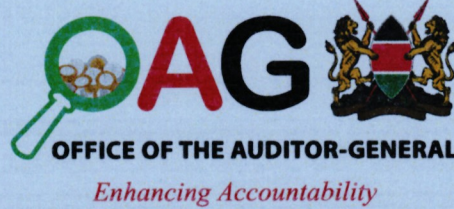
.....  
David Sandagi  
Financial Management Specialist  
ICPAK Member No: 19722

SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
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# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON SUPPORTING ACCESS TO FINANCE & ENTERPRISE RECOVERY PROJECT (IDA CREDIT NO. 7018-KE) FOR THE YEAR ENDED 30 JUNE, 2023 - THE NATIONAL TREASURY**

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### PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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 Supporting Access to Finance & Enterprise Recovery Project (IDA Credit No. 7018-KE) for the year ended 30 June, 2023 set out on pages 1 to 20, which comprise of the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Supporting Access to Finance & Enterprise Recovery Project (IDA Credit No. 7018-KE) for the year ended 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012, the Financing Agreement No.7018-KE between the International Development Association dated 8 February, 2022 and the Republic of Kenya.

Further, the special account statement presents fairly, transactions for the period, and the closing balance has been reconciled with the books of account.

### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Supporting Access to Finance & Enterprise Recovery Project (IDA Credit No. 7018-KE) Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

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

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.400,000,000 and Kshs.141,067,100 respectively resulting to an under-funding of Kshs.258,932,900 or 64.7% of the budget. Similarly, the Project expended Kshs.17,182,085 against an approved budget of Kshs.400,000,000 resulting to an under-expenditure of Kshs.382,817,915 or 95.7% of the budget.

Further, the printed estimates under supplementary II reflected approved budget amount of Kshs.554,000,000 resulting to unexplained variance of Kshs.154,000,000 and therefore, the accuracy and completeness of the budget amount for the year ended 30 June, 2023 could not be confirmed.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Delay in Project Implementation**

The project (Supporting Access to Finance & Enterprise Recovery Project (IDA Credit No. 7018-KE) was signed on 8 February, 2022 and the expected commencement date was 8 May, 2022, ninety (90) days after the signing of the agreement. However, the project commenced on 1 March, 2023 which was ten (10) Months after signing of the project agreement. This is contrary to paragraph 5.02 of Article V - Effectiveness; Termination of the Financing Agreement, which sets the effectiveness deadline as the date ninety (90) days after the signature date.

In the circumstance, the Project Management was in breach of the provisions of the Financing Agreement.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and 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 that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 that may cast significant doubt on the Project's ability 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

25 October, 2023

**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
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**7. Statement of Receipts and Payments for the year ended 30th June 2023.**

|   | Note | Receipts and Payments for the year ended 30th June 2023 |       | Total              | Receipts and payment controlled by the entity | Payments made by third parties | Total | Payments made by third parties | Total | Cumulative to-date (From inception) |
|---|------|---|-------|--------------------|---|--------------------------------|-------|--------------------------------|-------|-------------------------------------|
|   |      | Kshs.   | Kshs. |                    |   |                                |       |                                |       |                                     |
| <b>Receipts</b>                         |      |   |       |                    |   |                                |       |                                |       |                                     |
| Loan from external development partners | 1    | 141,067,100   |       | 141,067,100        |   |                                |       |                                |       | 141,067,100                         |
| <b>Total receipts</b>                   |      | <b>141,067,100</b>                                      | -     | <b>141,067,100</b> |   |                                |       |                                |       | <b>141,067,100</b>                  |
| <b>Payments</b>                         |      |   |       |                    |   |                                |       |                                |       |                                     |
| Compensation to employees               | 2    | 9,145,760   | -     | 9,145,760          |   |                                |       |                                |       | 9,145,760                           |
| Purchase of goods and services          | 3    | 8,036,325   | -     | 8,036,325          |   |                                |       |                                |       | 8,036,325                           |
| <b>Total payments</b>                   |      | <b>17,182,085</b>                                       | -     | <b>17,182,085</b>  |   |                                |       |                                |       | <b>17,182,085</b>                   |
| <b>Surplus/ (deficit)</b>               |      | <b>123,885,015</b>                                      | -     | <b>123,885,015</b> |   |                                |       |                                |       | <b>123,885,015</b>                  |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.  
The financial statements were approved on 25<sup>TH</sup> SEPTEMBER 2023 and signed by:

  
.....  
Dr. Chris K. Kiptoo, CBS  
Principal Secretary

  
.....  
Ray Charles Musau  
Project Coordinator


  
.....  
David Sandagi  
Financial Management Specialist  
ICPAK Member No: 19722

**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
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**8. Statement of Financial Assets as at 30<sup>th</sup> June 2023**

| Description                     | Note | 2022/2023<br>Kshs | Insert Comparative FY<br>Kshs |
|---------------------------------|------|-------------------|-------------------------------|
| Financial Assets                |      |                   |                               |
| Cash and Cash equivalents       |      |                   |                               |
| Bank Balances                   | 4    | 123,885,015       | -                             |
| Total Cash and Cash equivalents |      | 123,885,015       | -                             |
| Total Financial Assets          |      | 123,885,015       | -                             |
| Represented By                  |      |                   |                               |
| Fund Balance B/fwd.             |      | -                 | -                             |
| Surplus/(Deficit) for the Year  |      | 123,885,015       | -                             |
| Net Financial Position          |      | 123,885,015       | -                             |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.  
The financial statements were approved on 25<sup>th</sup> SEPTEMBER 2023 and signed by:

  
 .....  
**Dr. Chris K. Kiptoo, CBS**  
 Principal Secretary

  
 .....  
**Ray Charles Musau**  
 Project Manager


  
 .....  
**David Sandagi**  
 Financial Management  
 Specialist  
 ICPAK Member No: 19722

**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
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**9. Statement of Cashflow for the year ended 30<sup>th</sup> June 2023**

| Description  | Notes | 2022/23<br>Kshs     | n/a<br>Kshs |
|--|-------|---------------------|-------------|
| Cashflow from operating activities                 |       |                     |             |
| Receipts   |       |                     |             |
| Proceeds from domestic and foreign grants          | 1     | 141,067,100         |             |
| <b>Total receipts</b>                              |       | <b>141,067,100</b>  |             |
| Payments   |       |                     |             |
| Compensation of employees                          | 2     | (9,145,760)         |             |
| Purchase of goods and services                     | 3     | (8,036,325)         |             |
| <b>Total Payments</b>                              |       | <b>(17,182,085)</b> |             |
| <b>Net cash flow from operating activities</b>     |       | <b>123,885,015</b>  |             |
| Net increase in cash and cash equivalents          |       | 123,885,015         |             |
| Cash and cash equivalent at beginning of the year  |       | -                   |             |
| <b>Cash and cash equivalent at end of the year</b> | 4     | <b>123,885,015</b>  |             |

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 25<sup>TH</sup> SEPTEMBER 2023 and signed by:

  
.....  
**Dr. Chris K. Kiptoo, CBS**  
Principal Secretary

  
.....  
**Charles Musau**  
Project Manager


  
.....  
**David Sandagi**  
Financial Sector Specialist  
ICPAK Member No: 19722

**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
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**10. Statement of Comparison of Budget and Actual amounts for year ended 30<sup>th</sup> June 2023**

| Receipts/Payments Item                    | Original Budget<br>a | Adjustments<br>b       | Final Budget<br>c=a+b | Actual on Comparable Basis<br>d | Budget Utilization Difference<br>e=c-d | % of Utilization<br>f=d/c % |
|---|----------------------|------------------------|-----------------------|---------------------------------|--|-----------------------------|
| Receipts                                  |                      |                        |                       |                                 |  |                             |
| Proceeds from domestic and foreign grants | 3,000,000.000        | (2,600,000.000)        | 400,000.000           | 141,067,100                     | 258,932,900                            | 35.2%                       |
| <b>Total Receipts</b>                     | <b>3,000,000.000</b> | <b>(2,600,000.000)</b> | <b>400,000.000</b>    | <b>141,067,100</b>              | <b>258,932,900</b>                     | <b>35.2%</b>                |
| Payments                                  |                      |                        |                       |                                 |  |                             |
| Compensation of employees                 | 3,000,000.000        | (2,600,000.000)        | 9,145,760             | 9,145,760                       | -                                      | 100%                        |
| Purchase of goods and services            |                      |                        | 390,854,240           | 8,036,325                       | 382,817,915                            | 2.1%                        |
| <b>Total Payments</b>                     | <b>3,000,000.000</b> | <b>(2,600,000.000)</b> | <b>400,000.000</b>    | <b>17,182,085</b>               | <b>382,817,915</b>                     | <b>4.3%</b>                 |
| Surplus or Deficit                        | -                    | -                      | 400,000,000           | 123,885,015                     | (123,885,015)                          |                             |

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

  
.....  
Dr. Chris K. Kiptoo, CBS  
Principal Secretary

  
.....  
Ray Charles Musau  
Project Manager

  
.....  
David Sandagi  
Financial Management Specialist  
ICPAK Member No: 19722

## 11. Significant Accounting Policies

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

### a) Statement of compliance and basis of preparation

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

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

### b) Reporting entity

The financial statements are for the Supporting Access to Finance and Enterprise Recovery Project (SAFER) under the National Treasury. The financial statements are for the SAFER as required by Section 81 of the PFM Act, 2012 .

### c) Reporting currency

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

### d) Recognition of receipts

SAFER recognises all receipts from the various sources when the event occurs, and the related cash has been received.

### e) Transfers from the Exchequer

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

**Significant Accounting Policies (continued)**

**f) External Assistance**

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

**g) Other receipts**

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

**h) 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.

**i) Proceeds from borrowing.**

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

**j) 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.

**Significant Accounting Policies (continued)**

**Recognition of payments**

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

**i) Compensation to employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for. The SAFER project did not incur any costs associated with borrowing in the period under review.

**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. The SAFER project did not have any payments associated with repayment of borrowings in the period under review.

**Significant Accounting Policies (continued)**

**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, in the period under review the project did not purchase or engage in the development of assets nor participate in the disposal of assets nor did it receive or acquire assets in non exchange transactions.

**k) 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, in the period under review no such donations were realized in the project.

**l) 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

**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023**

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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, the project carried out all its transactions through its account at the Central bank of Kenya and did not have cash equivalents held for use as at the end of the reporting period .

**Significant Accounting Policies (Continued)**

**m) 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. SAFER did not have any restricted cash in the period under review

**n) Imprests and Advances**

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

**o) 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,

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The Project 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 during the period under review the project was not subject to any contingent liabilities .

Significant Accounting Policies (Continued)

p) Contingent Assets

SAFER 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 SAFER 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. No contingent assets were realizable to the project as at the end of the period under review.

q) Pending bills

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

**Significant Accounting Policies (Continued)**

**r) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. SAFERt'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 SAFER Funds are budgeted for under the National Treasury but receives budgeted funds as transfers and accounts 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*.

**s) 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. There were no third-party payments carried out in the period under review.

**t) 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.

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**u) 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.

**v) Subsequent events**

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

**w) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). SAFER did not have any prior period adjustments in the period under review.

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**12. Notes to the Financial Statements**

**1. Loan from External Development Partners**

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

| Description   | Date received | Amount in loan currency | 2022/23                         |                                   |                      | N/A                  |                    | Cumulative to date |
|---|---------------|-------------------------|---------------------------------|-----------------------------------|----------------------|----------------------|--------------------|--------------------|
|   |               |                         | Loans received in actual amount | Loans received as direct payment* | Total amount in Kshs | Total amount in Kshs |                    |                    |
| Loans received from Multilateral Donors (Loans Received from the International Development Association (IDA)) | 27/3/2023     | 1,000,000               | 141,067,100                     | -                                 | 141,067,100          | -                    | 141,067,100        |                    |
| <b>Total</b>  |               | <b>1,000,000</b>        | <b>141,067,100</b>              | <b>-</b>                          | <b>141,067,100</b>   | <b>-</b>             | <b>141,067,100</b> |                    |

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Notes to the Financial Statements (Continued)

2. Compensation to Employees

| Description                           | 2022/23                             |                                |                  | N/A              | 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 | 9,145,760                           | -                              | 9,145,760        | 9,145,760        | 9,145,760          |
| <b>Total</b>                          | <b>9,145,760</b>                    | <b>-</b>                       | <b>9,145,760</b> | <b>9,145,760</b> | <b>9,145,760</b>   |

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Notes to the Financial Statements (Continued)

3. Purchase of Goods and Services

| Description                     | 2022/23                 |                                |                         | n/a                     | Cumulative to- date     |
|---------------------------------|-------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|
|                                 | Payments made in Cash   | Payments made by third parties | Total payments          | Total payments          |                         |
|                                 | Kshs                    | Kshs                           | Kshs                    | Kshs                    | Kshs                    |
| Domestic travel and subsistence | 6,325,300               |                                | 6,325,300               | 6,325,300               | 6,325,300               |
| Other operating payments        | 1,711,025               |                                | 1,711,025               | 1,711,025               | 1,711,025               |
| <b>Total</b>                    | <b><u>8,036,325</u></b> | <b>-</b>                       | <b><u>8,036,325</u></b> | <b><u>8,036,325</u></b> | <b><u>8,036,325</u></b> |

Notes to the Financial Statements (Continued)

4. Cash And Cash equivalents

| Description               | 2022/23                   | N/A      |
|---------------------------|---------------------------|----------|
|                           | Kshs                      | Kshs     |
| Bank accounts (Note 5.1A) | 123,885,015               | -        |
| <b>Total</b>              | <b><u>123,885,015</u></b> | <b>=</b> |

SAFER has three (3) project accounts spread within the project implementation area and three (3) foreign currency designated accounts managed by the National Treasury as listed below:

5.1. A Bank Accounts

Project Bank Accounts

| Details                                 | 2022/23          | N/A |
|---|------------------|-----|
|   | EUR              | EUR |
| <u>Foreign Currency Accounts</u>        |                  |     |
| Central Bank of Kenya A/c No 1000568976 | -                | -   |
| Central Bank of Kenya A/c No 1000632984 | -                | -   |
| Central Bank of Kenya A/c No 1000632992 | 1,032,031        |     |
| Total Foreign Currency balances         | <u>1,032,031</u> | =   |
| <u>Local Currency Accounts</u>          |                  |     |

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|   |                    |          |
|---|--------------------|----------|
| Central Bank of Kenya A/c No 1000709596 | -                  | -        |
| Central Bank of Kenya A/c No 1000709607 | -                  | -        |
| Central Bank of Kenya A/c No 1000693096 | 123,885,015        |          |
| <b>Total local currency balances</b>    | <b>123,885,015</b> | <b>-</b> |
| <b>Total bank account balances</b>      | <b>123,885,015</b> | <b>-</b> |

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Notes to the Financial Statements (Continued)

Special Deposit Accounts

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

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

**5.1 B Special Deposit Accounts Movement Schedule**

| Description  | 2022/23<br>EUR          | N/A<br>EUR              |
|--|-------------------------|-------------------------|
| <b>(i) Central Bank of Kenya A/c No. 1000568976</b>                      |                         |                         |
| Opening balance  | -                       | -                       |
| Total amount deposited in the account                                    | -                       | -                       |
| Total amount withdrawn (as per Statement of Receipts & Payments)         | =                       | =                       |
| <b>Closing balance (as per SDA bank account reconciliation attached)</b> | <b>0.00</b>             | <b>0.00</b>             |
| <b>(ii) Central Bank of Kenya A/c No. 1000632984</b>                     |                         |                         |
| Opening balance (as per the SDA reconciliation)                          | -                       | -                       |
| Total amount deposited in the account                                    | -                       | -                       |
| Total amount withdrawn (as per Statement of Receipts & Payments)         | -                       | -                       |
| <b>Closing balance (as per SDA bank account reconciliation attached)</b> | <b>0.00</b>             | <b>0.00</b>             |
| <b>(iii) Central Bank of Kenya A/c No. 1000632992</b>                    |                         |                         |
| Opening balance (as per the SDA reconciliation)                          | =                       | =                       |
| Total amount deposited in the account                                    | <u>2,032,031</u>        | <u>2,032,031</u>        |
| Total amount withdrawn (as per Statement of Receipts & Payments)         | <u>1,000,000</u>        | <u>1,000,000</u>        |
| <b>Closing balance (as per SDA bank account reconciliation attached)</b> | <b><u>1,032,031</u></b> | <b><u>1,032,031</u></b> |

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix to support the closing balance.

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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

There were no outstanding recommendations from the Auditor General

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|---------------------|-----------------------------------|--|
| Nil  |                                   |                     |                                   |  |
|  |                                   |                     |                                   |  |
|  |                                   |                     |                                   |  |
|  |                                   |                     |                                   |  |



.....  
 Dr. Chris K. Kiptoo, CBS  
 Principal Secretary



.....  
 Ray Charles Musau  
 Project Manager

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**Annex 2: Variance explanations - Comparative Budget and Actual amounts for 2022/23**

|                                     | <b>Final Budget</b> | <b>Actual on Comparable Basis</b> | <b>Budget Utilization Difference</b> | <b>% of Utilization</b> | <b>Comments on Variance (below 90% and over 100%)</b> |
|-------------------------------------|---------------------|-----------------------------------|--------------------------------------|-------------------------|---|
|                                     | a                   | b                                 | c=a-b                                | d=b/a %                 |   |
| <b>Receipts</b>                     |                     |                                   |                                      |                         |   |
| Proceeds from borrowings – IDA Loan | 400,000,000         | 141,067,100                       | 258,932,900                          | 35.3%                   | Delayed Commencement of the Project                   |
| <b>Total Receipts</b>               | <b>400,000,000</b>  | <b>17,182,085</b>                 | <b>382,817,915</b>                   | <b>4.3%</b>             |   |
| <b>Payments</b>                     |                     |                                   |                                      |                         |   |
| Compensation of employees           | 9,145,760           | 9,145,760                         | -                                    | 100%                    | -   |
| Purchase of goods and services      | 390,854,240         | 8,036,325                         | 382,817,915                          | 2.1%                    | Delayed commencement of the Project                   |
| <b>Total payments</b>               | <b>400,000,000</b>  | <b>17,182,085</b>                 | <b>382,817,915</b>                   | <b>4.3%</b>             | Delayed commencement of the Project                   |

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**Annex 3: Reconciliation of inter-entity transfers**

| Project Name:   |                                | Supporting Access To Finance & Enterprise Recovery Project |               |
|---|--------------------------------|--|---------------|
| Breakdown of transfers from the National Treasury & Economic Planning |                                |  |               |
| a.  | Government Counterpart funding | Bank Statement Date  | Amount (Kshs) |
|   |                                | Total  | -             |
| B.  | Direct payments                | Bank Statement Date  | Amount (Kshs) |
|   |                                | Total  | -             |
| C.  | Others                         | Bank Statement Date  | Amount (Kshs) |
|   |                                | Total  | -             |
|   |                                | Total (A+B+C)  | -             |

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department



Project Manager  
SAFER Project



Head of Accounting Unit  
The National Treasury & Economic Planning

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**Annex 4: Analysis of Pending Bills**

| Supplier of Goods or Services     | Original Amount<br>a | Amount Paid To-Date<br>b | Outstanding Balance Current FY<br>c=a-b | Outstanding Balance Previous FY | Comments |
|-----------------------------------|----------------------|--------------------------|---|---------------------------------|----------|
| Supply of services                |                      |                          |   |                                 |          |
| 1. MFI Document Solutions Limited | 347,046.95           | 347,046.95               | -                                       | -                               | -        |
| <b>Grand Total</b>                | <b>347,046.95</b>    | <b>347,046.95</b>        | <b>-</b>                                |                                 |          |

SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
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Annex 5: Summary of Fixed Assets Register

| Asset class | Opening Cost (KShs) 2022/23 | Donations in form of assets (KShs) 2022/23 | *Purchases/ Additions in the Year (KShs) 2022/23 | **Disposals in the Year (KShs) 2022/23 | Transfers in/(out) Kshs 2022/23 | Closing Cost (KShs) 2022/23         |
|-------------|-----------------------------|--|--|--|---------------------------------|-------------------------------------|
|             | (a)                         | (b)  | (c)  | (d)                                    | (d)                             | (e) = (a) + (b) + (c) - (d) + (-) d |
| Total       | n/a                         |  |  |  |                                 |                                     |

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Annex 6: Reporting on Climate Relevant Expenditure

| Project Name | Project Description | Project Objectives | Project Activities |    |    |    |    | Source of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
|              |                     |                    |                    | Q1 | Q2 | Q3 | Q4 |                 |                       |
| SAFER        | N/A                 |                    |                    |    |    |    |    |                 |                       |
|              |                     |                    |                    |    |    |    |    |                 |                       |
|              |                     |                    |                    |    |    |    |    |                 |                       |
|              |                     |                    |                    |    |    |    |    |                 |                       |
|              |                     |                    |                    |    |    |    |    |                 |                       |

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Annex 7: Reporting Disaster Management Expenditure

| Program me | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments |
|------------|---------------|---------------|--|------------------|----------------|----------|
| SAFER      | N/A           |               |  |                  |                |          |
|            |               |               |  |                  |                |          |
|            |               |               |  |                  |                |          |
|            |               |               |  |                  |                |          |
|            |               |               |  |                  |                |          |

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Annex 8: Other Support Documents

i. BANK RECONCILIATION STATEMENTS

AS AT 30.06.2023

Station: SAFER Anniversary Towers

CENTRAL BANK OF KENYA ACCOUNT NO. 1000693096

|                               |   |  |  |  |  |  | Ksh            |
|-------------------------------|---|--|--|--|--|--|----------------|
| Balance as per Bank Statement |   |  |  |  |  |  | 126,191,833.25 |
| Less-                         |   |  |  |  |  |  |                |
|                               | 1 | Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques) |  |  |  |  | 2,306,817.95   |
|                               | 2 | Receipts in Bank Statement not yet recorded in Cash Book                       |  |  |  |  | -              |
|                               | 3 | Payments in Bank Statement not yet recorded in Cash Book                       |  |  |  |  | -              |
|                               | 4 | Bank Charges   |  |  |  |  | -              |
|                               | 4 | Receipts in Cash Book not yet recorded in Bank Statement                       |  |  |  |  | -              |
| Bank Balance as per Cash Book |   |  |  |  |  |  | 123,885,015.30 |

1 PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNCLEARED EFFECTS)

| CHEQUE |            | PAYEE                                    | AMOUNT | CHEQUE |      | PAYEE | AMOUNT       |
|--------|------------|--|--------|--------|------|-------|--------------|
| No.    | Date       |  | Shs.   | No.    | Date |       | Shs.         |
| 1      | 30/06/2023 | PAYE- Prisca Matuku June 2023            |        |        |      |       | 7,935.00     |
|        |            | VAT- Kenya Reinsurance Corporation       |        |        |      |       | 20,377.95    |
|        |            | PAYE - John Njura June 2023              |        |        |      |       | 23,343.00    |
|        |            | PAYE - Sheila Chanyisa June 2023         |        |        |      |       | 75,183.00    |
|        |            | PAYE- Winnie Molonko June 2023           |        |        |      |       | 232,383.00   |
|        |            | PAYE- Charles Musau June 2023            |        |        |      |       | 307,383.00   |
|        |            | NSSF- Employee Prisca Matuku June 2023   |        |        |      |       | 1,080.00     |
|        |            | NSSF- Employee John Njura June 2023      |        |        |      |       | 1,080.00     |
|        |            | NSSF- Employee Sheila Chanyisa June 2023 |        |        |      |       | 1,080.00     |
|        |            | NSSF- Employee Winnie Molonko June 2023  |        |        |      |       | 1,080.00     |
|        |            | NSSF- Employee Charles Musau June 2023   |        |        |      |       | 1,080.00     |
|        |            | NHIF- Prisca Matuku                      |        |        |      |       | 1,200.00     |
|        |            | NHIF- John Njura                         |        |        |      |       | 1,700.00     |
|        |            | NHIF- Sheila Chanyisa                    |        |        |      |       | 1,700.00     |
|        |            | NHIF- Winnie Molonko                     |        |        |      |       | 1,700.00     |
|        |            | NHIF- Charles Musau                      |        |        |      |       | 1,700.00     |
|        |            | NSSF- Employer Contribution PIU          |        |        |      |       | 5,400.00     |
|        |            | Net Pay- Prisca Matuku                   |        |        |      |       | 41,625.00    |
|        |            | Net Pay- John Njura                      |        |        |      |       | 77,077.00    |
|        |            | Net Pay- Sheila Chanyisa                 |        |        |      |       | 198,037.00   |
|        |            | Net Pay- Winnie Molonko                  |        |        |      |       | 564,837.00   |
|        |            | Net Pay- Charles Musau                   |        |        |      |       | 739,837.00   |
|        |            | TOTAL                                    |        |        |      |       | 2,306,817.95 |

As per Schedule Attached

PREPARED BY :

CERTIFIED BY :



**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
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ii) BOARD OF SURVEY REPORT

Date: 3<sup>rd</sup> July 2023

Report of the Board of Survey on the Cash and Bank Balances of **Support Access to Finance Enterprise Project-1000693096** as at the close of business on **30<sup>th</sup> June 2023**

The Board consisting of: -

- CHAIRPERSON:** Susan Theuri
- MEMBER:** Ray Maxwell Munoru
- MEMBER:** Lucy Kiboro

Assembled at the office of **Support Access to Finance Enterprise Project**

At **1.00 P.M.** on the **3<sup>rd</sup> July 2023**

And the following cash was produced: -

|   |          |                     |
|---|----------|---------------------|
| Notes .....                               | Sh. .... | Nil .....           |
| Silver .....                              | Sh. .... | Nil .....           |
| Copper .....                              | Sh. .... | Nil .....           |
| Cheques (as per details on reverse) ..... | Sh ..... | Nil .....           |
| It was observed that cheques amounting to | Sh ..... | Nil .....           |
|   |          | Cts ..... Nil ..... |

Had been on hand for more than 14 days prior to the date of the survey.

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

The Cash Book reflected the following balances as at the close of business on the **30<sup>th</sup> June 2023**

|                    |                          |           |
|--------------------|--------------------------|-----------|
| Cash on hand ..... | Sh .....                 | Nil ..... |
| Bank Balance ..... | <b>Sh 123,885,015.30</b> |           |
| <b>Total</b>       | <b>Sh 123,885,015.30</b> |           |

The bank certificate of Balance showed a sum of Kshs**126,191,833** Cts **25**

Standing to the credit of the account on **30<sup>th</sup> June 2023**

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

Date 3<sup>rd</sup> July 2023

.....  
Chairperson  
.....  
.....  
Members of the Board  
GPK (L)

SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
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iii) SPECIAL DEPOSIT ACCOUNTS RECONCILIATIONS

SUPPORTING ACCESS TO FINANCE & ENTERPRISE RECOVERY PROJECT (SAFER)  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2023

Credit No.: IDA LOAN CREDIT NO.70180-KE (DA-A)

Bank Account No.: 1000568976 Held with CENTRAL BANK OF KENYA

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

Discrepancy between total appearing on line 3 and 9

-

Notes:

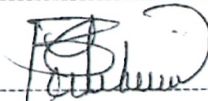
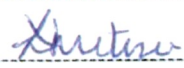
- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures



AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY

DATE: 28-08-2023

**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023**

| <b>SPECIAL ACCOUNT STATEMENT</b>  |  |
|---|--|
| For period ending   | <b>30th JUNE, 2023</b>   |
| Account No.   | <b>1000568976</b>  |
| Depository Bank   | <b>CENTRAL BANK OF KENYA</b>   |
| Address   | <b>CBK</b>   |
| Related Loan  | <b>SUPPORTING ACCESS.FINANCE.ENT.RECOV</b>   |
| Credit Agreement  |  |
| Currency  | <b>EUR</b>   |
| <b><u>Part A - Account Activity</u></b>   |  |
| Beginning balance of 1st July, 2022<br>as per C.B.K. Ledger Account             | 0.00   |
| <b>Add:</b>   |  |
| Total Amount deposited by World Bank  | 0.00   |
| Total Interest earnings if deposited in account                                 |  |
| Total amount refunded to cover ineligible<br>expenditure                        |  |
| <b>Deduct:</b>  |  |
| Total amount withdrawn  | 0.00   |
| Total service charges if not included above in<br>amount withdrawn              |  |
| Ending balance on 30th June,2023.   | 0.00   |
| <b>AUTHORISED REPRESENTATIVE<br/>CENTRAL BANK OF KENYA</b>                      | SIGNATURE:  |
|   | DATE: <b>21.07.2023</b>  |
| <b>AUTHORISED REPRESENTATIVE<br/>EXTERNAL RESOURCES<br/>DEPARTMENT-TREASURY</b> | SIGNATURE:  |
|   | DATE: <b>28-08-2023</b>  |

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

**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023**

**SUPPORTING ACCESS TO FINANCE & ENTERPRISE RECOVERY PROJECT (SAFER)  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2023**

Credit No.: IDA LOAN CREDIT NO.70180-KE (DA-C)

Bank Account No.: 1000632992 Held with CENTRAL BANK OF KENYA

|   | NOTES   | AMOUNT<br>USD | AMOUNT<br>USD       |
|---|---|---------------|---------------------|
| 1 | Amount advanced by IDA  |               | 2,032,041.21        |
|   | Less:   |               |                     |
| 2 | Total amount documented   |               | 32,041.21           |
| 3 | <b>Outstanding amount to be documented</b>                      |               | <b>2,000,000.00</b> |
|   | <b>Represented by:</b>  |               |                     |
| 4 | Ending Special account Balance as as 30 June 2023               |               | -                   |
| 5 | Amounts claimed but not credited as at 30 June 2023             |               |                     |
| 6 | <b>Amounts withdrawn and not claimed</b>                        |               | <b>2,000,000.00</b> |
| 7 | Service Charges (if not included in lines 5 and 6 above)        |               | -                   |
| 8 | Interest earned (if included in Special Account)                |               | -                   |
| 9 | <b>Total advance to Special Account Year ended 30 June 2023</b> |               | <b>2,000,000.00</b> |

Discrepancy between total appearing on line 3 and 9

-

**Notes:**

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

*Xantana*  
AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY

DATE: 28-08-2023

SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
 ANNUAL REPORT AND FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023

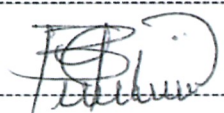
**SPECIAL ACCOUNT STATEMENT**

|                   |  |
|-------------------|--|
| For period ending | <b>30TH JUNE, 2023</b>                   |
| Account No.       | <b>1000632992</b>                        |
| Depository Bank   | <b>CENTRAL BANK OF KENYA</b>             |
| Address           | <b>CBK</b>                               |
| Related Loan      | <b>SUPPORT ACCESS TO FINANCE ENT DAC</b> |
| Credit Agreement  | <b>6121-KE</b>                           |
| Currency          | <b>EUR</b>                               |

**Part A - Account Activity**

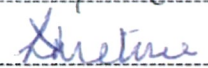
|   |              |
|---|--------------|
| Beginning balance of 1st July, 2022<br>as per C.B.K. Ledger Account | -            |
| <b>Add:</b>   |              |
| Total Amount deposited by World Bank                                | 2,032,031.21 |
| Total Interest earnings if deposited in account                     | -            |
| Total amount refunded to cover ineligible<br>expenditure            | -            |
| <b>Deduct:</b>  |              |
| Total amount withdrawn  | 1,000,000.00 |
| Total service charges if not included above in<br>amount withdrawn  | -            |
| Ending balance on 30th June, 2023                                   | 1,032,031.21 |

**AUTHORISED REPRESENTATIVE  
 CENTRAL BANK OF KENYA**

**SIGNATURE:** 

**DATE** 24.07.2023

**AUTHORISED REPRESENTATIVE  
 EXTERNAL RESOURCES  
 DEPARTMENT-TREASURY**

**SIGNATURE:** 

**DATE** 28-08-2023

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

**SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023**

**SUPPORTING ACCESS TO FINANCE & ENTERPRISE RECOVERY PROJECT (SAFER)  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2023**

Credit No.: IDA LOAN CREDIT NO.70180-KE (DA-B)

Bank Account No.: 1000632984 Held with CENTRAL BANK OF KENYA

|   | NOTES   | AMOUNT<br>USD | AMOUNT<br>USD |
|---|---|---------------|---------------|
| 1 | Amount advanced by IDA  |               | -             |
|   | <b>Less:</b>  |               |               |
| 2 | Total amount documented   |               | -             |
| 3 | <b>Outstanding amount to be documented</b>                      |               | -             |
|   | <b>Represented by:</b>  |               |               |
| 4 | Ending Special account Balance as as 30 June 2023               |               | -             |
| 5 | Amounts claimed but not credited as at 30 June 2023             |               |               |
| 6 | <b>Amounts witdraen and not claimed</b>                         |               | -             |
| 7 | Service Charges (if not included in lines 5 and 6 above)        |               | -             |
| 8 | Interest earned (if included in Special Account)                |               | -             |
| 9 | <b>Total advance to Special Account Year ended 30 June 2023</b> |               | -             |

Discrepancy between total appearing on line 3 and 9

-

**Notes:**

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

*Xretine*

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

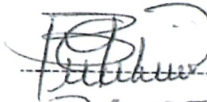
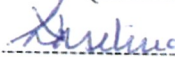
DATE: 28-08-2023

SUPPORTING ACCESS TO FINANCE AND ENTERPRISE RECOVERY PROJECT  
 ANNUAL REPORT AND FINANCIAL STATEMENTS  
 FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023

**SPECIAL ACCOUNT STATEMENT**

|                   |  |
|-------------------|--|
| For period ending | <b>30TH JUNE, 2023</b>                   |
| Account No.       | <b>1000632984</b>                        |
| Depository Bank   | <b>CENTRAL BANK OF KENYA</b>             |
| Address           | <b>CBK</b>                               |
| Related Loan      | <b>SUPPORT ACCESS TO FINANCE ENT DAB</b> |
| Credit Agreement  | <b>6121-KE</b>                           |
| Currency          | <b>EUR</b>                               |

**Part A - Account Activity**

|   |   |
|---|---|
| Beginning balance of 1st July, 2022<br>as per C.B.K. Ledger Account             | -   |
| <b>Add:</b>   |   |
| Total Amount deposited by World Bank  | 0.00  |
| Total Interest earnings if deposited in account                                 | -   |
| Total amount refunded to cover ineligible<br>expenditure                        | -   |
| <b>Deduct:</b>  |   |
| Total amount withdrawn  | 0.00  |
| Total service charges if not included above in<br>amount withdrawn              | -   |
| Ending balance on 30th June, 2023   | 0.00  |
| <b>AUTHORISED REPRESENTATIVE<br/>CENTRAL BANK OF KENYA</b>                      | <b>SIGNATURE:</b>  |
|   | <b>DATE</b> 24.07.2023  |
| <b>AUTHORISED REPRESENTATIVE<br/>EXTERNAL RESOURCES<br/>DEPARTMENT-TREASURY</b> | <b>SIGNATURE:</b>  |
|   | <b>DATE</b> 28-08-2023  |

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