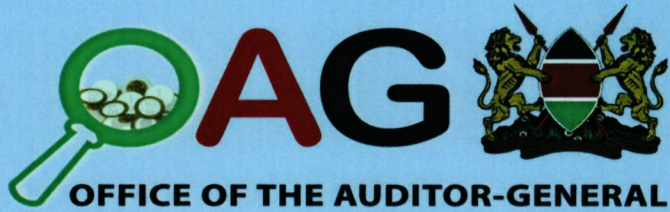
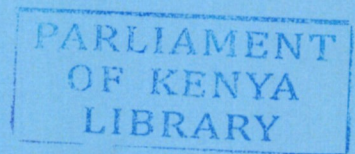



REPUBLIC OF KENYA



Enhancing Accountability

REPORT



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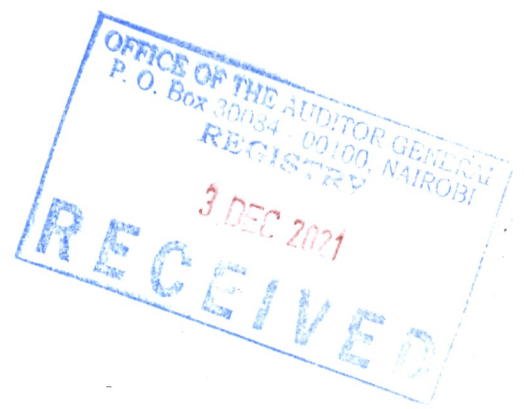
THE AUDITOR-GENERAL

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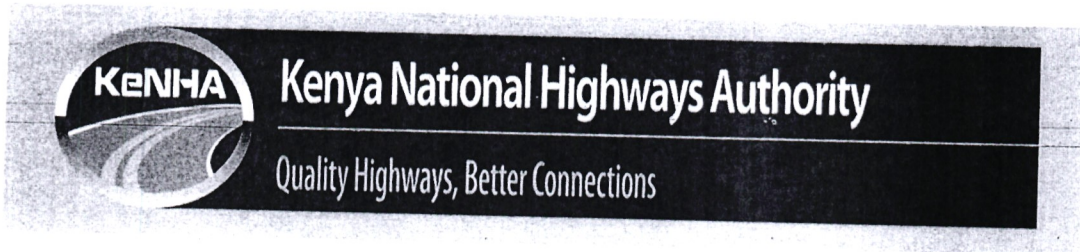
**EASTERN AFRICA REGIONAL TRANSPORT,
TRADE AND DEVELOPMENT FACILITATION
PROJECT-(IDA CR-5638)**

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

KENYA NATIONAL HIGHWAYS AUTHORITY



MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING, URBAN DEVELOPMENT
AND PUBLIC WORKS



PROJECT NAME: EASTERN AFRICA REGIONAL TRANSPORT, TRADE &
DEVELOPMENT FACILITATION PROJECT (SECOND PHASE PROGRAM)
IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

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

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

Reports and Financial Statements For the financial year ended June 30, 2021

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PROJECT NAME: EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT (SECOND PHASE PROGRAM)
Reports and Financial Statements For the financial year ended June 30, 2021

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

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

Objective:

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

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

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

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

Contacts:

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

Other important background information of the project Costing and Financing USD	Project Component	Project Cost(USD)	IDA Financing(USD)	% Financing(USD)
	Upgrading Critical Road Infrastructure	594	426	72
	Facilitation of Regional Transport, Trade and Development	31	27	87
	Institutional Development and Program Management	3.5	3.5	100
	Total	628.5	456.5	73

1.4 Bankers National Bank of Kenya Ltd
Hill Branch
Po Box 72866-00200
Nairobi

1.5 Auditors Auditor General
Office of the Auditor General
P.o Box 30084-0100
Nairobi

1.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Eng. David.A.Muchilwa	Director Development	Qualified	Oversight
Eng. John Ndinika	Deputy Director Special Project (EARTTDP)	Qualified	Team Coordinator & Construction Specialist
Mr Walter Nyatwanga	Deputy Director	Qualified	Safeguards Specialist
Eng. Julius Mako'oderoh	Assistant Director	Qualified	Monitoring & Evaluation Specialist
Eng Julia Ondeyo	Assistant Director	Qualified	Monitoring & Evaluation Specialist
Mr Isaac Kamotho	Assistant Director	Qualified	Financial Specialist
Mr R Kilel	Assistant Director	Qualified	Procurement Specialist

*EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION
PROJECT Reports and Financial Statements For the financial year ended June 30, 2021*

1.7 Funding summary

The Project duration is from 20th July 2015 to 31st December 2021 with an approved budget of USD 456,551,724 equivalent to Kshs 49,284,758,606 and Kshs. 17,389,578,400 as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30th June 2021)		Undrawn balance to date (30th June 2021)	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
-	-	-	-	-	-	-
(ii) Loan						
International Development Association IDA	456,551,724	49,284,758,606	252,704,204	27,279,418,789	203,847,520	22,005,339,817
(iii) Counterpart funds						
Government of Kenya	-	17,389,578,400	-	4,109,136,094	-	13,280,442,306
Total	456,551,724	66,674,337,006	252,704,204	31,388,554,883	203,847,520	35,285,782,123

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2021)		Cumulative Amount paid to date – (30 th June 2021)		Unutilised balance to 30 th June 2021	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
	USD	KSHS	USD	KSHS	USD	KSHS
(i) Loan						
International Development Association IDA	252,704,204	27,279,418,789	-	27,279,418,789	-	-
(ii) Counterpart funds						
Government of Kenya	-	4,109,136,094	-	3,642,002,779	-	467,133,315
Total	252,704,204	31,388,554,883	-	30,921,421,568	-	467,133,315

1.8 Summary of Overall Project Performance:

Budget performance against actual amounts for current year.

Current Year		
Budget 2020/21	Actual 2020/21	Performance %
7,067,268,455	7,173,994,075	102%

The status report is as follows

PROJECT DESCRIPTION		PROGRESS REPORTED TO DATE
<p>1. Project Name: Upgrading of Kalobeiyei River — Nadapal (88 km) road section Contract type: Works Contractor: China Railway No. 5 Engineering Group Ltd Contract Signed: 28th March, 2017 Commencement Date: 11th July, 2017 Completion Date: 11th July, 2020 Contract amount: KES. 7,865,031,057.15 Consultant: Intercontinental Consultants & Technocrats Pvt Ltd with CAS Consultant Ltd. Contract Amount: USD. 3,543,351.00 and KES. 491,355,410.00</p>	Physical progress,	74.30%
	Amount certified	KES. 5,740,971,476.76
	Amount paid	KES. 4,430,651,821.39
	Time lapsed	47.47 Months
<p>2. Project Name: Upgrading of Lokitaung Junction to Kalobeiyei River (80 km) road section Contract type: Works Contractor: Chongqing International Construction Corporation Contract Signed: 28th March, 2017 Commencement Date: 1st August, 2017 Completion Date: 1st August, 2020</p>	Physical progress,	88.11%
	Amount certified	KES. 6,636,330,038.54
	Amount paid	KES. 5,665,405,442.74

**EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION
PROJECT Reports and Financial Statements For the financial year ended June 30, 2021**

PROJECT DESCRIPTION		PROGRESS REPORTED TO DATE
<p>Contract amount: KES. 8,454,759,874.18</p> <p>Consultant: Sheladia Associates Inc. in association with Abdul Mullick associates</p> <p>Contract Amount: USD. 2,204,145.00 and KES. 629,802,599.00</p>	Time lapsed	92.07 months
<p>3. Project Name: Upgrading of Lodwar - Lokitaung Junction to (80 km) road section</p> <p>Contract type: Works</p> <p>Contractor: Third Engineering Bureau of China Construction Group Co. Ltd</p> <p>Contract Signed: 14th March, 2017</p> <p>Commencement Date: 15th August, 2017</p> <p>Completion Date: 15th August, 2020</p> <p>Contract amount: KES. 8,334,773,795.84</p> <p>Consultant: Egis International in association with Egis Kenya</p> <p>Contract Amount: KES. 568,958,975.00 and EURO. 1,589,113.00</p>	Physical progress,	99.53%
	Amount certified	KES. 9,761,308,050.47
	Amount paid	KES. 9,179,685,729.19
	Time lapsed	41.5Months
<p>4. Project Name: Replacement of Kainuk Bridge</p> <p>Contract type: Works</p> <p>Contractor: China Henan International Corporation Group Ltd</p> <p>Contract Signed: 6th October, 2016</p> <p>Commencement Date: 17th July, 2017</p> <p>Completion Date: 17th October, 2018</p> <p>Contract amount: KES. 1,538,973,674.11</p> <p>Consultant: SAI Consulting Engineers Pvt Ltd in association with Wanjohi Mutonyi Consulting Engineers.</p>	Physical progress,	100%
	Amount certified	KES. 1,032,222,363.67
	Amount paid	KES. 767,058,846.00
	Time lapsed	36.5 Months

*EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION
PROJECT Reports and Financial Statements For the financial year ended June 30, 2021*

PROJECT DESCRIPTION		PROGRESS REPORTED TO DATE
Contract Amount: KES. 23,693,000.00 and USD. 2,259,346.00		
<p>5. Project Name: Upgrading of Loichangamatak – Lodwar (50Km) Contract type: Works Contractor: China Railway No. 5 Eng. Co. Ltd Contract Signed: 10th November, 2016 Commencement Date: 10th July, 2017 Completion Date: 10th July, 2020 Contract amount: KES. 6,782,439,479.76</p> <p>Consultant: Dohwa Engineering Co. Ltd in J.V with GIBB International. Contract Amount: KES. 421,319,530.00 and USD 2,968,202.00</p>	Physical progress,	98.7%
	Amount certified	KES. 4,888,176,693.01
	Amount paid	KES. 4,527,308,826.69
	Time lapsed	47.7 Months
<p>6. Contractor: China State Construction Engineering Corp. Ltd Contract Signed: Commencement Date: Completion Date: Contract amount: KES.</p> <p>Consultant: Intercontinental Consultants and technocrats Pvt. Ltd Contract Amount: KES. 139,766,000.00 and USD 3,146,770.00</p>	Physical progress,	18.0%
	Amount certified	1,324,035,824.55
	Amount paid	KES. 1,235,477,137.22
	Time lapsed	13.0 Months
7. Needs Assessment for Social Infrastructure	In Progress	Various needs identified through consultations and a validation

PROJECT DESCRIPTION		PROGRESS REPORTED TO DATE
Consulting Services for Delivery Needs Assessment for Social Infrastructure and Social Services		workshop to be held in Lodwar to conclude the assignment

1.9 Summary of Project Compliance:

There is no significant case of non-compliance with applicable laws and regulations and essential external financing agreements /covenants was reported during the year

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

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

The Kenya National Highways Authority, the Implementing Agency under the Ministry of Transport, Infrastructure, Housing and Urban Development (MoTIUD), is currently executing the project under six (6) Contracts namely:

- Upgrading of Kainuk Bridge and the Approach Roads
- Lot 4_ Upgrading of Lokichar - Loichangamatak (40Km)
- Lot 3_ Upgrading of Kalobeiyei River — Nadapal (88 km) road section
- Lot 2_ Upgrading of Lokitaung Junction to Kalobeiyei River (80 km) road section
- Lot 1_ Upgrading of Lodwar - Lokitaung Junction to (80 km) road section
- Lot 0_ Upgrading of Loichangamatak – Lodwar (50Km)

The Challenges experienced in carrying out the projects are:

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

STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES (Continued)

Progress on attainment of Strategic development objectives

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

Objective	Outcome	Indicator	Performance
To improve the movement of people/goods through upgrading of road infrastructure along Lokichar - Nakodok (part of Eldoret – Nakodok corridor)	Increased efficient transportation of people, goods and services	Completion of the following Road Projects	
		Kainuk Bridge	97% Completed
		Kalobeyei River – Nadapal/Nakodok	60% Completed
		Lokitaung' Junction – Kalobeiyei River	60% Completed
		Lodwar – Lokitaung' Junction	91% Completed
		Loichangamatak - Lodwar	76% Completed
Facilitate trade through construction of social infrastructure	Increased Trade	Lokichar -Loichangamatak	5% Completed
		Completion of Construction of Social Infrastructure	Plans to start the CSR projects are now underway after the MoUs were signed in April and July 2020.
Enhance of internet connectivity in the North Western Kenya through construction of fibre Optic Cable	Enhanced Internet Connectivity	Completion of Construction of Fibre Optic Cable	Preparation of tender documents is in progress

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile

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

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

2. Environmental performance

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

3. Employee welfare

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

4. Market place practices

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

The Authority undertakes to be actively involved in the negotiations during budget sector hearings in order to increase budgetary allocations for projects thus honouring contracts by paying its liabilities on time.

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING (Continued)**

5. Community Engagements

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

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

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

<i>No.</i>	<i>Road Project</i>	<i>CSR Activity</i>	<i>Status of CSR Activity</i>
1.	Lokichar - Loichangam atak	<ul style="list-style-type: none"> • Construction of Classrooms, Teacher's Houses, Toilet Blocks, Water Piping among others in 7 schools • Upgrading of Lochwaa Dispensary, Nagetei Dispensary & Lokichar Hospital • Drilling of Boreholes in Kabura, Junuta, Lolupe, Kaichipaluk & Ekalale • Lokichar Sale Yard • Lokichar Market • Moruengor Business Centre • Lorry Parks and Boda boda Shades 	The CSR Activities have not yet commenced. There was need to put in place a Memorandum of Understanding between KeNHA, West Pokot County & Turkana County to provide free land for the CSR projects and to facilitate free movement of Construction Materials required for the project.
2.	Loichangam atak - Lodwar	<ul style="list-style-type: none"> • Construction of Classrooms, Teacher's Houses, Toilet Blocks, Water Piping among others in 3 schools • Upgrading of Loturerei Health Centre, Lolupe Health Centre, LCR Annex, St. Mary's Dispensary Locheremoit Dispensary, Nareng Emunyen Dispensary & Sopol Dispensary • Drilling of Boreholes in 4 villages • Town Shades in 4 Towns • Irrigation Scheme & Fish Processing Plant 	

*EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION
PROJECT Reports and Financial Statements For the financial year ended June 30, 2021*

		<ul style="list-style-type: none"> • Slaughter House • Livestock Saleyard • Lodwar Tannery • Piping of water to cover Loturerei, Township, Kanam kemer, Turkana University College and surrounding villages. 	<p>These MoUs were signed on April 8, 2020 and July 10, 2020 respectively.</p> <p>Plans to start the CSR projects are now underway.</p>
3.	Lodwar – Lokitaung’ Junction	<ul style="list-style-type: none"> • Construction of Classrooms, Teacher’s Houses, Toilet Blocks, Water Piping among others in 20 schools • Upgrading of Nameyana Dispensary, Lomil Dispensary, Nasiger Dispensary, Napelilim Dispensary, Makutano Health Centre, Kaenongon Dispensary, Aterika Dispensary, • Drilling of Boreholes in 8 villages • Boda Boda Shades in 3 Towns • Irrigation Scheme and Irrigation Canal in 2 locations • Slaughter House • Livestock Saleyard • Lodwar Tannery • Piping of water in 3 villages. • Pasture Production at Losaijat 	
4	Lokitaung’ Junction – Kalobeiyei River	<ul style="list-style-type: none"> • Construction of Classrooms, Teacher’s Houses, Toilet Blocks, Water Piping among others in 14 schools • Upgrading of Moruangibuin Dispensary, Lokore Health Centre, Lokichar Dispensary, Kalobeiyei Dispensary, Kakuma Sub-County Hospital, Namon Dispensary, Lopur Dispensary, Kangitesiroi Dispensary, • Drilling of Boreholes in 18 villages • Boda Boda Shades in 3 Towns • Irrigation Scheme and Irrigation Canal in 2 locations • 1 Slaughter House • Komotogae Drug Store • Piping of water in 5 villages. • Pasture Production at Losaijat • 1 Lorry Park 	

5	Kalobeyei River – Nadapal/Nak odok	<ul style="list-style-type: none"> • Construction of Classrooms, Teacher’s Houses, Toilet Blocks, Water Piping among others in 5 schools • Upgrading of Songot Dispensary, Letea Health Centre, AIC health Centre , Loteteleit Dispensary, Nakururum Health Centre • Drilling of Boreholes in 11 villages • Boda Boda Shades in 5 Towns • Lomidat Flood Irrigation Scheme • Improve Lokichoggio Market • Improve Songot Market • Spate Irrigation at Lokirieriet and bush clearing • Ataekaale irrigation scheme 	
6.	Kainuk Bridge	<ul style="list-style-type: none"> • Construction of Classrooms, Teacher’s Houses, Toilet Blocks, Water Piping among others in 7 schools • Upgrading of Kainuk Health Centre, Kakongu Health Centre • Drilling of Boreholes in 2 villages • Boda Boda Shades in 3 Locations • Livestock Sale Yard • Kaputiro Irrigation Scheme • Loyapat Irrigation Scheme • Lomosing’o Irrigation Scheme • Lodoupua Rain Fed Farms and Water Pan • Kainuk Rest Stop • Kainuk Lorry Parking 	

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

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Director General, KeNHA and the Project Implementation Team Leader for Eastern Africa Regional, Transport, Trade & Development Facilitation 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, 2021. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

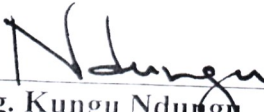
The Director General, KeNHA and the Project Implementation Team Leader for Eastern Africa Regional, Transport, Trade & Development Facilitation Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate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

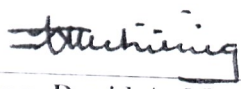
The Director General, KeNHA and the Project Implementation Team Leader for Eastern Africa Regional, Transport, Trade & Development Facilitation Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. The Director General, KeNHA and the Project Implementation Team Leader for Eastern Africa Regional, Transport, Trade & Development Facilitation Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

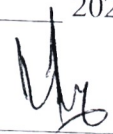
The Director General, KeNHA and the Project Implementation Team Leader for Eastern Africa Regional, Transport, Trade & Development Facilitation Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Director General, KeNHA and the Project Implementation Team Leader for Eastern Africa Regional, Transport, Trade & Development Facilitation Project on 17 AUG 2021 2021 and signed by them.

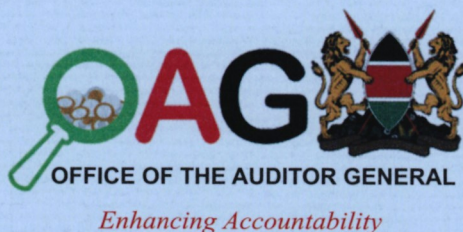

Eng. Kungu Ndungu
Director General


Eng. David A. Muchilwa
Director -Development


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

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REPORT OF THE AUDITOR-GENERAL ON EASTERN AFRICA REGIONAL TRANSPORT, TRADE AND DEVELOPMENT FACILITATION PROJECT-(IDA CR- 5638) FOR THE YEAR ENDED 30 JUNE, 2021- KENYA NATIONAL HIGHWAYS AUTHORITY

PREAMBLE

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

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

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

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

Report of the Auditor-General on Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA CR.5638) for the year ended 30 June, 2021-Kenya National Highways Authority

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Eastern Africa Regional Transport, Trade and Development Facilitation Project set out on pages 1 to 16, which comprise the statement of financial assets and liabilities as at 30 June, 2021, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Eastern Africa Regional Transport, Trade and Development Facilitation Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 and comply with the Financing Agreement No KE-5638 dated April 2015 between the International Development Association and Government of the Republic of Kenya.

Basis for Qualified Opinion

1. Transfers from Government Entities

The Statement of receipts and payments reflects transfers from Government entities of Kshs.1,091,589,491. However, the schedules provided in support of the balance showed Exchequer issues totalling to Kshs.35,436,554,614, thereby resulting to an unexplained variance of Kshs.34,344,965,123. The Management explained that all Exchequer funds are channelled into a single Exchequer account thus occasioning the disparity.

Further, the statement of comparative budget and actual amounts reflects transfers from Government entities final budget amount for the year of Kshs.803,268,455. However, the approved supplementary budget for the 2020/2021 financial year shows an amount of Kshs.193,774,628 for the item, thus occasioning an unexplained difference of Kshs.609,493,827.

In the circumstance, the accuracy and completeness of the transfers from Government entities of Kshs.1,091,589,491 could not be confirmed.

2. Acquisition of Non-Financial Assets

Included in acquisition of non financial assets figure of Kshs.7,154,243,148 as at 30 June, 2021 is Kshs.144,816,276 in respect of acquisition of land which in turn

included payment of Kshs.48,693,621 which lacked identification particulars of the persons compensated and details of parcels of land acquired. The payment records indicated the payee as National Land Commission but no schedules of beneficiaries with their particulars were attached.

Consequently, the propriety of the expenditure of Kshs.48,693,621 could not be confirmed.

3. Un-reconciled Balances on Special Deposit Accounts

The special account statement shows an amount of USD 5,198,078 (equivalent Kshs 570,064,176) being withdrawal from the special account and transferred to the project bank account. The statement of receipts and payments however, reflects an amount of Kshs.568,215,586 as transfer from external development partner to the project resulting in an unreconciled difference of Kshs.1,848,590.

In the circumstances, the difference of Kshs.1,848,590 in respect of external development partner could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Eastern Africa Regional Transport, Trade and Development Facilitation Project 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 qualified 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. Except for the matters described in the Basis for qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Outstanding Pending Bills

Note 12.1 to the financial statements shows pending bills amount of Kshs.1,540,700,413. Although Management had committed to liaising with the line Ministry and The National Treasury for adequate budgetary allocation and timely exchequer releases for prompt payments in the subsequent financial year, the Project is at risk of incurring significant interest costs and penalties and implementation of the Project may delay.

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 effect of matters described in the Basis for Conclusion of 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

1. Upgrading of Kainuk Bridge and Approach Roads

The Kainuk bridge was completed and handed over on 2 August, 2021 and was at defects liability period. However, the following anomalies were noted:

- i. The snag list was to be done during defects liability period as per the contract agreement but no information on the progress and status on the snag list implementation was provided for audit review.
- ii. The contractor was to carry out Corporate Social Responsibility (CSR) activities for the Project which had not been done despite the handover.
- iii. The Project had accrued interest of Kshs.4,934,560 in delayed payments.

In the circumstances, the contractor may fail to implement all the components of the contract and the interest charged would amount to loss of public funds.

2. Lot 0: Upgrading of Loichangamatak-Lodwar Road 50KMs

The Project was undertaken by China Railways No.5 Engineering Group Co. Ltd and DOHWA Engineering Co. Ltd in a Joint Venture with GIBB Africa Ltd as contractor and consultants respectively. The contract sum was Kshs.6,782,439,479 for the contractor, Kshs.421,319,530 and USD 2,968,202 for local and foreign consultants. The contract period was thirty (30) months from 10 July, 2017 to 9 January, 2020 with a defects liability period of 12 months. The progress reports revealed that as at 30 September, 2021 out of certified amount of Kshs.5,098,761,761, a figure of Kshs.4,837,009,610 had been paid leaving a pending bill of Kshs.261,761,187. The Project time had elapsed by 50 months of the revised completion time with a financial progress of 79%.

However, the following unsatisfactory anomalies were noted:

- i. There was a proposal to revise the contract sum to Kshs.7,619,688,236 being an increase of Kshs.837,248,757 (12%) and the variation had not been justified with additional scope of work.
- ii. Payment to 43 Project Affected Persons (PAPs) in Lodwar town had not been done and there was delay in relocation of power lines and water pipes which have slowed the progress of the Project.
- iii. Field inspection conducted on 21 October, 2021 revealed that the road was uneven in most of the sections and this was evident from the bumpy motion of the vehicle casting doubt on the life span of the road.
- iv. Some sections of the road with culverts where the road was raised, and had sloppy sides, were not protected with stone pitching as required by the contract and may erode faster than expected.

Consequently, value for money may not be realized from this road upgrading Project.

3. Lot 1: Upgrading of Lodwar-Lokitaung Junction Road (80Km)

The Project was undertaken by China Engineering Bureau of China City Construction Group Company Limited and Egis International in association with Egis Kenya being the contractor and consultant respectively. The contract sum was Kshs.8,334,773,795 for the contractor, Kshs.568,958,975 and Euro 1,589,113 for the consultants.

The contract period was for thirty-six (36) months from 15 August, 2017 to 14 August, 2020 with a defects liability period of 12 months. The revised cost was Kshs.10,393,303,476, an increase of Kshs.2,058,529,680 (25%) of the contract sum.

By 16 September, 2021, out of the certified amount of Kshs.9,961,308,050, a sum of Kshs.9,478,269,755 had been paid and hence a pending bill of Kshs.483,038,295 with time escalation of 41.5 months and physical progress at 99.81%.

There were however several unsatisfactory issues noted as listed below;

- i. There was a contract variation amount of Kshs.2,058,529,680 (24.7% of the contract sum) which had not been explained through additional scope of work.
- ii. There was delay in compensation of 7 Project Affected Persons (PAP) and land acquisition.
- iii. Vandalism and destruction of road signage and survey beacons had occurred.
- iv. The truck parking at KM 0+220 in Lodwar town was yet to be completed.
- v. The status and progress of implementation of the snag list was not provided for audit review and hence it is not clear what was to be implemented.

- vi. Vegetation had encroached on the road in some sections implying road maintenance was lacking.

In the circumstances, value for money may not be realized from the expenditure on road upgrading.

4. Lot 2: Upgrading of Lokitaung Junction-Kalobeiyei River Road Project 80KMs

The Project was undertaken by Chongqing International Construction Corporation with a contract sum of Kshs 8,454,759,874 for the contractor, USD 2,204,145 and Kshs 629,802,599 for the consultants. The project duration was for thirty-six months period starting from 1 August, 2017 to 31 July, 2020 with twelve (12) months defects liability period. The completion date was extended to 30 October, 2021 with estimated cost of Kshs.9,799,110,192.

At the time of audit in October, 2021, out of the certified amount of Kshs.8,196,243,591, a sum of Kshs.6,918,287,349 had been paid leaving a pending bill of Kshs.1,277,956,242 with time escalation of 100% and physical progress at 89%.

Physical verification of the Project conducted on 22 October, 2021 revealed the following unsatisfactory issues:

- i. The work carried out had been assessed to be substandard and the contractor was instructed to repeat sections of the road which already had defects. The contractor was on site and redoing the sections affected.
- ii. The road works were found to be behind schedule since only 89% was complete while full contract period had elapsed.
- iii. The contract sum was revised from Kshs.8,454,759,874 to Kshs.9,799,110,192 representing an increase of Kshs.1,344,350,318 (13.7%?) with no explanation of extra scope of work.

Therefore, the intended benefits to the community may not have been achieved from the Project.

5. Lot 3: Upgrading of Kalobeiyei River-Nadapal/Nakodok Road Project 77.20KMs

The Project was undertaken by China Railways No.5 Engineering Group Co. Ltd. with a contract sum of Kshs.7,865,031,057 for the contractor, Kshs.423,582,250 and USD3,054,613 for the consultants. The contract period was thirty-six (36) months from 11 July, 2017 to 10 July, 2020 with a defects liability period of 12 months, but the completion date was later revised to 30 September, 2021.

Due to non-availability of land for road construction arising from security inaccessibility from Nadapal to Nakodok, the contract sum was revised to Kshs.7,803,895,829

representing a reduction by Kshs.61,135,228 for the unavailable land for 10.8 kilometers. The project milestones as at 22 October, 2021 were as follows;

Items	
Amount Certified	Kshs.4,903,907,998
Amount paid	Kshs.4,594,850,936
Pending bills	Kshs,309,057,063
Time elapsed	51.32 months - 94.91% of revised completion date of 30 September 2021
Physical Progress	84.75%
Overdue Payments	Kshs.229,749,945

The following anomalies were however noted during the audit exercise;

- i. There was 10.8KM inaccessible from Nadapal to Nakadok which was not permitted by border guards of The Republic of South Sudan hence delaying implementation of the project.
- ii. There was a delay in payment of (PAPs) and relocation of infrastructure, water and electricity at Lokichoggio town, which also affect project implementation.
- iii. The work carried out had been assessed to be substandard and the contractor was instructed to repeat sections of the road which already had defects. The contractor was concurrently redoing the sections affected with the uncompleted work.

In the circumstances, value for money may not have been realized by the community on the expenditure incurred on the Project.

6. Lot 4: Upgrading of Lokichar-Loichangamatak Road 40KMs

The Project was being undertaken by China State Engineering Corporation Limited and Intercontinental Consultants & Technocrats Pvt Limited being the contractor and consultants respectively. The contract sum was Kshs.5,800,819,125 for the contractor, USD 3,650,253 and Kshs.162,128,560 for the consultants.

The contract period is thirty (30) months from 2 June, 2020 to 2 December, 2022 with a defects liability period of 12 months. Relocation of (PAPs) and water and electricity infrastructure had been delayed thus affecting project implementation. The progress reports revealed the following project milestones as at 31 August, 2021;

Items	
Amount Certified	Kshs.1,793,232,907
Amount paid	Kshs.1,411,926,834
Pending bills	Kshs.381,306,074
Time elapsed	50%
Physical progress	31%
Overdue Payments	Kshs.55,734,840

The following unsatisfactory issues were noted the time of audit:

- i. The project was behind schedule since time lapsed was 50% and work completion was only at 31%. The project may not be completed on time for the beneficiaries to enjoy the services.
- ii. The diversions for the road were not well maintained by levelling, watering dusty areas and having road signs thus denying road users convenient use of the road, yet the amount allocated for maintenance of diversions had not been utilized.
- iii. The employer may incur additional cost due to delay in relocation of PAPs, electricity and water infrastructure along the road corridor.

Consequently, the intended benefits to the community may not be achieved by the Project.

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 overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 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 not been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are not 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 sustain services, disclosing, as applicable, matters related to sustainability of services and using the appropriate basis of accounting unless Management is aware of intentions to terminate the project or cease operations.

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

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

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

relation to 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 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 noncompliance. 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 Project's 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 continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to 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 Gatungu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2021

Report of the Auditor-General on Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA CR.5638) for the year ended 30 June, 2021-Kenya National Highways Authority

EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION PROJECT
Reports and Financial Statements For the financial year ended June 30, 2021

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

RECEIPTS	NOTES	2020/21			2019/20			Cumulative to date
		Receipts & Payments Controlled by the Entity	Receipts & Payments made by the Third Party	Total	Receipts & Payments Controlled by the Entity	Receipts & Payments made by the Third Party	Total	
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfer from Government entities	1	1,091,589,491	-	1,091,589,491	1,722,944,712	-	1,722,944,712	4,090,308,675
Transfer from External Development Partner	2	568,215,586	5,452,476,733	6,020,692,319	591,494,282	9,519,705,779	10,111,200,061	27,279,418,789
Miscellaneous Receipts	3	3,077,980	-	3,077,980	1,384,102	-	1,384,102	18,827,419
Total receipts		1,662,883,057	5,452,476,733	7,115,359,790	2,315,823,096	9,519,705,779	11,835,528,875	31,388,554,883
PAYMENTS								
Purchase of goods and services	4	19,698,077	-	19,698,077	32,491,456	-	32,491,456	182,469,150
Acquisition of non-financial assets	5	1,701,766,415	5,452,476,733	7,154,243,148	2,003,650,686	9,519,705,779	11,523,356,465	30,738,687,213
Miscellaneous Payments	6	52,850	-	52,850	68,460	-	68,460	265,205
TOTAL PAYMENTS		1,721,517,342	5,452,476,733	7,173,994,075	2,036,210,602	9,519,705,779	11,555,916,381	30,921,421,568
SURPLUS/DEFICIT FOR THE YEAR		(58,634,285)	-	(58,634,285)	279,612,494	-	279,612,494	467,133,315

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


Eng. Kungu Ndung'u
 Director General

17 AUG 2021

Date



Eng. David A. Muchilwa
 Director -Development

17 AUG 2021

Date



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

17 AUG 2021

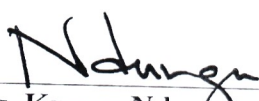
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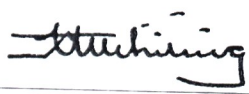
EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION PROJECT
Reports and Financial Statements For the financial year ended June 30, 2021


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

	Note	2020/21	2019/20
		Kshs	Kshs(Restated)
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7	467,133,315	525,767,600
TOTAL FINANCIAL ASSETS		467,133,315	525,767,600
FINANCIAL LIABILITIES			
Payables - Retentions	9	285,396,028	357,201,635
NET ASSETS		181,737,287	168,565,965
REPRESENTED BY:			
Fund balance b/fwd	10	168,565,965	8,356,110
Surplus/(Deficit) for the year		13,171,322	160,209,855
NET FINANCIAL POSITION		181,737,287	168,565,965

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 17 AUG 2021 2021 and signed by:


 Eng. Kungu Ndungu
 Director General


 Eng. David A. Muchilwa
 Director -Development

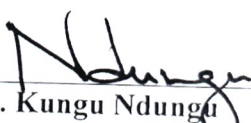

 CPA Chanje Kera
 Deputy Director (F&A)
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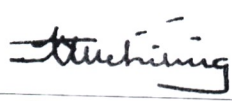
*EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION PROJECT
Reports and Financial Statements For the financial year ended June 30, 2021*


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

		2020/21	2019/20
Receipts for operating income			
Transfer from Government entities	1	1,091,589,491	1,722,944,712
Payments for operating expenses			
Purchase of goods and services	4	(19,698,077)	(32,491,456)
Miscellaneous Payments	6	(52,850)	(68,460)
Miscellaneous Receipts	3	3,077,980	1,384,102
Net cash flow from operating activities		1,074,916,544	1,691,768,898
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	(7,154,243,148)	(11,523,356,465)
Net cash flows from Investing Activities		(7,154,243,148)	(11,523,356,465)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	2	6,020,692,319	10,111,200,061
Net cash flow from financing activities		6,020,692,319	10,111,200,061
NET INCREASE IN CASH AND CASH EQUIVALENT		(58,634,285)	279,612,494
Cash and cash equivalent at BEGINNING of the year		525,767,600	246,155,106
Cash and cash equivalent at END of the year		467,133,315	525,767,600

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 17 AUG 2021 2021 and signed by:


Eng. Kungu Ndungu
Director General


Eng. David A. Muchilwa
Director -Development

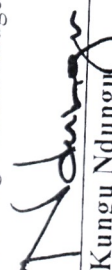

CPA Chanje Kera
Deputy Director (F&A)
ICPAK Member No. 8279

EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION PROJECT
Reports and Financial Statements For the financial year ended June 30, 2021

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

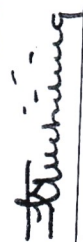
Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	318,549,256	484,719,199	803,268,455	1,091,589,491	(288,321,036)	136%
Transfer from External Development Partner	11,307,296,000	(5,043,296,000)	6,264,000,000	6,020,692,319	243,307,681	96%
Miscellaneous Income	-	-	-	3,077,980	(3,077,980)	-
Total Receipts	11,625,845,256	(4,558,576,801)	7,067,268,455	7,115,359,790	(48,091,335)	101%
Payments						
Purchase of goods and services	19,698,077	-	19,698,077	19,698,077	-	100%
Acquisition of non-financial assets	11,606,147,179	(4,558,576,801)	7,047,570,378	7,154,243,148	(106,672,770)	102%
Miscellaneous Charges	-	-	-	52,850	(52,850)	-
Total Payments	11,625,845,256	(4,558,576,801)	7,067,268,455	7,173,994,075	(106,725,620)	102%

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


 Eng. Kungu Ndungu
 Director General


17 AUG 2021

Date


 Eng. David A. Muchilwa
 Director -Development

17 AUG 2021

Date


 CPA Chanje Kera
 Deputy Director (F&A)
 ICPAK Member No. 8279
 17 AUG 2021

Date

10. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.2 Statement of compliance and basis of preparation

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

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

10.3 Reporting entity

The financial statements are for the **Eastern Africa Regional Transport Trade & Development Facilitation Project** under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.3.1 Reporting currency

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

10.4 Significant Accounting Policies

a) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

Significant Accounting Policies (Continued)

b) Donations and grants

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

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

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

g) Cash and cash equivalents

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

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

Significant Accounting Policies (Continued)

Restriction on cash

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

h) Accounts receivable

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

i) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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

j) Contingent Assets

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

Significant Accounting Policies (Continued)

k) Pending bills

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

l) Budget

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

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

m) Third party payments

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

During the year **Kshs 6.02 billion** being loan disbursements were received in form of direct payments from third parties.

n) Exchange rate differences

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

Significant Accounting Policies (Continued)

o) Comparative figures

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

p) Subsequent events

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

q) Errors

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

11. NOTES TO THE FINANCIAL STATEMENTS

1. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2020/21	2019/20	Cumulative
	Kshs	Kshs	to-date
Counterpart funds Quarter 1	258,087,961	29,354,983	339,547,021
Counterpart funds Quarter 2	689,031,462	241,166,603	1,208,944,860
Counterpart funds Quarter 3	8,151,679	77,945,530	634,085,555
Counterpart funds Quarter 4	136,318,389	1,374,477,596	1,907,731,239
Total	1,091,589,491	1,722,944,712	4,090,308,675

2. LOAN FROM EXTERNAL DEVELOPMENT PARTNER

Name of Donor	Amount in loan currency	Loans received in cash	Loans received as direct payment	Total amount in Kshs	
				FY 2020/21	FY 2019/20
				Kshs	Kshs
Loans Received from IDA	56,520,434	568,215,586	5,452,476,733	6,020,692,319	10,111,200,061
Total	56,520,434	568,215,586	5,452,476,733	6,020,692,319	10,111,200,061

3. MISCELLANEOUS RECEIPTS

	2020/21	2019/20	Cumulative
	Kshs	Kshs	to-date
Bank Interest	3,077,980	1,384,102	18,827,419
Total	3,077,980	1,384,102	18,827,419

4. PURCHASE OF GOODS AND SERVICES

Description	2020/21			2019/20	Cummulative to - date
	Receipts & Payments Controlled by the Entity	Receipts & Payments made by the Third Party	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Domestic travel and subsistence	19,698,077	-	19,698,077	32,491,456	182,469,150
Total	19,698,077	-	19,698,077	32,491,456	182,469,150

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5. ACQUISITION OF NON-FINANCIAL ASSETS

Description	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity	Payments Made by Third Party	Total Payments	Total Payments	
	Kshs	Kshs			Kshs
Research, studies, project preparation, design & supervision	524,038,056	579,365,121	1,103,403,177	1,137,082,773	3,364,530,122
Rehabilitation of Roads	1,032,912,083	4,873,111,612	5,906,023,695	10,336,051,892	27,152,896,990
Acquisition of land	144,816,276	-	144,816,276	50,221,800	221,260,101
Total	1,701,766,415	5,452,476,733	7,154,243,148	11,523,356,465	30,738,687,213

6. MISCELLANEOUS PAYMENTS

	2020/21	2019/20	Cumulative to-date
	Kshs	Kshs	
Bank Charges			
Total	52,850	68,460	265,205
	52,850	68,460	265,205

7. CASH AND CASH EQUIVALENTS C/FWD

	2020/21	2019/20
	Kshs	Kshs
Bank accounts (Note 11.7A)	467,133,315	525,767,600
Total	467,133,315	525,767,600

7A. Bank Accounts

	2020/21	2020/19
	KShs	KShs
Local Currency Accounts		
National Bank of Kenya-EARTTDFP [A/c No 01001032662501]	181,737,287	168,565,965
National Bank of Kenya-Retention [A/c No 01001-327332-00]	285,396,028	357,201,635
Total bank account balances	467,133,315	525,767,600

8. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2021 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.

Special Deposit Accounts Movement Schedule

	2020/21	100 19/20
	KShs	KShs
Eastern Africa Regional Transport Trade & Development Facilitation Project Loan Credit No 5638-Ke Da-B [A/c No100243767-Central Bank of Kenya]		
Opening balance	-	120,226,019
Total amount deposited in the account	568,215,586	471,268,263
Total amount withdrawn (as per Statement of Receipts & Payments)	568,215,586	591,494,282
Amount withdrawn(cash in transit as at 30 th June, 2021)	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-

The Special Deposit Account reconciliation statement has been attached as per appendix support these closing balance.

9. ACCOUNTS PAYABLES

Description	2020-2021	2019-2020
	Kshs	Kshs
Retention - Payments controlled by the entity	285,396,028	357,201,635
Total	285,396,028	357,201,635

Prior year retention of Kshs. 357,201,635 has been reclassified from fund balance b/fwd to financial liabilities (Payables – Retention) in the statement of assets as represented by IPSAS reporting template for FY 2020/21

10. FUND BALANCE BROUGHT FORWARD

	2020/21	2019/20
	KShs	KShs
Bank accounts	168,565,965	8,356,110
Total	168,565,965	8,356,110

Prior year retention of Kshs. 357,201,635 has been reclassified from fund balance b/fwd to financial liabilities (Payables – Retention) in the statement of assets as represented by IPSAS reporting template for FY 2020/21

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11. CHANGES IN ACCOUNTS PAYABLE – RETENTIONS – PAYMENTS CONTROLLED BY THE ENTITY

Description	2020-2021	2019 - 2020
	KShs	KShs
Deposit and Retentions as at 1 st July 2020	357,201,635	237,798,996
Deposit and Retentions as at 30th June 2021	285,396,028	357,201,635
Change in Payables	(71,805,607)	119,402,639

12. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

Description	Balance b/f	Additions for the period	Paid during the year	Balance c/f
	FY 2020/2021			FY 2020/2021
	Kshs	Kshs	Kshs	Kshs
Construction of Civil Works	884,344,965	6,481,263,169	5,906,023,695	1,459,584,439
Land Compensation	221,119,080	135	144,816,276	76,302,939
Supply of services	120,328,693	1,007,585,596	1,123,101,254	4,813,035
Total	1,225,792,738	7,488,848,900	7,173,941,225	1,540,700,413

2. ACCOUNTS PAYABLES

Description	2020-2021	2019-2020
	Kshs	Kshs
Retention - Payments made by third party	1,308,305,573	1,083,543,064
Total	1,308,305,573	1,083,543,064

3. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2020-2021	2019-2020
	KShs	KShs
Deposit and Retentions as at 1 st July 2020	1,083,543,064	243,959,907
Deposit and Retentions as at 30th June 2021	1,308,305,573	1,083,543,064
Change in Payables	224,762,509	839,583,157

4. EXTERNAL ASSISTANCE

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as loans	6,020,692,319	10,111,200,061
Total	6,020,692,319	10,111,200,061

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a. External assistance relating loans and grants

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans	6,020,692,319	10,111,200,061
Total	6,020,692,319	10,111,200,061

b. Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
Description		Kshs	Kshs
Undrawn external assistance - loans		22,005,339,817	27,374,258,909
Total		22,005,339,817	27,374,258,909

c. Classes of providers of external assistance

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Multilateral donors	6,020,692,319	10,111,200,061
Total	6,020,692,319	10,111,200,061

d. Purpose and use of external assistance

	FY 2020/2021	FY 2019/2020
Payments Made by Third Parties	Kshs	Kshs
Acquisition of Assets	5,452,476,733	9,519,705,779
TOTAL	5,452,476,733	9,519,705,779

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


	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
Multilateral donors	5,452,476,733	9,519,705,779
Total	5,452,476,733	9,519,705,779

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Reports and Financial Statements For the financial year ended June 30, 2021

13. PROGRESSES ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

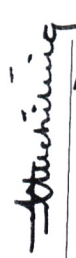
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Note 11.1	<p>Pending Bills</p> <p>Note 11.1 to the Financial Statements reflects pending bills amounting to Kshs. 1,225,792,738 as at 30th June. Although Management has committed to liaise with the line Ministry and The national Treasury for adequate budgetary allocation and timely Exchequer releases for prompt payments in the subsequent financial year, the project is at risk of incurring additional significant interest costs and penalties with the continued delay in making payments.</p>	<p>It is true that the bills remained outstanding as at 30th June, 2020. This was as a result of;</p> <ul style="list-style-type: none"> i. Insufficient exchequer funding ii. Inadequate budgetary allocation <p>However, the pending bills were settled in the in th beginning of the 2nd quarter of the current financial year,</p>	Resolved	Resolved


 Eng. Kungu Ndungu
 Director General

17 AUG 2021

Date


 Eng. David A. Muchilwa
 Director -Development

17 AUG 2021

Date

EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION PROJECT
Reports and Financial Statements For the financial year ended June 30, 2021

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS


	Final Budget	Actual on Comparable Basis	Budget Utilisation Variance	% of Utilisation Variance to Final Budget	Comments on Variance
	a	b	c=a-b	d=b/a %	
RECEIPTS DURING THE YEAR/PERIOD					
Transfers from Government Entity	803,268,455	1,091,589,491	(288,321,036)	136%	Reduction of the budget after utilisation
Transfer from External Development Partner	6,264,000,000	6,020,692,319	243,307,681	96%	
Miscellaneous receipts	-	3,077,980	(3,077,980)	-	Interest earned during the year
Total receipts	7,067,268,455	7,115,359,790	(48,091,335)	101%	
PAYMENTS DURING THE YEAR/PERIOD					
Miscellaneous Payments	-	52,850	(52,850)	-	Bank Charges during the year
Purchase of Goods and Services	19,698,077	19,698,077	-	100%	
Acquisition of non-financial assets	7,047,570,378	7,154,243,148	(106,672,770)	102%	Reduction of the budget after utilisation
Total payments	7,067,268,455	7,173,994,075	(106,725,620)	102%	

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ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS

BREAK DOWN OF TRANSFERS FROM THE MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING, URBAN DEVELOPMENT AND PUBLIC WORKS			
Government Counterpart Funding			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
Counterpart funds Quarter 1	31.08.2020	258,087,961	2020/21
Counterpart funds Quarter 2	23.09.2020	689,031,462	2020/21
Counterpart funds Quarter 3	02.02.2021	8,151,679	2020/21
Counterpart funds Quarter 4	18.03.2021	136,318,389	2020/21
	Total	1,091,589,491	

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


Eng. Kungu Ndung'u
Director General

17 AUG 2021
Date


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

17 AUG 2021
Date

EASTERN AFRICA REGIONAL TRANSPORT TRADE & DEVELOPMENT FACILITATION PROJECT
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ANNEX 3A - ANALYSIS OF PENDING BILLS

IPC / FEE NOTE	Supplier of Goods or Services	Project	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20
			a	b	c	d=a-c	
15	Third Engineering	Lodwar-Lokitaung	11,210,906	25-Jun-19	-	11,210,906	
36	Third Engineering	Lodwar-Lokitaung	14,722,449	10-Jun-21	-	14,722,449	
38	Third Engineering	Lodwar-Lokitaung	120,013,868	10-Jun-21	106,564,038	13,449,830	
39	Third Engineering	Lodwar-Lokitaung	28,316,293	09-Jun-21	-	28,316,293	
41	Third Engineering	Lodwar-Lokitaung	226,348,038	28-Jun-21	195,127,619	31,220,419	
16	China Railway NO.5	Loichangamatak-Lodwar	171,493,245	02-Sep-19	156,595,561	14,897,684	
17	China Railway NO.5	Loichangamatak-Lodwar	103,401,827	08-Oct-19	101,183,992	2,217,835	
18	China Railway NO.5	Loichangamatak-Lodwar	165,663,730	08-Nov-19	162,834,505	2,829,225	
19	China Railway NO.5	Loichangamatak-Lodwar	202,737,312	27-Dec-19	199,685,861	3,051,451	
20	China Railway NO.5	Loichangamatak-Lodwar	250,799,189	14-Jan-20	247,731,789	3,067,400	
23	China Railway NO.5	Loichangamatak-Lodwar	188,369,739	03-Jun-20	172,857,049	15,512,690	
24	China Railway NO.5	Loichangamatak-Lodwar	13,270,383	12-Jun-20	2,654,076	10,616,307	
25	China Railway NO.5	Loichangamatak-Lodwar	220,464,119	15-Sep-20	193,389,578	27,074,541	
26	China Railway NO.5	Loichangamatak-Lodwar	286,329,068	01-Dec-20	251,165,849	35,163,219	
27	China Railway NO.5	Loichangamatak-Lodwar	112,185,355	22-Dec-20	98,408,206	13,777,149	
28	China Railway NO.5	Loichangamatak-Lodwar	323,400,021	16-Apr-21	278,793,121	44,606,900	
29	China Railway NO.5	Loichangamatak-Lodwar	224,267,173	22-Jun-21	190,848,494	33,418,679	
19	Chongqing	Lokitaung-Kalobeyei	55,170,694	22-Apr-20	-	55,170,694	
23	Chongqing	Lokitaung-Kalobeyei	213,911,411	08-Sep-20	189,139,602	24,771,809	
24	Chongqing	Lokitaung-Kalobeyei	171,337,938	08-Sep-20	150,296,437	21,041,501	
25	Chongqing	Lokitaung-Kalobeyei	134,511,287	13-Nov-20	117,992,357	16,518,930	
26	Chongqing	Lokitaung-Kalobeyei	209,780,352	13-Nov-20	184,017,853	25,762,499	
27	Chongqing	Lokitaung-Kalobeyei	414,538,557	09-Feb-21	363,630,313	50,908,244	

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28	Chongqing	Lokitaung-Kalobeyei	237,936,821	19-Mar-21	205,117,949	32,818,872
29	Chongqing	Lokitaung-Kalobeyei	522,201,002	26-Apr-21	450,173,278	72,027,724
30	Chongqing	Lokitaung-Kalobeyei	294,788,662	20-May-21	254,128,157	40,660,505
31	Chongqing	Lokitaung-Kalobeyei	436,493,471	22-Jun-21	-	436,493,471
15	China Railway NO. 5	Kalobeiyei - Nadapal	66,158,592	05-Dec-19	-	66,158,592
21	China Railway NO. 5	Kalobeiyei - Nadapal	121,367,864	17-Jun-20	120,819,496	548,368
22	China Railway NO. 5	Kalobeiyei - Nadapal	269,271,784	21-Aug-20	236,203,319	33,068,465
23	China Railway NO. 5	Kalobeiyei - Nadapal	131,234,116	08-Oct-20	115,117,646	16,116,470
24	China Railway NO. 5	Kalobeiyei - Nadapal	118,154,364	08-Oct-20	103,644,179	14,510,185
25	China Railway NO. 5	Kalobeiyei - Nadapal	122,341,280	08-Oct-20	105,213,501	17,127,779
26	China Railway NO. 5	Kalobeiyei - Nadapal	130,723,127	25-Jan-21	114,669,410	16,053,717
27	China Railway NO. 5	Kalobeiyei - Nadapal	125,980,841	19-Mar-21	108,604,173	17,376,668
28	China Railway NO. 5	Kalobeiyei - Nadapal	258,205,371	26-Apr-21	222,590,837	35,614,534
29	China Railway NO. 5	Kalobeiyei - Nadapal	118,026,709	10-Jun-21	101,747,163	16,279,546
8	China Henan	Kainuk Bridge	4,726,590	18-Oct-19	-	4,726,590
10	China Henan	Kainuk Bridge	233,305,455	19-Jun-20	171,280,070	62,025,385
11	China Henan	Kainuk Bridge	165,829,112	26-Apr-21	142,913,039	22,916,073
3	China State Const.	Loichangamatak - Lokichar	88,602,277	02-Oct-20	77,721,296	10,880,981
4	China State Const.	Loichangamatak - Lokichar	68,811,843	20-Nov-20	60,361,266	8,450,577
5	China State Const.	Loichangamatak - Lokichar	83,387,345	22-Jan-21	73,146,795	10,240,550
6	China State Const.	Loichangamatak - Lokichar	82,679,368	31-Mar-21	71,275,317	11,404,051
7	China State Const.	Loichangamatak - Lokichar	107,000,439	27-May-21	92,241,758	14,758,681
	Civil Works		7,649,469,387		6,189,884,948	884,344,965
47	Sheladia Associates	Lokitaung-Kalobeyei	4,813,035	22-Jun-21	-	4,813,035
	Supply of Services		4,813,035		-	120,328,693
	Land Acquisition					
	Total		7,654,282,422		6,189,884,948	1,225,792,738

ANNEX 3 SUMMARY OF FIXED ASSET

Asset class	Opening Cost	Purchases/Additions	Disposals in the	Closing Cost
	(KShs) 2020/21	(KShs) in the Year 2020/21	Year (KShs) 2020/21	(KShs) (KShs) 2020/21
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Construction of Roads	23,508,000,240	7,009,426,872	-	30,517,427,112
Land Acquisitions	76,443,825	144,816,276	-	221,260,101
Total	23,584,444,065	7,154,243,148	-	30,738,687,213

Appendices

1. Bank Reconciliation
2. Special Deposit Account Reconciliation Statements
3. Trial Balance