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ON

**KENYA TOWNS SUSTAINABLE WATER
SUPPLY AND SANITATION PROGRAM
(LOAN NO.2000200000501)**

**FOR THE YEAR ENDED
30 JUNE, 2020**

**ATHI WATER WORKS
DEVELOPMENT AGENCY**



Project Name:
Kenya Towns Sustainable Water Supply and Sanitation Program


Implementing Entity:
Athi Water Works Development Agency

PROJECT NUMBER: P-KE-E00-011
LOAN NUMBER: 2000200000501

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 FEB 2021	
C.O.Y. THURSDAY	
TABLED BY:	LOM
CLERK OF THE TABLE:	Anne Musandu

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Kenya Towns Sustainable Water Supply and Sanitation Program,

Objective: The key objective of the program is to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns within Athi Water Works Development Agency's area.

Address: The project headquarters offices are Nairobi (City), Nairobi County, Kenya.

The address of its registered office is:

Athi Water Works Development Agency
P.O. Box 45283-00100 GPO
Africa-Re Centre, 3rd Floor
Hospital Road-Upper Hill
NAIROBI.

Contacts: The following are the project contacts

Telephone: (254) 0202724292/3

E-mail: info@awwda.go.ke

Website: www.awwda.go.ke

1.2 Project Information

Project Start Date:	The project start date is 9th January 2017
Project End Date:	The project end date is 31st December 2021
Project Manager:	The project manager is Eng. Joseph Kamau
Project Sponsor:	The project sponsor is the African Development Bank (AfDB)

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Water, Sanitation and Irrigation
Project number	P-KE-E00-011
Strategic goals of the project	The strategic goals of the project are as follows: The main objective of the program is to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns in the Athi Water Works Development Agency's area
Achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> • Development of water and waste water infrastructure in Limuru, Kikuyu and Kiambu • Undertake institutional development for AWWDA • Climate adaptation support for AWWDA

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Other important background information of the project

The Kenya Towns Sustainable Water Supply and Sanitation Program project covers the whole country, covering the eight water works development agencies, Water services Regulatory Authority and Water resources Authority, but with only three water works development agencies as the implementing agencies.

Athi Water Works Development Agency (AWWDA) is implementing agency for projects within areas covered by AWWDA, Coast, Tanathi WWDA, Water Services Regulatory Authority (WASREB) and Water Resources Authority (WRA). Athi (AWWDA) will lead the implementation of sub-projects within Athi, Tanathi and Coast WWDAs areas. The consortium of the five institutions is referred to as 'The Athi Cluster'.

Subsequently AWWDA entered in to implementation agreements with CWWDA and TAWWDA whereby the project execution roles are shared by the three agencies. The project has four facilities namely: The ADB loan, the ADF loan, ADF Grant, and MIC TAF grant.

- AWWDA and CWWDA were beneficiaries of the ADB loan only
- WASREB and WRA were beneficiaries of ADF loan only
- TAWWDA benefited from ADB loan, ADF loan, ADF grant and MIC TAF grant
- AWWDA was also tasked to be in charge of the panel of experts responsible for the review of the dams being designed under the project across the country. The budget for the panel of experts is financed under the ADF loan.

The table below gives a breakdown of the budget allocations per agency per facility

ATHI CLUSTER BUDGET PER AGENCY PER FACILITY	
	Budget Amount (Kshs)
ADB loan	
AWWDA	6,119,577,734
TAWWDA	5,211,725,247
CWWDA	1,137,902,029
	12,469,205,010
ADF LOAN	
WASREB	76,000,000
WRA	35,000,000
AWWDA-PANEL OF EXPERTS	41,580,764
TAWWDA	141,950,000
	294,530,764
ADF GRANT	
TAWWDA	51,476,267
MIC TAF GRANT (Grant is in USD 497,275)	
TAWWDA	51,476,267

- In addition to the above loan, the government of Kenya is required to:
- Finance additional cost of approximately Kshs. 2 Billion for implementation of Resettlement Action Plans and land acquisition
 - Pay any taxes either in the form of actual payment or through tax exemption
 - Finance any operational costs that will be incurred during project implementation

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Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) To support water supply infrastructure in 1 town and sanitation infrastructures in 4 towns, providing more than 100,000 people with reliable and sustainable water supply services and more than 250,000 people with water-borne sewerage systems (ii) To create more than 2000 jobs during and after the construction
Project duration	The project started on 9 th January 2017 and is expected to run until 31 st December 2021.

1.4 Bankers

The donor funding is wholly direct payment and there was no project account opened. AWWDA got an approval from the National Treasury to open development fund account for efficient management of all the project's GoK counterpart funds. The development was opened at:

Cooperative Bank of Kenya
 Upper Hill Branch
 NAIROBI

1.5 Auditors

The project is audited by the:
 The Office of the Auditor General,
 Kenya National Audit Office,
 P.O. Box 30084-00100,
NAIROBI.

1.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Alphaxard Kitheko	Ag.Manager-Sewer & Sanitation Infrastructure Development	Bsc. Civil Engineering	Project Coordinator
Keziah Adhiambo	Principal Environmental officer	Msc Environmental studies	Project environmentalist
Loise Kamau	Manager-Environment and Safeguards	BA Social studies	Project sociologist
Christine Mawia Julius	Manager-Finance and Accounts	MBA, CPA-K	Project accountant
Ann Gacheri	Principal Procurement Officer	MBA	Project procurement officer

1.7 Funding summary

The project duration is four years from 2017 to 2021 with an approved budget of donor financing totalling to UA 89,750,732 broken down into: comprised of ADB loan (UA 86,983,974), ADF loan (UA 2,054,618), ADF grant (UA 359,093) and MIC TAF grant (UA 353,046). The GoK counterpart financing for the project was Kshs 2 Billion equivalent to UA 13,951,808; it was meant to finance land compensation, project operation costs and taxes (through exemptions). The table below gives the funding summary per agency, per facility.

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Source of funds	Donor Commitment-		Amount received to date – (30/06/2020)		Undrawn balance to date (30/06/2020)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
ADF Grant-TAWWDA	359,093	51,476,266.50	203,247	29,135,566.88	155,846.57	22,340,700
MIC-TAF Grant TAWWDA	353,046	50,609,341.75	195,249	27,989,113.37	157,796.54	22,620,228
(ii) Loan ADB						0
AfDB-AWWDA	42,689,585	6,119,577,734	7,804,240	1,118,742,499	34,885,344.91	5,000,835,235
AfDB-TAWWDA	36,356,494	5,211,725,247	5,221,272	748,472,462	31,135,222.21	4,463,252,785
AfDB-CWWDA	7,937,895	1,137,902,029	1,237,390	177,380,555	6,700,505.43	960,521,474
Sub-total ADB loan	86,983,974	12,469,205,011	14,262,902	2,044,595,517	72,721,073	10,424,609,494
(iii) Loan ADF						0
ADF-AWWDA	290,063	41,580,764	81,640	11,703,130	208,423.50	29,877,634
ADF-TAWWDA	990,230	141,950,000	288,645	41,377,500	701,584.09	100,572,500
ADF-WASREB	530,169	76,000,000			530,168.69	76,000,000
ADF-WRA	244,157	35,000,000			244,156.63	35,000,000
sub-total ADF loan	2,054,618	294,530,764	370,285	53,080,630	1,684,333	241,450,134
(iv) Counterpart funds						
Government of Kenya	13,951,808	2,000,000,000	2,121,536	304,123,500	11,830,271	1,695,876,500
Total	103,702,540	14,865,821,383	17,153,220	2,458,924,327	86,549,320	12,406,897,056

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1.8 Summary of Overall Project Performance:

Contracts under AWWDA			
Project Name	Project Scope	Progress to date	Challenges
Construction of Gatundu Water Supply and Sewerage Project	<p>Scope Construction of 40km of trunk and reticulation sewers, sewage treatment plant of capacity 3,000m³/d and three water supply schemes as follows; Ruabura 4,000m³/d, Ng'enda 4,000m³/d and Handege 9,000m³/d, 5 ablution blocks and 2000 connections Construction period is 18 Months Cost of Contract Kshs 1,750,800,775.34 exclusive of VAT</p>	<p>The contract is on course and the following milestones were achieved during the year;</p> <ul style="list-style-type: none"> The Contractor commenced trenching along the reticulation sewer pipelines on 31st October 2019. Construction of manholes along the reticulation sewers commenced on 4th March 2020 and a total of 69 have been constructed out of which 28 were done within the month of June 2020. <p>Stripping of top soil at the Handege water supply treatment works site commenced on 19th May 2020 while general excavation commenced on 19th May 2020 and so far about 3,000 m³ of soil and 7,000 m³ of rock have been excavated.</p>	<ul style="list-style-type: none"> Delays in reinstatement of disturbed access roads in some cases leading to excessive erosion along access roads during rains. Delay in finalization and implementation of RAP. Delays in confirming the sewerage treatment/transmission option that will be implemented and appropriate communication to the Contractor. Slow progress of work by the Contractor as a result of the Corona Virus Pandemic. Contractor's reduction of workforce leading to slow progress.

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Contracts under AWWDA			
Project Name	Project Scope	Progress to date	Challenges
Construction of Kikuyu water and sewerage project	<p>Scope Construction of 50km of trunk and reticulation sewers with sizes ranging from DN 250 – 450mm PVC/uPVC pipes, 26km of HDPE water distribution network, 3 no. ablution blocks, 6 no. boreholes with 48m³ pressed steel tanks and 450 household connections. Construction period is 18 Months</p> <p>Cost of Contract Kshs 635,993,481.75 exclusive of VAT</p>	<ul style="list-style-type: none"> The Contractor continued laying of sewers in Thogoto and the institutions areas Equipping of boreholes in Thogoto and the institutions areas is ongoing Construction of elevated storage tanks in Thogoto and the institutions areas is ongoing Construction of sewers and manholes in Kikuyu area is ongoing 	<ul style="list-style-type: none"> Delays in the application of specific tax exemptions by the Contractor; Continued delays by the Contractor in mobilizing adequate personnel and equipment and plant to site; Delays in procurement of Plant Equipment and Materials for permanent works; Slow issuance of road crossing permits for pipeline works along KeNHA, KURA and KeRRA roads; Challenges in acquisition of wayleave for the sections where sewers and water pipelines are crossing private parcels of land especially along the main trunk sewer for the kikuyu sewerage project and the outfall sewers for the Thogoto sewerage project.
Construction of Limuru water and sewerage project	<p>Scope Rehabilitation of the existing waste water treatment plant, construction of 2 no. oxidation ditches, 4 no. settling tanks, sludge beds, 40km of extension sewers with sizes ranging from DN 250 – 300mm uPVC pipes, 25km of HDPE water distribution network, 3 no. ablution blocks, 6 no. boreholes with 48m³ pressed steel tanks and 450 household connections. Construction period is 18 Months</p> <p>Cost of Contract Kshs 576,508,513.11 exclusive of VAT</p>	<ul style="list-style-type: none"> Commencement of works on sewer line O2. Commencement of works on Tigoni-Karanjee HDPE OD160mm water line. Completion of survey and design works on Manguo-Kamadura water line. This is extra works outside the original scope of works following an instruction by the Client. Survey and design work for additional sewer lines within Limuru town. 	<ul style="list-style-type: none"> Delayed master list approvals Delayed procurement of materials and plant for the works by the Contractor as it awaits master list approval; Delayed approval of boreholes and ablution block sites which are to be provided by the county government in liaison with AWWDA; Delayed issuance of the permits for rail way crossing in relation to pipeline works;

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Contracts under AWWDA			
Project Name	Project Scope	Progress to date	Challenges
Construction of Kiambu and Ruaka water and sewerage works	<p>Scope Rehabilitation of the existing waste water treatment plant, construction of 108km of trunk and reticulation sewers ranging in size from DN 250 – 450mm covering areas of Kiambu and Ruaka, 25km of HDPE water distribution network, 4,000m³/d Kiameru water scheme, 4 no. ablution blocks, 6 no. boreholes with 48m³ pressed steel tanks and 450 household connections. Construction period is 18 Months Cost of Contract Kshs 1,292,917,545.01 exclusive of VAT</p>	<p>The contract is on course and the following was done in the year:</p> <ul style="list-style-type: none"> • Design of Kiameru intake and T-works completed • Construction of Line M commenced and was awaiting finalization of MOU with Kiamumbi Water to enable construction within their land. • Construction of Thindigua laterals on-going. • Survey data for Riara trunk received and design finalized. • Karura Forest granted approval to carry out survey following joint walk on 13th and 16 June 2020. Survey works carried out from 19th to 25th June 2020. • Survey of Ndumberi sewer line completed and data given on 20th April 2020. 	<p>The following were the challenges experienced in the implementation of the contract during the year</p> <ul style="list-style-type: none"> • Delayed RAP implementation • Delay of approval of specific exemptions • Delays in obtaining permits for pipeline works along respective government departments like: Forest Department (Karura forest where Ruaka trunk passes), KeNHA/ KeRRA/ KURA/County road crossings etc. • Covid 19 Pandemic - Grounding of flights and ships affected importation of key materials and plant.

Goods-AWWDA

Project Name	Project Scope	Progress to date	Challenges
Supply and delivery of Office equipment for AWWDA	The contract was signed at a contract sum of Kshs 15,821,483 exclusive of taxes. It was for supply of office equipment including office laptops, desktops and printers	The contract is completed	None
Supply, Delivery and Installation of an Integrated Enterprise Planning (ERP) System for Athi Water Services Board	The contract was awarded on 22 nd February 2019 at a contract sum of Kshs 51,724,137.93 exclusive of VAT being the supply and delivery of ERP and all the necessary hardware.	The supply of the hardware and software was completed Training for departmental champions was completed.	The onset of Corona Virus has made training hard to complete, which has also delayed the full implementation of the system
Supply and delivery of 3 No. vehicle mounted sewer flushing units	The supply was awarded at a contract price of Euros 638,000 exclusive of taxes	The importation of the units is in progress	Delays in obtaining specific tax exemption and the supplier is likely to incur demurrage charges

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Project Name	Project Scope	Progress to date	Challenges
Supply and delivery of Non-Revenue water management equipment	The contract was awarded at a contract price of Kshs 145,569,449.72 exclusive of taxes on 13 th March 2020;	The supply is yet to commence	The supplier cited COVID19 as having negatively impacted on their timely delivery of the equipment.

Consultancies-AWWDA

Project Name	Consultancy Scope	Progress to date	Challenges
Consultancy Services for Design Review and Supervision of Gatundu Water Supply and Sewerage Project	Design review, tender documentation and construction supervision of water and sewerage works Consultancy period is 37 Months Cost of Contract Kshs 102,580,770.00 exclusive of indirect taxes	The consultancy is on course and has disbursed Kshs 24,513,645 for certificates 1- 5	<ul style="list-style-type: none"> • Covid 19 Pandemic – The supervision component of this contract is tied to the progress of works which was affected by the border closures
Consultancy Services for Design Review and Supervision of Limuru and Kikuyu Water Supply and Sewerage Project	Design review, tender documentation and construction supervision of water and sewerage works Consultancy period is 37 Months Cost of Contract Kshs 101,754,530.00 exclusive of indirect taxes	The consultancy is on course and has disbursed Kshs 29,615,353 for certificates 1- 6	<ul style="list-style-type: none"> • Covid 19 Pandemic – The supervision component of this contract is tied to the progress of works which was affected by the border closures
Consultancy Services for Design Review and Supervision of Kiambu and Ruaka Water supply and Sewerage Project	Design review, tender documentation and construction supervision of water and sewerage works Consultancy period is 37 Months Cost of Contract Kshs 83,263,530.00 exclusive of indirect taxes	The consultancy is on course and has disbursed Kshs 26,360,353 for certificates 1-6	<ul style="list-style-type: none"> • Covid 19 Pandemic - This affected the progress of works by contractors thus affecting supervision of various works

Independent Panel of Experts-AWWDA

	Consultancy Scope	Progress to date	Challenges
IOANNIS KARAVOKYRIS	The Independent Panel of Experts is on course Amounts disbursed by the IPE's for certificates 1&2 are; Ioannis Karavokyris- 2,213,848.90 Angelina Nduta- 1,083,590.00 George T. Dounias- 2,229,863.40 Ljiljana Spasic-Gril- 6,175,827.20	<ul style="list-style-type: none"> • Feasibility Study • Preliminary and Detailed Design Report, Including planning of surveys • Resettlement Action Plan report • Final Environmental and Social Impact Assessments (ESIA) study report • Terms of Reference 	<ul style="list-style-type: none"> • The contract is on course
ANGELINA NDUTA MWENDE			
GEORGE T. DOUNIAS			
LJILJANA SPASIC-GRIL			

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Progress projects in TAWWDAs area

Project Name	Project Scope	Progress to date	Challenges
Works			
Machakos Water Supply Project	Scope of works <ul style="list-style-type: none"> 15m high Earth Dam 58km raw and treated water mains Storage tanks Cost – Kshs 1,070,693,554.13	Contractor's camp is complete. Land acquisition process has commenced for the Machakos intake weir however there is a stoppage order from the court on the project due to land dispute among the owners	<ul style="list-style-type: none"> Stoppage of works due to a court case on the land acquisition
Machakos Sewerage Project Scope of works	Scope of works <ul style="list-style-type: none"> Laying 60km of sewers Waste water Treatment Plant 12,500m³/d 2000 connections 	Mobilization of contractor on going. RAP issues on sewerage treatment plant are being addressed	<ul style="list-style-type: none"> Delays due to stoppage of working caused land acquisition
Mwala – Mbiuni Water Supply and Sewerage Project	Scope of works Mwala – Mbiuni Water Supply and Sewerage Project Scope of Works 1.65m RC Weir 120km Water Line Construction Storage tanks Kshs 576,508,513.11 exclusive of VAT	Pipe laying works and construction of storage tanks has commenced and overall progress achieved is 17%	The contract is on course
Last mile connectivity (Kitui and Matuu)	Scope of works 40km water distribution lines 40km Sewer lines Cost – Kshs 860m	Works have commenced and overall progress of 5% has been achieved.	Contract is on course
Consultancies			
CAS consultants ltd	Feasibility study is complete. geotechnical studies and preliminary designs have commenced		The contract is on course
Oloolotikosh Dam water supply studies	Feasibility study complete and Preliminary designs complete. Detailed designs ongoing		The contract is on course
CAS consultants ltd	Consultancy services for design and supervision of Mwala cluster water and sanitation		The contract is on course
Tscet Tunisie and Losai Engineering	Consultancy services Machakos water and sewerage works		The contract is on course

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Project Name	Project Scope	Progress to date	Challenges
Tertiary Consulting Engineers JV Saman Co. Ltd	Consultancy Services for Design Review and Supervision of Kitui and Matuu Towns Last mile connectivity for Water Supply and Sanitation Works		The contract is on course
Goods			
Next technologies	Supply, Delivery and Installation of an Integrated Enterprise Planning (ERP) System for Tanathi Works development Agency (formerly Tanathi Water Services Board)		The contract is on course

Progress of contracts under CWWDA's area

Project Name	Project Scope	Progress to date	Challenges
Works			
Construction of changamwe repooling water works	Scope of works Rehabilitation and laying of 15.8km of sewers Cost – Kshs 204,483,295	Contractor's camp complete. Construction works have commenced with 1.8km of sewer line completed. Overall progress 12%.	• Contract on course
Pemba Water Supply Project	Scope of works Rehabilitation of pemba weir and construction of a water treatment Plant of 3,000m ³ /d. Cost – Kshs 286,801,675.00	Works commenced on the treatment works and intake and currently 19% complete.	• Contract on course
Services			
Consultant Name	Details		
Interconsult Consulting Engineers	Consultancy Services for Design Review and Supervision of Pemba and Changamwe re-pooling Water supply and Sewerage Project		Contract on course

The overall progress of the project was low be

The project failed to absorb the allocated budget primarily because of delayed master list approvals. The master list approvals were received in April 2020, which was also at the tail end of their expiry and this called for immediate application for their extension.

The delays also affected the progress of works and therefore the expected output was not achieved in the year.

The contracts have however been extended to allow for completion of the project expected outputs and outcomes.

The contracts are being implemented while considering value for money

The main challenges experienced in the year included:

- Delayed master list approvals
- Delayed RAP implementation
- Delays in issuance of permits for road, railway crossings and forests authorities.

1.9 Summary of Project Compliance:

The project performed all its activities ensuring compliance with applicable laws and regulations, and essential external financing agreements/covenants.

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2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of the *project* is to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns in the Athi Water Works Development Agency's area

Progress on attainment of Strategic development objectives

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

Project	Objective	Outcome	Indicator	Performance
Kikuyu Water Supply and Sanitation Project Implemented	Improve access, quality, availability and sustainability of water and waste water management services within Kikuyu area	50kms trunk and reticulation sewer, 26km water distribution network, 48m ³ steel tank and 6 ablution blocks	% Completion Rate	26%
Kiambu and Ruaka Water Supply and Sanitation Project Implemented	Improve access, quality, availability and sustainability of water and waste water management services within Kiambu area	08km trunk and reticulation sewer, 4000m ³ /day water scheme, 25km of HDPE water distribution network	% Completion Rate	27%
Gatundu Urban Water Supply and Sanitation Project Implemented	Improve access, quality, availability and sustainability of water and waste water management services within Gatundu area	40km trunk and reticulation sewer, 17,000m ³ /day water treatment plants, 5 ablution blocks	% Completion Rate	6.6%
Limuru Water and Sanitation Project	Improve access, quality, availability and sustainability of water and waste water management services within Limuru area	laying of 25km water transmission pipelines	% Completion Rate	22%

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Project	Objective	Outcome	Indicator	Performance
Construction of Machakos Sewerage Workst	Improve access, quality, availability and sustainability of waste water management services within Machakos Area	Sewage treatment plant capacity 12,500 m3/day, Trickling Filter System along Ikiwe River Laying of 60 km trunk and lateral Sewer lines within Machakos Town and environs. Rehabilitation of the existing sewerage system	% Completion Rate	5%, Court Injunction
Construction of Machakos Water Supply Project	Improve access, quality, availability and sustainability of water services within Machakos area	Construction of a 15 m high dam, Treatment works, 10,000 m3/day Distribution Pipelines 10 Nr, Boreholes	% Completion Rate	5%, Court Injunction
Construction Works for Kitui Matuu Last Mile Connectivity of Water and Sanitation Works in TAWWDA Areas	Improve access, quality, availability and sustainability of and waste water management services within Kituu and Matuu areas	Matuu Construction of water treatment plant of capacity 4,000m3/day with solar power. Construction of 41.6km of water lines. Construction of 2nr storage tanks of different capacities. 1,500 No. consumer water connections Kitui Construction of 40km New water distribution pipelines Construction of 5 No. water kiosks with 5000 litres overhead plastic tanks; Drilling and equipping of 5No. boreholes with 5 No. elevated steel tanks 4,000 No. household consumer connections. Construction of 40km of New collector sewers	% Completion Rate	22%,

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Project	Objective	Outcome	Indicator	Performance
Construction Works for Mwala Cluster Water Supply Works	Improve access, quality, availability and sustainability of Water and waste water management services within Mwala Rural Areas	Construction of an intake at Ndarugu river Construction 120km of Raw and treated water mains, Construction of 6,600m ³ /d water treatment plant and 5nr tanks of various capacities	% Completion Rate	15%
Pemba water supply project	Improve access, quality, availability and sustainability of water services within Mombasa Town	Rehabilitation of Pemba Dam/Weir and construction of new conventional water treatment plant of 3,000m ³ /day capacity. Water from Pemba Dam will be connected to existing Marere line that supplies Mombasa Town	% Completion Rate	25%
Changamwe repooling sewerage project	Improve access, quality, availability and sustainability of water and waste water management services within Mombasa City	Construction of 9km of trunk and reticulation sewers within the Changamwe repooling area. Connections included in the project.	% Completion Rate	15%
Construction of Works for Malindi Water and Sewerage Company- Watamu Lot 2A in CWWDA Area.	Improve access, quality, availability and sustainability of water and waste water management services within Watamu y	a.Laying of 1.7km, DN300mm Ferrous Pipes Epoxy Coated Cement lined pipes b.Laying of 2.6km HDPE Pipes ranging from 90mm dia. To 160mm dia. c.Laying of 11.3km, UPVC Class B pipes 90mm dia. d.Laying of 7.5km HDPE pipes ranging from 50mm, 63mm, 75mm dia e.Installation of approx... 300Nr Consumer connections	% Completion Rate	0%, Commencement Ongoing.

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Athi Water Works Development Agency (AWWDA) is a state corporation established by the Water Act 2016 under the Ministry of Water, Sanitation and Irrigation covering Nairobi City County, Kiambu County and Murang'a County. Its key responsibility as defined by the Water Act 2016 is to;

1. Undertake the development, maintenance and management of National Public Waterworks,
2. Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of waterworks are handed over to a county government, joint committee, authority of county government or water services provider,
3. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee,
4. Provide technical services and capacity building to such county government and water providers,
5. Provide to the cabinet secretary technical support in discharging of his or her functions under the Water Act 2016.

Sustainability strategy and profile -

In performing her mandate, Athi Water is committed to perform ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. AWWDA undertakes to conduct business in a way which will achieve sustainable growth, in line with legal and moral obligations. We aim to achieve our business objectives in a caring and responsible manner taking into account economic, social and environmental impacts. In light of this, AWWDA has conducted various CSR projects under the different projects as follows;

- **Distribution of water tanks;**

AWWDA through the support of the Government of Kenya is addressing the water crisis currently being experienced public schools through supply of branded plastic water tanks. The tanks are 100no. 6,000l water tanks have been distributed to schools within Nairobi, Murang'a and Kiambu counties at a cost of Kshs. 4,988,000.00.

- **Community support activities under the Northern Collector Tunnel Project**

AWWDA has undertaken Community Water Supply Projects under the WaSSIP Programme as follows;

1. Ten Number community water supply projects to establish an additional production of 42,000m³ of water per day to serve over 400,000 people in Muranga, Kigumo, Mathioya and Kiharu. The scope of these projects entails main water supply, whereby the Individual Connections will be installed by Water Service Providers (WSP)
2. Engineer's Project office and Accommodation were constructed of permanent design and will be handed over to the Community upon completion of the Project
3. Two four-wheel drive ambulances purchased under the Project will be handed over to the community after completion of the project.
4. Excavated Spoil material from the Tunnel is being used by the local tea factories for road maintenance. So far, a total of 57,686 Tones has been utilized with a value of approximately Kshs. 90M using delivery rates at site.

Kenya Towns Sustainable Water Supply and Sanitation Program
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- **Tree planting activities under Northern Collector Tunnel Project**

AWWDA has supported conservation of Kaanja Site within the Aberdares water catchment and the surrounding areas in the Northern Collector Tunnel 1 Project. AWWDA planted 5,000 tree seedlings of different species at a ceremony graced by the CS Ministry of Water, Sanitation and Irrigation, several members of parliament, local administration and KFS officials.

- **Tree planting activities under Nairobi Rivers Sewerage Improvement Project**

AWWDA planted a total of 25,225 tree seedlings along the wayleave of the rehabilitation/contrasted sewer lines in order to protect the trunk lines and the riparian areas from encroachment as follows;

No	Section of Trunk Sewer Line	Location	River Basin	No. of Tree Seedlings Planted
1.	Kiu Trunk Sewer	Kamuthi, Kahawa, Wendani, Kahawa Sukari, Brookside, Eastern By-Pass & Kenyatta Farm	Kiu River Basin	1,800
2.	Nairobi Duplication Trunk Sewer	Globe Cinema, Grogan, Kamkunji and Eastleigh	Nairobi River Basin	4,210
3.	Nairobi River Trunk Sewer Extention	Kawangware, ILRI, Kirigu		2,830
4.	Riruta North Trunk Sewer	Riruta		1,290
5.	Kirichwa Ndogo Trunk Sewer	Kilimani		3,988
6.	Dandora Box Culvert	Njiru, Eastern By-Pass, Dandora Ponds		Ngong River Basin
7.	South Nairobi Dam Trunk Sewer	Nairobi Dam, Sunrise Secondary School	970	
8.	Kibera Trunk Sewer	Nyayo Highrise, T-Mall, Nairobi West & Matter Hospital	813	
9.	Mathare Trunk Sewer	Mlango Kubwa, Huruma, Kariobangi North	1,100	
10.	Getathuru Trunk Sewer	Mathare Valley, Mathare 4A	4,874	
11.	Kiu Trunk Sewer Pump House Compound		Mathare River Basin	
12.	Others – Ngairubi Sec School			225
	TOTAL			25,225

- **Tree planting activities under the Kenya Towns Program**

AWWDA partnered with Kiambu County Government to plant trees in an effort to conserve River Bathi. AWWDA provided 3000 seedlings of indigenous trees and 1000 avocado seedlings. The indigenous tree seedlings were planted along the riparian of River Bathi. The avocado seedlings were distributed to the community living around River Bathi catchment as an incentive to take care of the planted seedlings. The tree planting exercise involved the community in Kirega and Bathi Locations in collaboration with the local administration.

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Environmental performance

Environmental and Social Sustainability refers to concerted efforts to mitigate against environmental degradation and social impacts. It is the maintenance of the factors and practices that contribute to the quality of environment on a long-term basis as well acceptable social norms over the long term.

It involves making decisions and taking action that are in the interests of protecting the natural and social environment, with particular emphasis on preserving the capability of the environment to support human life; and social wellbeing of communities.

Athi Water Works Development Agency (AWWDA) as a state corporation with key functions of Planning, development, rehabilitation and expansion of water and sanitation services infrastructure is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment.

As such, AWWDA is committed to environmental conservation and protection as well as safeguarding of health and safety of workers within the premises and projects. Through the integrated Environment, Health and Safety policy statement, the organization commits to protecting the environment, preserving the health and safety of employees and communities, and ensuring safe development of water and sanitation infrastructure within the Institution's area of jurisdiction.

AWWDA has a structured way of managing the environmental and social aspects associated with its operations through the existing Environmental and Social Safeguards unit with a total of 10 permanent staff.

Pollution prevention, regulatory compliance, stakeholder engagement, public consultation and continual improvement are the key elements which underpins AWWDA environmental sustainability.

The objective of the AWWDA's environmental sustainability is therefore to promote sustainable development within our area of jurisdiction by ensuring environmental protection, social equity, and economic development.

AWWDA environmental sustainability is guided by the Environmental Management and Coordination (Amendment) Act of 2015 which is the principal legislation governing the conduct of environmental management in Kenya; and the Constitution of Kenya, 2010. Other legislation related to natural resources such as Water Act, forest Act, Land planning Act, National land policy etc. as well as the Occupational Health and Safety Act, 2010 are also used as guidelines. AWWDA also complies with the other environmental requirements of International Development Funding agencies such as World Bank, Africa Development Bank, French Development Bank among others.

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Table 1: Environmental and Social Safeguards

IDF	Environment Safeguards Instruments	Description of safeguards
African Development Bank	Operational Safeguards (OS)	OS 1: Environmental and Social Assessment. OS 2: Involuntary Resettlement: Land Acquisition, Population Displacement and Compensation. OS 3: Biodiversity and Ecosystem Services. OS 4: Pollution Prevention and Control, Greenhouse Gases, Hazardous Materials and Resource Efficiency. OS 5: Labour Conditions, Health and Safety.
World Bank	Environmental and Social operational policies (OP)	OP4.01: Environmental Assessment OP4.36: Forestry OP 4.04: Natural Habitats OP4.12: Involuntary Resettlement OP 4.11: Physical Cultural Resources OP 4.10: Indigenous Peoples Policy OP 4.09: Pests Control Management
KfW	Sustainability Guidelines	

1. Employee welfare

The project management is by AWWDA staff and therefore the entity's employee welfare policies and guidelines applies as detailed below:

AWWDA has developed an approved Human Resource Instruments in which one of the guidelines is a comprehensive Human Resource Policy and Procedures Manual which is the primary document in the management of the Human Resources at the Agency. The document contains provisions for managing the entire scope of Human Resource Management and Development cycle.

It generally guides the implementation of the policies and decision making at various levels within the Agency on matters human capital. The policy provision covers the entire recruitment process, pay and benefits, employee relations, performance management, training & development and the health and safety issues. in consideration of the affirmative actions, the policy addresses issues related to gender balance, persons with disability and consideration of the marginalized communities in all aspects of human resources dynamics.

Under the career development, AWWDA has a comprehensive career progression document that outlines employee succession plans including requirements for internal promotions and the external engagements where talents may be required within its establishment. This is an instrument that outlines job descriptions for each cadre of employee. Together with the annual departmental workplans and the Government's performance contracting tool enables employees set their targets and eventually evaluated through annual appraisals. The evaluation enables employees of the Agency to be upskilled, helped or otherwise redeployed and upscaled.

The Agency also recognizes and commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, it implements policies and programmes that assure their protection from such hazards and disasters. The policies and programmes are implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

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2. Market place practices-

AWWDA ensures incorporation of competitive market practices through, encouraging competitive bidding by Placing advertisements for all tenders in our local dailies, our website and The Govt. of Kenya Treasury portal. This enables all prospective bidders to access the information and to participate. At the close of all tenders, representatives who choose to attend are invited to witness the opening of the tenders to ensure transparency in the bidding process. All the participants are informed of the outcome of the procurement process.

AWWDA has always maintained an effective feedback mechanism by holding an annual supplier meeting to get feedback from suppliers and contractors. Any concerns raised during the forum are adequately addresses.

All engagements between AWWDA and suppliers and/or contractors take the form of purchase orders and contracts which are signed by both parties and they clearly enumerate responsibilities and obligations of either party. The payment schedules also form part of the contracts and they are strictly adhered to during the contract period.

AWWDA encourages public participation and also clearance by relevant Govt agencies to ensure consumer rights and interests are not infringed

3. Community Engagements-

In line with the right to Access to Information as enshrined under Article 35 of the COK and as part of disability mainstreaming, AWWDA is committed to increasing access to the visually impaired. During the financial year 2019/2020, AWWDA brailled and distributed 100 copies of the service delivery charter on 28th February 2020 at the Thika School for the Blind. During the event, AWWDA also donated a 6000lts plastic water tank for rain water harvesting and dry food stuffs to boost the school feeding program.

Kenya Towns Sustainable Water Supply and Sanitation Program
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For the financial year ended June 30, 2020

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Executive Officer Athi Water Works Development Agency (AWWDA) and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program 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, 2020. 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.

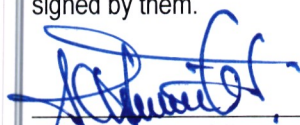
The Chief Executive Officer AWWDA and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Executive Officer AWWDA and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program 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 period ended June 30, 2020, and of the Project's financial position as at that date. The Chief Executive Officer AWWDA and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program 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 Chief Executive Officer AWWDA and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program 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 period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Chief Executive Officer Athi Water Works Development Agency and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program on 26th September, 2020 and signed by them.



Chief Executive Officer
Name: Eng. Michael M. Thuita



Project Manager
Name: Eng. Joseph Kamau

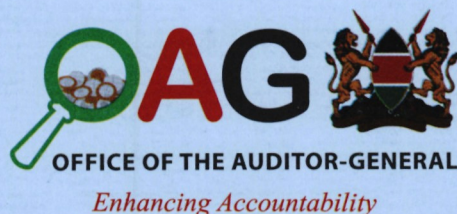


Project Accountant:
Name: Christine Mawia Julius
ICPAK Member Number: 6458

Kenya Towns Sustainable Water Supply and Sanitation Program
Reports and Financial Statements
For the financial year ended June 30, 2020

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA TOWNS SUSTAINABLE WATER SUPPLY AND SANITATION PROGRAM (LOAN NO.2000200000501) FOR THE YEAR ENDED 30 JUNE, 2020 - ATHI WATER WORKS DEVELOPMENT AGENCY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Towns Sustainable Water Supply and Sanitation Program set out on pages 1 to 22, which comprise the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the statement of comparative budget and actual amounts 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 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Towns Sustainable Water Supply and Sanitation Program as at 30 June, 2020, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan Agreement No.2000200000501 dated 9 January, 2017 between African Development Bank and Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Towns Sustainable Water Supply and Sanitation Program 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 which, 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 period under review.

Other Matter

1. Budget Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,650,000,000 and Kshs.1,300,065,745 respectively resulting in under-funding of Kshs.349,934,255 or 21% of the budget. Further, out of the budgeted amount of Kshs.1,650,000,000, only Kshs.1,056,326,353 was spent resulting in under absorption of Kshs.593,673,647 representing 36% of the estimated expenditure.

The under expenditure of the approved budget indicates that some activities and projects in the annual work-plan were not implemented which is likely to have impacted negatively on service delivery to the public.

2. Pending Bills

According to Note 10.1 to the financial statements, the Project had pending accounts payable totalling Kshs.7,164,294,394 (2019: Kshs.7,066,342,010) as at 30 June, 2020. During the year under review, the Project Management made payments totalling Kshs.1,037,565,746 while accumulating bills totalling Kshs.1,135,518,130. Management has not explained why the bills were not settled during the year in which they occurred. The Project is at risk of incurring significant interest costs and penalties with their continued delay in payment.

Failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

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 effects of 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

Slow Implementation of Projects

During the year under review, ten (10) projects under implementation were behind schedule and one had stalled. Site visits to projects in Kiambu, Machakos and Mombasa counties revealed that the progress in all the ten projects was slow when compared with Project's duration.

In addition, works at Machakos Water and Sanitation Project had been stopped due to court cases. Similarly, Machakos Sewerage Project was having court cases which affected the progress of works despite some works still ongoing. Further, water tank projects in three schools in Mwala Sub-county in Machakos had been abandoned due to shortage of materials and workers unrest.

In the circumstances, the intended beneficiaries may not receive services from projects that are behind completion schedule. This is an indication of weak project implementation and administration system.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the African Development Bank and Republic of Kenya African Loan Agreement for Kenya Towns Sustainable Water Supply and Sanitation Program, 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 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 financial reporting process, reviewing the effectiveness of how the Project monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

As part of an audit in accordance with ISSAIs, I exercise professional judgment 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

30 December, 2020

Kenya Towns Sustainable Water Supply and Sanitation Program
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For the financial year ended June 30, 2020

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020

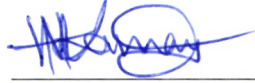
	Note	2019/2020		2018/2019 (Restated)		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS						
Transfer from Government entities	9.3	262,500,000	-	41,623,500	-	304,123,500
Proceeds from domestic and foreign grants	9.4	-	11,044,432	-	46,080,249	57,124,680
Loan from external development partners-AWWDA	9.5	-	207,336,339	-	923,109,290	1,130,445,629
Loan from external development partners-TAWWDA	9.5.1		751,161,415	-	38,688,548	789,849,962
Loan from external development partners-CWWDA	9.5.2		68,023,561	-	109,356,994	177,380,555
Loan from external development partners-WASREB	9.5.3		-	-	-	-
Loan from external development partners-WRA	9.5.4		-	-	-	-
Miscellaneous receipts	9.6					-
TOTAL RECEIPTS		262,500,000	1,037,565,745	41,623,500	1,117,235,081	2,458,924,327
PAYMENTS						
Compensation of employees	9.7	-	-	-	-	-
Purchase of goods and services-AWWDA	9.8	18,760,608	11,703,130	31,471,225		61,934,962
Purchase goods and services-TAWWDA	9.8.1		38,629,432		59,872,749	98,502,181
Social security benefits	9.9	-	-	-	-	-
Acquisition of non-financial assets-AWWDA	9.10'	-	195,633,209		923,109,290	1,118,742,499
Acquisition of non-financial assets-TAWWDA	9.10.1		723,576,415		24,896,048	748,472,462
Acquisition of non-financial assets-CWWDA	9.10.2		68,023,561		109,356,994	177,380,555
Transfers to other government entities	9.11	-	-	-	-	-
Other grants and transfers and payments	9.12	-	-	-	-	-
TOTAL PAYMENTS		18,760,608	1,037,565,745	31,471,225	1,117,235,082	2,205,032,660
SURPLUS/(DEFICIT)		243,739,392	0	10,152,275	0	253,891,667

Kenya Towns Sustainable Water Supply and Sanitation Program
Reports and Financial Statements
For the financial year ended June 30, 2020

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



Chief Executive Officer
Name: Eng. Michael M. Thuita



Project Manager
Name: Eng. Joseph Kamau



Project Accountant:
Name: Christine Mawia Julius
ICPAK Member Number: 6458

Kenya Towns Sustainable Water Supply and Sanitation Program
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For the financial year ended June 30, 2020

7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9.13.A	253,891,667	10,152,275
Cash Balances	9.13.B	-	-
Cash Equivalents (short-term deposits)	9.13.C	-	-
Total Cash and Cash Equivalents		253,891,667	10,152,275
Accounts receivables – Imprest and Advances	9.14	-	-
TOTAL FINANCIAL ASSETS		253,891,667	10,152,275
REPRESENTED BY			
Fund balance b/fwd	9.15	10,152,275	-
Prior year adjustments	9.16	-	-
Surplus/(Deficit) for the year		243,739,392	10,152,275
NET FINANCIAL POSITION		253,891,667	10,152,275

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 26th September, 2020 and signed by:



Chief Executive Officer
Name: Eng. Michael M. Thuita



Project Manager
Name: Eng. Joseph Kamau



Project Accountant:
Name: Christine Mawia Julius
ICPAK Member Number: 6458

Kenya Towns Sustainable Water Supply and Sanitation Program
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8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

		2019-2020	2018-2019 Restated
	Note	Kshs	Kshs
Receipts from operating activities			
Transfer from the Minsitry	9.3	262,500,000	41,623,500
Proceeds from domestic and foreign grants	9.4	11,044,432	46,080,249
Miscellaneous receipts	9.6	-	-
		273,544,432	87,703,749
Payments from operating activities			
Compensation of employees	9.7	-	-
Purchase of goods and services AWWDA	9.8	(30,463,737)	(31,471,225)
Purchase of goods and services TAWWDA	9.8.1	(38,629,432)	(59,872,749)
Social security benefits	8.9	-	-
Transfers to other government entities	9.11	-	-
Other grants and transfers	9.12	-	-
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	9.17	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.18	-	-
Prior Year Adjustments	9.16	-	-
Net cash flow from operating activities		(204,451,263)	(3,640,225)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets AWWDA	9.10'	(195,633,209)	(923,109,290)
Acquisition of Assets TAWWDA	9.10.1	(723,576,415)	(24,896,048)
Acquisition of Assets CWWDA	9.10.2	(68,023,561)	(109,356,994)
Net cash flows from Investing Activities		(987,233,184)	(1,057,362,333)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings AWWDA	9.5	207,336,339	923,109,290
Proceeds from Foreign Borrowings TAWWDA	9.5.1	751,161,415	38,688,548
Proceeds from Foreign Borrowings CWWDA	9.5.2	68,023,561	109,356,994
Net cash flow from financing activities		1,026,521,314	1,071,154,833
NET INCREASE IN CASH AND CASH EQUIVALENT		243,739,393	10,152,275
Cash and cash equivalent at BEGINNING of the year		10,152,275	-
Cash and cash equivalent at END of the year		253,891,667	10,152,275

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 26th September, 2020 and signed by:

Kenya Towns Sustainable Water Supply and Sanitation Program

Reports and Financial Statements

For the financial year ended June 30, 2020



Chief Executive Officer
Name: Eng. Michael M. Thuita



Project Manager
Name: Eng. Joseph Kamau



Project Accountant:
Name: Christine Mawia Julius
ICPAK Member Number: 6458

Kenya Towns Sustainable Water Supply and Sanitation Program
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9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	350,000,000	-	350,000,000	262,500,000	87,500,000	75%
Proceeds from domestic and foreign grants TAWWDA	60,000,000		60,000,000	11,044,432	48,955,568	18%
Proceeds from borrowings	1,740,000,000	-500,000,000	1,240,000,000	1,026,521,314	213,478,686	83%
Miscellaneous receipts			-		-	
Sub-Total Receipts for Athi cluster	2,150,000,000	-500,000,000	1,650,000,000	1,300,065,745	349,934,255	79%
Payments						
Compensation of employees	-	-	-		-	
Purchase of goods and services	502,580,764	-	502,580,764	69,093,169	433,487,596	14%
Social security benefits			-		-	
Acquisition of non-financial assets	1,647,419,236	-500,000,000	1,147,419,236	987,233,184	160,186,051	86%
Total Payments	2,150,000,000	-500,000,000	1,650,000,000	1,056,326,353	593,673,647	64%

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



Chief Executive Officer
Name: Eng. Michael M. Thuita



Project Manager
Name: Eng. Joseph Kamau



Project Accountant:
Name: Christine Mawia Julius
ICPAK Member Number: 6458

NOTES TO THE FINANCIAL STATEMENTS

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

9.1. Basis of Preparation

9.1.1. Statement of compliance and basis of preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

9.1.2. Reporting entity

The financial statements are for the Kenya Towns Sustainable Water Supply and Sanitation Program under Athi Water Works Development Agency. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3. 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.

9.2. 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 AWWDA and/or the contractor/consultant or supplier in the event of direct payments.

• 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.

• External Assistance

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

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

• **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 recognised in the financial statements the time associated cash is received.

b) Recognition of payments

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

• **Compensation of employees**

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

• **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.

• **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.

- **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 AWWDA and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

c) 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.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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.

f) 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.

The project has a court case on land and way leave acquisition for Machakos Water Supply Project whose financial value could not be reliably determined as at 30th June 2020 because the case was yet to be heard.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the entity 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

g) 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.

h) 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.

i) 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.

j) 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 207,336,339 being loan disbursements were received in form of direct payments from third parties.

k) 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.

l) 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.

m) 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, 2020.

n) 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.

Kenya Towns Sustainable Water Supply and Sanitation Program
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative
	Kshs	Kshs	to-date (from inception)
Counterpart funding through Ministry of Water, Sanitation and Irrigation			
Receipts during first 6 months		11,623,500	11,623,500
Counterpart funds Quarter 1	87,500,000	7,500,000	95,000,000
Counterpart funds Quarter 2	87,500,000	7,500,000	95,000,000
Counterpart funds Quarter 3	87,500,000	7,500,000	95,000,000
Counterpart funds Quarter 4	-	7,500,000	7,500,000
	262,500,000	41,623,500	304,123,500
Other transfers from government entities			
	:	:	:
Appropriations-in-Aid	-	-	-
Total	262,500,000	41,623,500	304,123,500

[Although the project expected a GoK counterpart of Kshs 350 Million, the fourth quarter allocation was not received following COVID19 pandemic which called for emergency response by the ministry through provision of water and handwashing points across the metropolitan areas)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 Under the Athi cluster TAWWDA received ADF and MIC TAF grants from donors in relation to Olootikosh Dam as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in Kshs	
						2019/20	2018/19
						Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)							
AfDB	2018/2019	321,451	0	46,080,249			46,080,249
AfDB	2019/2020	77,045	0	11,044,432	0	11,044,432	
Grants Received from Multilateral Donors (International Organizations)							
Insert name of international organization	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Grants Received from Local Individuals and organisations							
Insert name of individual or local organization	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total		398,496	0	57,124,680	0	11,044,432	46,080,249

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9.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2020, we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in Kshs	
					2019/20	2018/19
Loans Received from Bilateral Donors (Foreign Governments)		UA	Kshs	Kshs	Kshs	Kshs
African Development Bank-AWWDA	2018/2019	6,439,522	0	923,109,290		923,109,290
African Development Bank-AWWDA	2019/2020	1,446,358	0	207,336,339	207,336,339	
Grants Received from Multilateral Donors (International Organisations)						
N/A	0	0	0	0	0	0
Total		7,885,880	0	1,130,445,629	207,336,339	923,109,290

9.5.1 Loan from external partners-TAWWDA

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in Kshs	
					2019/20	2018/19
Loans Received from Bilateral Donors (Foreign Governments)		UA	Kshs	Kshs	Kshs	Kshs
African Development Bank-TAWWDA	2018/2019	269,888	0	38,688,548		38,688,548
African Development Bank-TAWWDA	2019/2020	5,240,030	0	751,161,415	751,161,415	
Grants Received from Multilateral Donors (International Organisations)						
N/A	0	0	0	0	-	-
Total		5,509,918	0	789,849,962	751,161,415	38,688,548

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9.5.2 Loan from external partners-CWWDA

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in Kshs	
					2019/20	2018/19
Loans Received from Bilateral Donors (Foreign Governments)		UA	Kshs	Kshs	Kshs	Kshs
African Development Bank-CWWDA	2018/2019	762,864	0	109,356,994		109,356,994
African Development Bank-CWWDA	2019/2020	474,526	0	68,023,561	68,023,561	
Grants Received from Multilateral Donors (International Organisations)						
N/A	0	0	0	0	0	0
Total		1,237,390	0	177,380,555	68,023,561	109,356,994

9.6. MISCELLANEOUS RECEIPTS

The project did not have any miscellaneous receipts during the reporting period

9.7. COMPENSATION OF EMPLOYEES

The project is implemented by AWWDA staff and therefore no staff compensation was drawn from the proceeds of the loan

Kenya Towns Sustainable Water Supply and Sanitation Program
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8. PURCHASE OF GOODS AND SERVICES AWWDA

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	10,653,385	10,653,385
Domestic travel and subsistence	2,483,005	-	2,483,005	1,713,105	4,196,110
Foreign travel and subsistence	1,074,018	-	1,074,018	1,622,840	2,696,858
Printing, advertising and – information supplies & services	3,808,917	-	3,808,917	15,324,985	19,133,902
compensation & community sensitization	10,767,828	-	10,767,828	1,271,420	12,039,248
Training payments	116,000	-	116,000	-	116,000
Hospitality supplies and services	510,840	-	510,840	313,090	823,930
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	572,400	572,400
Panel of experts	-	11,703,130	11,703,130	-	11,703,130
Total	18,760,608	11,703,130	30,463,738	31,471,225	61,934,963

9.8.1 PURCHASE OF GOODS AND SERVICES TAWWDA

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Consultancy for Oloolotikosh-Kitengela - Kajjado water supply and sanitation project	0	11,044,432	11,044,432	46,080,249	57,124,681
Feasibility study, detailed design and tender documentation for Mwanja/Miwongoni	-	27,585,000	27,585,000	13,792,500	41,377,500
Exchange rate losses/gains (net)	-	-	-	-	-
Total	0	38,629,432	38,629,432	59,872,749	98,502,181

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.9. SOCIAL SECURITY BENEFITS

There was no social security benefit cost relating to the project in the reporting period

9.10. ACQUISITION OF NON-FINANCIAL ASSETS-AWWDA

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of civil works	0	143,256,567	143,256,567	851,244,064	994,500,631
Purchase of office equipment	0	15,821,483	15,821,483	-	15,821,483
Purchase, installation and operationalization of the ERP system	0	27,931,035	27,931,035	-	27,931,035
Research, studies, project preparation, design & supervision	0	8,624,125	8,624,125	71,865,226	80,489,351
Total	0	195,633,209	195,633,209	923,109,290	1,118,742,499

9.10.1 Acquisition of non-financial assets-TAWWDA

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of civil works	0	671,471,365	671,471,365	0	671,471,365
Purchase, installation and operationalization of the ERP system	0	24,500,000	24,500,000	-	24,500,000
Research, studies, project preparation, design & supervision	0	27,605,049	27,605,049	24,896,048	52,501,097
Total	-	723,576,415	723,576,415	24,896,048	748,472,462

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9.10.2 Acquisition of non-financial assets-CWWDA

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of civil works	0	54,043,561	54,043,561	98,256,994	152,300,555
Research, studies, project preparation, design & supervision	0	13,980,000	13,980,000	11,100,000	25,080,000
Total	0	68,023,561	68,023,561	109,356,994	177,380,555

9.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, there were no transfers made to other agencies however, the Kenya Towns Project-Athi cluster is administratively managed by AWWDA on behalf of TAWWDA, CWWDA, WASREB and WRA. The budget is thus domiciled at AWWDA, the project management and payments processing are done by the individual agencies. All the payments under the project are AIA in nature and the respective agencies are responsible for processing payment certificates for onward submission to AfDB for payment.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS

The project did not make transfers to any other entity in the period under review

9.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	2018/19
	Kshs	Kshs
Bank accounts (Note 9.13A)	253,891,667	10,152,275
Cash in hand (Note 9. 13B)	-	-
Cash equivalents (short-term deposits) (Note 9.13C)	-	-
Total	253,891,667	10,152,275

The reported cash balances comprise of GoK contribution to the project and is managed through AWWDA's development fund account. To enhance accountability, a fund accountability is maintained for each project whose funds are managed through the same account. The project does not have a foreign currency account because the donor component is disbursed wholly as direct payments.

9.13 A Bank Accounts

Project Bank Accounts

	2019/20	2018/19
	Kshs	Kshs
Foreign Currency Accounts		
N/A	-	-
Total Foreign Currency balances	=	=
Local Currency Accounts		
Co-operative Bank of Kenya [A/c No 01136084618500]	253,891,667	10,152,275
Total local currency balances	<u>253,891,667</u>	<u>10,152,275</u>
Total bank account balances	<u>253,891,667</u>	<u>10,152,275</u>

The project funds are all held in the development fund account held at Co-operative bank of Kenya and to enhance accountability for the specific GoK contribution to the project a fund accountability statement has been maintained by the project

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The project does not have a special deposit account since all payments are done as direct payments.

9.13B Cash in Hand

There was no cash in hand relating to the project as at 30th June 2020

9.13C Cash equivalents (short-term deposits)

	2019/20	2018/19
	Kshs	Kshs
N/A	0	0
Total	0	0

9.14. OUTSTANDING IMPRESTS AND ADVANCES

There were no surrendered imprests relating to the project as at 30th June 2020

9.15. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	Kshs	Kshs
Bank accounts	10,152,275	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	10,152,275	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.16. PRIOR YEAR ADJUSTMENT

The financial statements for 208/2019 have been restated to include all the transactions relating to the other agencies for which AWWDA is the implementing agency. All the restated amounts relate to direct payments hence affected the loan, grant, civil works, purchase of goods and services. The cash balances were not affected.

10. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
AWWDA				
Construction of civil works	3,404,976,249		143,256,567	3,261,719,683
Supply of goods	51,724,138	234,594,670	43,752,517	242,566,290
Supply of services	245,024,690	40,975,326	20,327,255	265,672,761
Total	3,701,725,077	275,569,996	207,336,339	3,769,958,734
TAWWDA				
Construction of civil works	2,494,502,910	859,948,134	671,471,365	2,682,979,679
Supply of goods	53,879,310		24,500,000	29,379,310
Supply of services	353,306,736		66,234,481	287,072,256
Sub-total TAWWDA	2,901,688,957	859,948,134	762,205,846	2,999,431,245
CWWDA				
Construction of civil works	393,027,976		54,043,561	338,984,415
Supply of goods				-
Supply of services	69,900,000		13,980,000	55,920,000
Subtotal CWWDA	462,927,976	-	68,023,561	394,904,415

10.2 PENDING STAFF PAYABLES (See Annex 2B)

The project did not have any payables relating to staff costs

10.3 OTHER PENDING PAYABLES (See Annex 2C)

During the year under review the project did not have other pending payables

10.4 External Assistance

During the year under review, the project did not get any external assistance

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11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S 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 person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	N/A	N/A	N/A	N/A	N/A

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Chief Executive Officer

28/09/2020

Project Coordinator

28/09/2020

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ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	350,000,000	262,500,000	87,500,000	75%	The fourth quarter GoK counterpart was not received as priority was given to COVID19 emergency response
Proceeds from domestic and foreign grants TAWWDA	60,000,000	11,044,432	48,955,568	18%	Delayed submission of the reports by the consultant to enable processing of their payments
Proceeds from borrowings	1,240,000,000	1,025,940,157	214,059,843	83%	Delays in master list approvals delayed the progress of works hence the slow disbursement while some procurements took longer than anticipated
Miscellaneous receipts	-		-		
Sub-Total Receipts for Athi cluster	1,650,000,000	1,299,484,589	350,515,411	79%	
Payments					
Purchase of goods and services	502,580,764	69,093,169	433,487,596	14%	Most of this funds were to facilitate land compensation which were negatively affected by court cases hence delaying utilization of the funds
Acquisition of non-financial assets	1,147,419,236	986,652,028	160,767,208	86%	Delays in master list approvals delayed progress of works
Total Payments	1,650,000,000	1,036,984,589	613,015,411	63%	

The contracts under this project experienced delays in the approval of the master lists to facilitate tax exemption, this negatively impacted on the progress of works upon which both the receipts and expenditure are pegged. This is due to the fact that all the payments under the project are done through direct payments.

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ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019 (Restated)	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Pending Bills AWWDA						
Construction of civil works						
Construction of Kikuyu Water and Sewerage Project	635,993,482	12-Sep-18	180,855,694	455,137,788	508,794,785	Contract on course
Construction of Limuru Water and Sewerage Projects	576,508,513	30-Oct-18	180,082,768	396,425,745	461,206,810	Contract on course
Construction of Kiambu and Ruaka Water and Sewerage projects	1,292,917,543	30-Oct-18	283,402,013	1,009,515,530	1,034,334,034	Contract on course
Construction of Gatundu Water Supply and Sewerage Project	1,750,800,775	22-Nov-18	350,160,156	1,400,640,619	1,400,640,620	Contract on course
Sub-Total-AWWDA	4,256,220,313		994,500,631	3,261,719,682	3,404,976,249	
Supply of goods						
ERP for AWWDA	51,724,138	22-Feb-19	27,931,035	23,793,103	51,724,138	Contract on course
Office equipment AWWDA	15,821,483	09-Dec-19	15,821,483	-	-	Contract complete
Supply and delivery of 3 No. vehicle mounted sewer flushing units	73,203,737	09-Dec-19	-	73,203,737	-	Contract on course
Supply and delivery of Non-Revenue Water management equipment	145,569,450	13-Mar-20	-	145,569,450	-	Contract on course
Sub-Total	286,318,808		43,752,517	242,566,290	51,724,138	
Supply of services						
Consultancy Services for Design Review and Supervision of Gatundu Water Supply and Sewerage Project	118,585,695	18-Jul-17	24,513,645	94,072,050	102,696,175	Contract on course
Consultancy Services for Design Review and Supervision of Limuru and Kikuyu Water Supply and Sewerage Project	101,718,526	31-Jul-17	29,615,353	72,103,173	72,103,173	Contract on course
Consultancy Services for Design Review and Supervision of Kiambu and Ruaka Water supply and Sewerage Project	96,585,695	22-Aug-17	26,360,353	70,225,342	70,225,342	Contract on course

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019 (Restated)	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Dam experts						
MS. Ljijana Spasic-Principal/chair	16,675,409	07-Oct-19	6,175,827	10,499,582		Contract on course
Mr. Ioannis Karavokyris	9,755,996	07-Oct-19	2,213,849	7,542,147		Contract on course
Dr. George T. Dounias	9,786,026	07-Oct-19	2,229,863	7,556,163		Contract on course
Angelina Nduta Mwende	4,757,895	07-Oct-19	1,083,590	3,674,305		Contract on course
Sub-Total	357,865,242		92,192,481	265,672,761	245,024,690	
Grand Total	4,900,404,363		1,130,445,629	3,769,958,734	3,701,725,077	

Pending bills TAWWDA						
Construction of civil works-TAWWDA						
Construction of machakos Sewerage Works	840,476,577	08-Mar-19	169,142,219	671,334,358	840,476,577	Contract on course
Mwala Cluster Water Supply Works Project	583,332,779	14-Dec-18	116,666,556	466,666,223	583,332,779	Contract on course
Construction of machakos Water Works	1,070,693,554		213,672,964	857,020,590	1,070,693,554	Contract on course
Construction works for Kitui and Matuu Towns Last mile connectivity	859,948,134	18-Sep-19	171,989,627	687,958,507		Contract on course
Sub-Total-TAWWDA	3,354,451,044		671,471,365	2,682,979,679	2,494,502,910	
Supply of goods-TAWWDA						
ERP for TAWWDA	53,879,310	03-Jun-19	24,500,000	29,379,310	53,879,310	Contract on course
Sub-Total	53,879,310		24,500,000	29,379,310	53,879,310	
Supply of Services-TAWWDA						

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019 (Restated)	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Consultancy services for design and supervision of Mwala cluster water and sanitation	78,000,000	02-Feb-18	34,479,120	43,520,880	60,900,000	Contract on course
Consultancy services Machakos water and sewerage works	94,112,500		9,369,465	84,743,035	86,316,452	Contract on course
Consultancy Services for Design Review and Supervision of Kitui and Matuu Towns Last mile connectivity for Water Supply and Sanitation Works	71,060,500	10-Jun-19	8,652,511	62,407,989	71,060,500	Contract on course
Consultancy services for feasibility Studies, Preliminary Designs and Detailed Designs for Mwanja/Miwongoni Dam project	91,950,000	19-Jun-18	41,377,500	50,572,500	78,157,500	Contract on course
Consultancy for Oloolotikosh-Kitengela - Kajjado water supply and sanitation project	102,952,533	21-Dec-17	57,124,680	45,827,853	56,872,284	Contract on course
Sub-Total	438,075,533		151,003,277	287,072,256	353,306,736	
Grand total TAWWDA	3,846,405,888	-	846,974,643	2,999,431,245	2,901,688,957	0
Pending Bills						
Construction of civil works						
Construction of changamwe repooling water works	204,483,295	30-Oct-18	72,816,261	131,667,034	163,586,636	Contract on course
Construction of Pemba Intake and Treatment works Project	286,801,675	31-Oct-18	79,484,294	207,317,381	229,441,340	Contract on course
Sub-Total-CWWDA	491,284,970		152,300,555	338,984,415	393,027,976	-
Supply of Services-CWWDA						
Consultancy Services for Design Review and Supervision of Pemba and Changamwe re-pooling Water supply and Sewerage Project	81,000,000		25,080,000	55,920,000	69,900,000	Contract on course
Sub-Total	81,000,000		25,080,000	55,920,000	69,900,000	
Grand Total CWWDA	572,284,970	-	177,380,555	394,904,415	462,927,976	

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ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

The project did not have any pending staff bills because the project team comprises AWWDA staff and all their costs are paid by the institution.

ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

The project did not have any other pending payables

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (Kshs) 2019/20 (a)	*Purchases/Additions in the Year (Kshs) 2019/20 (b)	**Disposals in the Year (Kshs) 2019/20 (c)	Transfers in/(out) Kshs 2019/20 (d)	Closing Cost (Kshs) 2019/20 (e)= (a)+ (b)-(c)+(-)d
AWWDA					
Office equipment	0	15,821,483	0	0	15,821,483
Work in Progress	923,109,290	179,811,726	0	0	1,102,921,016
Total	923,109,290	195,633,209	0	0	1,118,742,499
TAWWDA					0
Work In Progress	24,896,048	723,576,415	0	0	748,472,462
Sub-total TAWWDA	24,896,048	723,576,415	0	0	748,472,462
CWWDA					0
Work in Progress	109,356,994	68,023,561	0	0	177,380,555
sub-total CWWDA	109,356,994	68,023,561	0	0	177,380,555
Grand Total Athi Cluster	1,057,362,332	987,233,184	0	0	2,044,595,517

Notes

The reported work in progress includes civil works, supervision consultancies and the ERP purchase and implementation

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ANNEX 4 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1	N/A ¹					

¹ Though there is court case relating to Machakos Water Supply, the payee, estimated amount and payment date could not be established as at 30th June 2020 since the case was yet to be heard.



REPUBLIC OF KENYA
TWELFTH PARLIAMENT - (FIFTH SESSION)
THE NATIONAL ASSEMBLY

Hon. Speaker, the following business will be transacted today, **Thursday, February 18, 2021 (Morning Sitting)** under the **Preliminary Orders**: -

1. Under Order No. 5, the following Papers will be laid on the Table of the House by the Leader of the Majority Party: -

A. The Reports of the Auditor-General and Financial Statements on donor funded projects for the year ended 30th June, 2020 and the implementing Agencies: -

1. Data Collection and Database Development Project - Kenya National Bureau of Statistics;
2. Eastern Africa Regional Transport, Trade and Development Facilitation Project - Information and Technology Authority;
3. Multiple Indicator Cluster Survey Project -UNICEF - Kenya National Bureau of Statistics;
4. National Information Platform for Food Security and Nutrition Project - Kenya National Bureau of Statistics;
5. Africa Centre of Excellence (ACE II) in Phytochemicals Textiles and Renewable Energy Project - Moi University;
6. East Africa Skills for Transformation and Regional Integration Project - Meru National Polytechnic;
7. Support to Water and Sanitation Services in Peri-Urban Area Project - Athi Water Works Development Agency;
8. Nairobi Water Distribution Network Project - Water Works Development Agency;
9. Kenya Towns Sustainable Water Supply and Sanitation Program - Athi Water Works Development Agency;
10. Rural Electrification in Five Regions Projects - Rural Electrification & Renewable Energy Corporation;
11. Bogoria Silali Geothermal Project - Geothermal Development Company Limited;
12. Kenya Electricity Modernisation Project - Rural Electrification and Renewable Energy Corporation;
13. Last Mile Connectivity Project I – Kenya Power and Lighting Company PLC;
14. Last Mile Connectivity Project II - Kenya Power and Lighting Company PLC;
15. Multinational Kenya-Tanzania Power Interconnection Project (Kenyan Component) - Kenya Electricity Transmission Company Limited;
16. Kenya Development of Solar Power Plant in Garissa Project - Rural Electrification and Renewable Energy Corporation;
17. Water and Sanitation Services Improvement Project - Athi Water Works Development Agency;
18. Eastern Electricity Highway Project - Kenya Electricity Transmission Company Limited;
19. Menengai Geothermal Project - Geothermal Development Company Limited;

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20. 220KV and 132KV Transmission Lines and Sub-stations (EXIM Bank of India Funded) Projects - Kenya Electricity Transmission Company Limited;
21. Power Transmission System Improvement Project - Kenya Electricity Transmission Company Limited; and
22. Multinational - Kenya Section of Interconnection Project of Electric Grids of Nile Equatorial Lakes Countries - Kenya Electricity Transmission Company Limited.

2. Under Order No. 7, on Questions and Statements: -
- Questions as annexed in the Order Paper.
