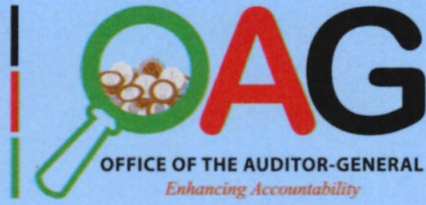


REPUBLIC OF KENYA



REPORT



PARLIAMENTARY ASSEMBLY PAPERS LAID

DATE: 12 FEB 2026 *Thursday*

TABLED BY: *Hon George Mwangi*

CLERK-AT THE TABLE: *on behalf of Com. Kanda T.*

THE AUDITOR-GENERAL

ON

**AFFORDABLE HOUSING FINANCE PROJECT
IDRD LOAN NO.8958-KE**

**FOR THE YEAR ENDED
30 JUNE, 2025**

**STATE DEPARTMENT FOR LANDS AND
PHYSICAL PLANNING**



PROJECT NAME: AFFORDABLE HOUSING FINANCE PROJECT

**IMPLEMENTING ENTITY: STATE DEPARTMENT OF LANDS AND PHYSICAL
PLANNING**

CREDIT NUMBER: 8958-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

**Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting
Method under the International Public Sector Accounting Standards (IPSAS)**

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Table Contents	Page
1. Acronyms and Definition of Terms	iii
2. Project Information and Overall Performance	iv
3. Statement of Performance against Project's Predetermined Objectives	xvi
4. Environmental and Sustainability Reporting	xx
5. Statement of Project Management Responsibilities	xxiii
6. Report of the Independent Auditor on Financial Statements for Kenya Affordable Housing Finance Project	xxv
7. Statement of Financial Performance for the Year Ended 30th June 2025.....	1
8. Statement of Financial Position as at 30 th June 2025.....	2
9. Statement of Changes in Net Assets	3
10. Statement of Cash flow for the year ended 30 th June 2025	4
11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 th June 2025 ..	5
12. Notes to the Financial Statements.....	7
13. Annexes.....	18

***Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025***

1. Acronyms and Definition of Terms

<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IMF</i>	<i>International Monetary Fund</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>CT</i>	<i>County Treasury</i>
<i>NT</i>	<i>National Treasury</i>
<i>PFM</i>	<i>Public Finance Management.</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WB</i>	<i>World Bank</i>
<i>KGRS</i>	<i>Kenya Geodetic Reference System</i>
<i>KAHFP</i>	<i>Kenya Affordable Housing Finance Project</i>
<i>LSM</i>	<i>Large-Scale Mapping</i>
<i>Comparative FY</i>	<i>Financial year preceding the current financial year.</i>
<i>IBRD</i>	<i>International Bank For Reconstruction And Development</i>

2. Project Information and Overall Performance

2.1 Name and registered office

Name: The project's official name is Kenya Affordable Housing Finance Project

Objective

The objective of the project is to expand access to affordable housing finance to targeted beneficiaries.

Address

The project headquarters offices are in Nairobi City, Nairobi County, Kenya. The address of its registered office is Ministry of Lands, Public works and Urban Development.

State Department of Lands and Physical Planning

P.O. Box 30450-00100

Nairobi

Contacts: The following are the project contacts

P.O. Box: 30450-00100

Telephone: (254) 020-2718050

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	05 DECEMBER 2019
Project End Date:	30 JUNE 2024
Revised End Date	30 JUNE 2025
Project Coordinator:	SARAH MAINA
Project Development Partner:	IBRD

2.3 Project Overview

Line Ministry or State departments/ County Department	The project is under the supervision of The State Department Lands and Physical Planning in the Ministry of Lands, Public Works, Housing and Urban Development
Project number	P165034
Strategic goals of the project	<p>Overall Objective To develop a modern strategy and designs for a robust, accurate, reliable, and standardized Kenya Geodetic Reference System (KGRS) and Large-Scale Mapping (LSM) framework to improve the quality and reliability of spatial data for land administration, management, and decision-making.</p> <p>Specific Objectives</p> <ol style="list-style-type: none"> 1. Review the current status of the existing Kenya Geodetic Reference System (horizontal and vertical networks, gravimetry, and geoid modelling). 2. Assess and review existing topographic and cadastral maps in terms of national coverage, fitness for purpose, and currency. 3. Analyze relevant survey regulations, policies, and technical specifications to identify gaps and propose improvements. 4. Develop strategies for a modern KGRS: <ul style="list-style-type: none"> o Establish a unified geodetic horizontal and vertical datum tied to

	<p>AFREF/ITRF. o Expand and modernize the CORS network and passive geodetic control.</p> <p>o Establish a precise levelling network and a precise geoid model for Kenya.</p> <p>5. Develop strategies for Large Scale Mapping (LSM): o Produce high-resolution digital orthophotos, DEMs, and vector base maps.</p> <ul style="list-style-type: none"> o Provide accurate cadastral and topographic data to support housing, infrastructure, and sustainable development. <p>6. Develop detailed Technical Requirements and Specifications to support implementation and procurement, including:</p> <ul style="list-style-type: none"> o Technical specifications for upgrading KGRS (CORS, passive control, geodetic datum). o Requirements for precise levelling and establishment of a precise geoid model. o Specifications for LSM (orthophotos, DEM/DTM, vector base maps, data models). o Design inputs for the National Geodetic and Mapping Control Centre (NGMCC). <p>7. Transfer knowledge and build capacity of client staff (SDLPP and SoK) to supervise, manage, and sustain modern geodetic and mapping infrastructure.</p> <p>8. Promote collaboration, partnerships, and data sharing across government, private sector, academia, and international partners.</p> <p>9. Support policy, legal, and regulatory reforms to institutionalize KGRS and LSM within national frameworks (NLIMS, Vision 2030, BETA, SDGs).</p> <p>10. Lay the foundation for a National Geodetic and Mapping Control Centre (NGMCC) for centralized data processing, dissemination, and sustainability</p>
<p>Summary of Project Strategies for achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <p>1. Strengthening the Kenya Geodetic Reference System (KGRS)</p>

	<ul style="list-style-type: none"> • Establish a unified and modern geodetic datum tied to AFREF and ITRF for global compatibility. • Densify the CORS network nationwide with passive pillars and secure infrastructure (power, internet, security). • Design monuments, standards, GNSS campaigns, and real-time RTK services (via NTRIP corrections). • Provide accurate horizontal and vertical controls to support land registration, infrastructure, and disaster management. <p>2. Precise Levelling and Geoid Determination</p> <ul style="list-style-type: none"> • Re-establish and densify the national levelling network tied to tide gauges (e.g., Kilindini). • Acquire terrestrial, airborne, and ship-borne gravity data to develop a precise gravimetric and hybrid geoid model. • Align Kenya’s vertical datum with the International Height Reference System (IHRM) for accurate elevation data. • Support precision applications such as engineering surveying, flood monitoring, and infrastructure development. <p>3. Large-Scale Mapping (LSM)</p> <ul style="list-style-type: none"> • Generate high-resolution Digital Orthorectified Imagery (DOI) for the entire country. • Develop accurate Digital Elevation Models (DEM) and Digital Terrain Models (DTM). • Produce vector map data and multi-scale basemaps for urban and rural areas. • Establish a sustainable map revision policy and a uniform data model & catalogue. • Integrate modern technologies like UAVs, LiDAR, AI and IoT for faster and more accurate mapping. <p>4. Capacity Building and Knowledge Transfer</p> <ul style="list-style-type: none"> • Conduct structured training modules on KGRS, Levelling, Gravimetry, LSM and Network Control Centre. • Train client personnel, national and county surveyors through workshops, online modules, and field attachments.
--	---

	<ul style="list-style-type: none">• Ensure inclusivity (gender balance noted at ~45–48% women participation).• Develop partnerships with universities and research institutions for continuous skills upgrading. <p>5. Foundational & Cross-Cutting Themes</p> <ul style="list-style-type: none">• Policy, Legal & Regulatory Reforms – Review outdated laws, harmonize standards, and enforce protection of geodetic infrastructure.• Research & Development – Foster innovation through partnerships with academia and regional centres (RCMRD, ISK, universities).• Emerging Technologies – Leverage AI, IoT, blockchain for predictive maintenance, secure geospatial data transactions, and automated processing.• National Geodetic and Mapping Control Centre (NGMCC) – Establish a centralized hub for GNSS data processing, real-time geospatial data access, and national spatial data infrastructure management. <p>6. Governance, Partnerships & Sustainability</p> <p>Anchor implementation on partnerships, open data, environmental protection, inclusion, and good governance.</p> <ul style="list-style-type: none">• Engage multiple actors: national and county governments, private sector (e.g., KPLC, MUYA CORS), academia, and international partners.• Develop a sustainability model for infrastructure maintenance, data sharing, and institutional continuity. <p>7. Implementation & Financing</p> <ul style="list-style-type: none">• Resource mobilization through Government, World Bank, PPPs, and other partners.• Estimated budget: USD 217M (~KES 28B) over 5 years.• Six implementation lots: (1) KGRS, (2) Levelling, (3) Gravimetry & Geoid, (4) LSM, (5) NGMCC, (6) Internet & Backup services.
--	--

Affordable Housing Finance Project

Annual Report and Financial Statements for the financial year ended June 30, 2025

	<p>Phased rollout with monitoring, evaluation, and a risk management framework (covering financial, technical, institutional, and political risks).</p>
<p>Other important background information of the project</p>	<p>The Kenya Geodetic Reference System (KGRS) and Large Scale Mapping (LSM) project is a World Bank-supported technical assistance initiative under the Kenya Affordable Housing Finance Project (KAHFP), implemented by the Ministry of Lands, Public Works, Housing and Urban Development through the State Department for Lands and Physical Planning. The project seeks to modernize Kenya’s geodetic infrastructure and mapping framework to support land administration, affordable housing, infrastructure development, and national planning. Historically, Kenya’s geodetic work dates back to the colonial triangulation chains of the Anglo-German Boundary Commission and later the Directorate of Overseas Surveys, but the country still relies on fragmented datums, outdated Arc 1960 systems, vandalized triangulation pillars, and obsolete maps. Previous efforts such as ADOS and AFREF provided a foundation but were never fully realized, leaving Kenya without a unified reference system or national geoid model. The project therefore aims to establish a robust Kenya Geodetic Reference Frame (KENREF) aligned to AFREF and ITRF, densify the CORS network, upgrade levelling and gravimetric systems, and produce modern large-scale maps supported by a National Geodetic and Mapping Control Centre. It also addresses policy and regulatory gaps, promotes research and adoption of emerging technologies such as AI, UAVs, and IoT, and invests heavily in capacity building and knowledge transfer to empower professionals at national and county levels. With a budget of about USD 217 million (KES 28 billion) over five years, the project is designed to deliver accurate, reliable, and accessible spatial data as a backbone for land administration, sustainable development, and inclusive growth in line with Vision 2030, BETA, and SDG 11 on sustainable cities and communities.</p> <p>invests heavily in capacity building and knowledge transfer to empower professionals at national and county levels. With a budget of about USD 217 million (KES 28 billion) over five years, the project is designed to deliver accurate, reliable, and accessible spatial data as a backbone for land administration, sustainable development, and inclusive growth in line with Vision 2030, BETA, and SDG 11 on sustainable cities and communities.</p>

<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) Outdated Geodetic Reference Framework – reliance on Arc 1960, fragmented datums, vandalized triangulation pillars, and lack of a unified, modern reference system. (ii) Incomplete Levelling Network – poorly maintained and limited coverage, absence of a consistent national vertical datum. (iii) Lack of a National Geoid Model – outdated gravity network with only a few IGSN-71 points and no precise gravimetric or hybrid geoid for accurate height determination. (iv) Obsolete Cadastral and Topographic Mapping – outdated, incomplete, and inconsistent maps, with weak revision cycles and limited national coverage. (v) Policy, Legal and Regulatory Gaps – inadequate provisions to safeguard geodetic infrastructure, weak enforcement, and limited integration of new technologies in existing frameworks. (vi) Weak Spatial Data Governance – lack of a coordinated platform for data sharing, standardization, and management across agencies. (vii) Limited Technical Capacity – skills gaps among surveyors and geospatial practitioners in GNSS, CORS, UAVs, LiDAR, AI, and modern geospatial tools. (viii) Absence of a Centralized Control Hub – need for a National Geodetic and Mapping Control Centre (NGMCC) to coordinate GNSS data processing, real-time access, and integration with (ix) Low Awareness and Stakeholder Engagement – insufficient sensitization of professionals and the public on the importance of modern geodetic and mapping systems.
---	---

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

	(x) Infrastructure and Technological Gaps – lack of reliable ICT, power, and connectivity to support nationwide geospatial infrastructure
Project duration	6 Years

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

Central Bank of Kenya DA-C
Haile Sellassie.
A/c 1000746866

Central Bank of Kenya
Haile Sellassie
A/c 1000761598

2.5 Independent Auditor

The project is audited by the Auditor General
Office of Auditor General
P.O.BOX 30450-00100 Nairobi

2.6 Roles and Responsibilities

SNO	Name	Title/Designation	Qualifications	Responsibilities
1	Sarah Maina	Lands Secretary	Masters of LAWS	Project Coordinator
2	CPA Anthony Masinde	Chief Finance Officer	Masters of Arts in Business Administration	Overseeing finance and budget issues of the project
3	CPA Agnes Waweru	Deputy Accountant General	Masters of Arts in Business Administration	Overseeing accounting matters of the project
4	Tom Ogora	Senior Deputy Director Supplies	Masters degree in Strategic Management	Overseeing all procurement matters of the project
5	Paul Ndungu	Surveyor	Masters of Science in Surveying	KGRS and LSM Coordinator
6	Andrew Koisitany	Principal Secretary Advisor	Ba	Liaison to Ps office
7	Jackline Kipkato	Senior Principal Finance Officer	Masters Degree in Finance and Banking	Finance and Budget Officer
8	Rose Ndana	Assistant Accountant General	CPA(k)	Accountant
9	Agatha Wanyonyi	Land Administration officer	Masters in Science in Land Administration	Land Administration Coordinator
10	Roy Kipkemboi	Surveyor	Bachelor's degree in Geospatial Engineering	KGRS and LSM Supervisor
11	Byron Onditi	Valuation Officer	Masters in Science in Geographical Information System	
12	Patrick Muteti	Principal Supplies Officer	Masters in Procurement and contract management	Assisting in all procurement matters

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

2.7 Funding summary

The Project is for a duration of 6 years from 2019 to 2025 with an approved budget of Euros 1.086 million equivalent to Kshs. 150 million as highlighted in the table below:

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	Development Partner currency		Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)		(B)	(B')	(A)-(B)	(A) - (B)
(i) Loan						
IDA	1,086,572	150,000,000	999,531	137,984,119	87,041	12,015,881
	1,086,572	150,000,000	999,531	137,984,119	87,041	12,015,881
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	1,086,572	150,000,000	999,531	137,984,119	87,041	12,015,881

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Project information and overall performance (continued)

B. Application of Funds

Application of Funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date (30 th June 2025)	
	Development partner currency	<i>Kshs</i>	Development partner currency	<i>Kshs</i>	Development partner currency	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
IDA	999,531	137,984,119	958,532	132,324,226	40,999.20	5,659,894
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	999,531	137,984,119	958,532	132,324,226	40,999	5,659,894

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

The final budget for Kenya Affordable Housing Finance Project was Kshs. 150,000,000. The Project spent a total of Kshs 132,324,226 of the budget.

Achievements

- i. Final Inception report on Strategy for Kenya Geodetic reference System and large Scale mapping.
- ii. Capacity building for PIU and relevant Stake holders on landscape in Kenya.
- iii. Final Inception report on assessment of land Sector and Development of Land reform and Capacity building plans
- iv. Design Strategy for KGRS and LSM Final Report

Challenges

- i. Lengthy Procurement process. This delayed the project activities. These delays have a knock-on effect on the performance calendar, hindering counties' ability to meet timelines as outlined in the Program Operations Manual (POM).
- ii. Lack of training on World Bank Financial Reporting Procedures.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The key development objectives of the project's agreement/ plan are to:

1. Establish a Modern, Unified Geodetic Reference System (KGRS)

- Develop and operationalize a robust Kenya Geodetic Reference Frame (KENREF) tied to AFREF and ITRF, ensuring global and regional compatibility.
- Provide accurate, stable, and reliable geodetic control (horizontal and vertical) to support land administration, infrastructure, disaster monitoring, and scientific research.

2. Develop a Precise National Levelling and Geoid Model

- Establish a densified levelling network linked to tide gauges and international height systems (IHRs).
- Generate a gravimetric and hybrid geoid model for precise height determination across the country.

3. Modernize and Expand Large-Scale Mapping (LSM)

- Produce updated, high-resolution orthorectified imagery, DEMs, DTMs, vector data, and base maps for the entire country.
- Support cadastral surveys, urban planning, environmental management, infrastructure development, and affordable housing delivery.

4. Enhance Spatial Data Management and Governance

- Establish a National Geodetic and Mapping Control Centre (NGMCC) for centralized GNSS data processing, dissemination, and real-time access.
- Promote data standardization, sharing, and interoperability across institutions.

5. Strengthen Policy, Legal, and Regulatory Frameworks

- Review and align policies and regulations to safeguard geodetic infrastructure and ensure sustainable adoption of modern geospatial technologies.

6. Build Institutional and Human Capacity

- Transfer knowledge and skills to SDLPP, Survey of Kenya, and county surveyors through training, workshops, and fieldwork.
- Ensure inclusivity and gender balance in professional capacity building.

7. Promote Research, Innovation, and Emerging Technologies

- Leverage AI, IoT, UAVs, LiDAR, blockchain and other innovations to modernize survey and mapping practices.
- Encourage partnerships with academia and research institutions.

8. Support National Development Priorities

- Provide accurate geospatial data as a backbone for land administration, affordable housing, climate change adaptation, disaster risk reduction, and infrastructure development.
- Align with Vision 2030, BETA, SDGs, and the National Spatial Plan.

Progress on the attainment of strategic development objectives

To implement and cascade 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 to track progress and performance measurement.

Below, we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Kenya Geodetic Reference System (KGRS)	Establish a modern unified geodetic reference frame (KENREF) aligned to AFREF & ITRF	Availability of accurate, stable and uniform reference framework for surveys and mapping	No. of CORS stations installed; % uptime of CORS; No. of passive pillars rehabilitated	Technical design completed (Mar 2025); specifications prepared for 159 CORS & 600 passive pillars; draft procurement issued July 2025
Precise Levelling & Geoid Modelling	Develop a precise national levelling network and geoid model	Improved height determination and elevation referencing for infrastructure & land administration	Km of levelling network established; RMSE of geoid model; tide gauges operational	Levelling network design completed (Mar 2025); Kilindini tide gauge identified as reference; procurement specs finalized
Large Scale Mapping (LSM)	Produce high-resolution imagery, DEMs, DTMs, vector datasets & basemaps	Availability of updated, accurate and accessible maps for national & county planning	% national coverage with new DOI/DEMs; no. of base maps produced; % of counties mapped	Strategy completed (Mar 2025); roadmap prepared for nationwide coverage at multiple scales; technical requirements integrated into bidding lots
Capacity Building	Strengthen technical skills in modern geodesy, mapping & ICT among SDLPP and county surveyors	Enhanced skills, inclusivity and knowledge transfer	No. of officers trained; % female participation; satisfaction rate of trainings	4 workshops conducted; >140 officers trained; 2 dedicated cohorts (29 & 11 staff); online training for 80 county surveyors; gender balance achieved (45–48% female); training rated 81–94% useful
Policy, Legal & Institutional Framework	Review and align policy, legal and regulatory frameworks for KGRS & LSM	Enabling environment for modernization and sustainability	No. of policies reviewed; legal reforms initiated	Gaps identified in land policies & regulations; draft policy inputs prepared; integration with NLIMS, NSP, NCCAP and BETA prioritized
National Geodetic & Mapping Control Centre (NGMCC)	Establish a centralized facility for GNSS data processing & real-time access	Real-time data access, integration and governance of spatial data	Existence of NCC; % uptime of GNSS data services	NCC design finalized (June 2025); phased implementation plan prepared; budget allocated in Roadmap (USD 217M over 5 years)

4. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The sustainability strategy of the Project is anchored on a deliberate commitment of the institution to integrate sustainable development principles into urban governance and service delivery. The project aligns itself with Kenya's Vision 2030 and relevant global frameworks, including the Sustainable Development Goals (SDGs), especially SDG 11 on sustainable cities and communities. In doing so, Kenya Affordable Housing Finance Project (KAHFP) takes into account broad political and macroeconomic trends such as fiscal decentralization, urban population growth, and climate change, which significantly shape the program's sustainability priorities.

KAHFP adopts international best practices in urban planning and infrastructure development, such as promoting participatory budgeting, integrated spatial planning, and green infrastructure

2. Environmental performance

The Kenya Geodetic Reference System (KGRS) and Large-Scale Mapping (LSM) project is anchored on an environmental policy that prioritizes protection, conservation, and sustainability in line with national legislation, the National Climate Change Action Plan, and global best practices. The project has achieved notable progress through the adoption of low-impact technologies such as UAVs and remote sensing, digital workflows that reduce paper use, and renewable energy considerations for CORS operations. These efforts have lowered the project's ecological footprint while providing geospatial data that supports disaster risk management, climate resilience, and sustainable land use. Nonetheless, gaps remain in biodiversity-specific guidelines, structured green procurement, and energy efficiency. To address these, the project has incorporated measures such as careful site selection to avoid ecologically sensitive areas, digital-first data management to minimize waste, safe disposal of obsolete equipment, and the integration of energy efficient ICT infrastructure in the planned National Geodetic and Mapping Control Centre. Through these measures, the

project continues to manage environmental risks responsibly while ensuring its contribution to sustainable development.

3. Employee welfare

The State Department for Public Service, which oversees all ministries (including the Ministry of Lands), handles overarching HR policy, including recruitment, insurance benefits (life, injury, personal accident), group welfare schemes, and counselling services. The Ministry operates within these frameworks, meaning practices like hiring protocols, employee benefits, and welfare initiatives at Lands are governed by these standards; Gender mainstreaming and adherence to the two-thirds gender principle in public employment are mandated by the State department for Gender and Affirmative Action. The Ministry is actively reviewing its National Land Policy (2009), and concurrently developing a land Sector Gender Policy, which indicates a deliberate move towards gender-sensitive approaches across the sector.

Recruitment processes are conducted via the Public Service Commission (PSC), which follows merit-based systems, vetting from agencies such as the EACC and NIS, and then final approval by the parent Ministry

4. Marketplace practices

All procurement activities are undertaken in strict compliance with the Public Procurement and Asset Disposal Act, 2015 as well as the Bank guidelines.

5. Community Engagements

The Kenya Geodetic Reference System (KGRS) and Large-Scale Mapping (LSM) project has embedded community engagement as part of its implementation approach, recognizing that geospatial modernization must directly benefit citizens and local institutions. Throughout the year, the project engaged communities and stakeholders through sensitization workshops and public information forums that created awareness of the value of modern mapping to affordable housing, land registration, infrastructure development, and disaster management. In addition, the project facilitated training for county surveyors, local

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

professionals, and students, thereby promoting education and skills development with over 140 officers trained and more than 80 county surveyors engaged through online platforms. The initiative also promoted inclusivity and labour relations by ensuring gender balanced participation, with women constituting nearly half of all trainees. Beyond technical training, the project contributed to broader community welfare by supporting knowledge-sharing sessions with universities, professional bodies, and county governments, reinforcing capacity in areas such as climate resilience, land governance, and smart use of geospatial technologies. These efforts represent a form of social investment in human capital, ensuring that local communities and institutions are empowered to manage land and natural resources more effectively. While the project has not reported direct charitable giving in cash or materials, its emphasis on education, capacity building, inclusivity, and public sensitization represents a long-term investment in community empowerment and sustainable development.

5. Statement of Project Management Responsibilities

The Principal Secretary for the State Department for Lands and Physical Planning and the Project Coordinator 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 the financial year ended on June 30, 2025.

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

The Principal Secretary for the State Department for Lands and Physical Planning and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

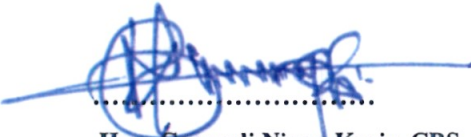
The Principal Secretary for State Department for Lands and Physical Planning and the Project Coordinator are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The Principal Secretary and the Project Coordinator 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 and the adequacy of the systems of internal financial control.

The Principal Secretary State Department for Lands and Physical Planning and the Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the State Department for Lands and Physical Planning and the Project Coordinator for the Kenya Affordable Housing Finance Project on 29/10/ 2025 and signed by:


.....
Hon. Generali Nixon Korir, CBS
Principal Secretary


.....
Sarah Maina
Project Coordinator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON AFFORDABLE HOUSING FINANCE PROJECT IBRD LOAN NO.8958-KE FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR LANDS AND PHYSICAL PLANNING

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying transitional IPSAS financial statements of Affordable Housing Finance Project funded by International Bank for Reconstruction and Development (IBRD) Loan No.8958-KE set out on pages 1 to 17, which comprise of the

statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Affordable Housing Finance Project IBRD Loan No.8958-KE as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33 and comply with the Financing Agreement No. 8958-KE between the Republic of Kenya and International Bank for Reconstruction and Development (IBRD) dated 5 December, 2019 and the Public Finance Management Act, 2012; and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Affordable Housing Finance Project IBRD Loan No.8958-KE Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

Project Implementation

The International Bank for Reconstruction and Development (IBRD) entered into a loan agreement with the Republic of Kenya to lend an amount of Euro.219,000,000). The Loan Agreement was entered on 5 December, 2019. The Project end date was originally 30 June, 2024 and later revised to 30 June, 2025. The Project consisted of two parts namely support to the Kenya Mortgage Refinance Company (KMRC) who are the principal lender and Technical Assistance component. The National Treasury was to oversee the management of the loan through KMRC while the Ministry of Lands and Physical Planning was to provide technical assistance on the Project.

The statement of source of funds reflects Development Partner Commitment of Euro.1,086,572 equivalent to Kshs.150,000,000. A total of Euro.999,531 equivalent to Kshs.137,984,119 had been received as at 30 June, 2025. Further, the statement of application of funds reflects that cumulative amount paid as at 30 June, 2025 was

Euro.40,999.20 equivalent to Kshs.5,669,894. However, review of records revealed that the unutilised balance was transferred to The National Treasury on 01 October, 2025 and that the Project is scheduled for closure on 31 October, 2025 in line with the Financing Agreement.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iv to xxiv which comprise of Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 Financing Agreement No. 8958-KE between the Republic of Kenya and International Bank for Reconstruction and Development (IBRD) dated 5 December, 2019, 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.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Transitional International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

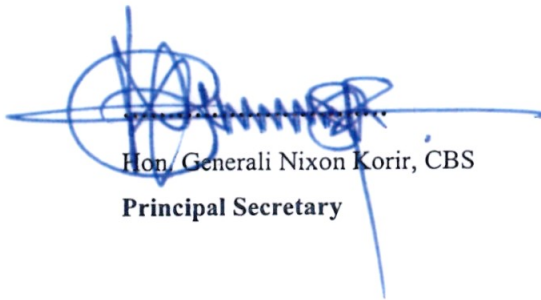
24 November, 2025

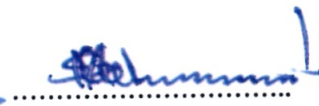
**Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025**


7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	2024-2025
		Kshs
Revenue		
Revenue Transfers	6	137,984,119
Total revenue		137,984,119
Expenses		
Use of goods and services	7	132,324,226
Total expenses		132,324,226
Surplus/ (deficit)		5,659,894

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


 Hon. Generali Nixon Korir, CBS
 Principal Secretary


 Sarah C. Maina
 Project Coordinator


 CPA Agnes W. Waweru
 Project Accountant
 ICPAK M/No: 5514


Affordable Housing Finance Project


Annual Report and Financial Statements for the financial year ended June 30, 2025


8. Statement of Financial Position as at 30th June 2025

	Note	2024-2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	8	5,659,894	-
Total Current Assets		5,659,894	-
Non-Current Assets			
Property, Plant and Equipment		-	-
Total Non- Current Assets		-	-
Total Assets (a)		5,659,894	-
Liabilities			
Current Liabilities			
Trade and Other Payables		-	-
Third Party Deposits		-	-
Total Current Liabilities (b)		-	-
Net Assets (a-b)		5,659,894	-
Represented By:			
Accumulated Surplus		5,659,894	-
Total Net Assets		5,659,894	-

The financial statements were approved on 29/10/25 2025 and signed by:


.....
Hon. Generali Nixon Korir, CBS
Principal Secretary


.....
Sarah C. Maina
Project Coordinator


.....
CPA Agnes W. Waweru
Project Accountant
ICPAK M/No: 5514


*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

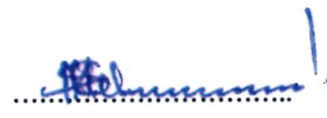
9. Statement of Changes in Net Assets


Description	Accumulated Surplus
	Kshs
As at 1st July 2024	-
Surplus for the year	5,659,894
As at 30th June 2025	5,659,894

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

The financial statements were approved on 29/10/ 2025 and signed by:


 Hon. Generali Nixon Korir, CBS
 Principal Secretary


 Sarah C. Maina
 Project Coordinator


 CPA Agnes W. Waweru
 Project Accountant
 ICPAK M/No: 5514

Affordable Housing Finance Project

Annual Report and Financial Statements for the financial year ended June 30, 2025

10. Statement of Cash flow for the year ended 30th June 2025

Description	Note	2024-2025
		Kshs
Cash flow from operating activities		
Receipts		
Revenue Transfers		137,984,119
Total receipts		137,984,119
Payments		
Use of goods and services		132,324,226
Total payments		132,324,226
Net cash flow from operating activities	9	5,659,894
Net increase/Decrease in cash and cash equivalents		5,659,894
Cash and cash equivalent at 1st July 2024	8	-
Cash and cash equivalent at end June 2025	8	5,659,894

11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

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 %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods		-	-	-	-	-
Receipts						
Revenue Transfers	209,000,000	(59,000,000)	150,000,000	137,984,119	12,015,881	92%
Miscellaneous Revenue	-	-	-	-	-	-
Total Revenue	209,000,000	(59,000,000)	150,000,000	137,984,119	12,015,881	92%
Payments						
Use of goods and services	155,000,000	(5,000,000)	150,000,000	132,324,226	17,675,774	88%
Transfer to other Government Entities	54,000,000	(54,000,000)	-	-	-	0%
Total Payments	209,000,000	(59,000,000)	150,000,000	132,324,226	17,675,774	88%
Surplus	-	-	-	5,659,894		

Budget notes

1. Provide a commentary on significant underutilization

- Procurement challenges

Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	5,659,894
	Closing Cash and Cash Equivalent as per the statement of Cash flows	5,659,894

12. Notes to the Financial Statements

1. General Information

AHFP is established by and derives its authority and accountability via CREDIT NUMBER: IBRD 8958-KE. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Project's principal activity is to expand access to affordable housing finance to targeted beneficiaries.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

These financial statements were authorized for issue by the accounting officer on 31st August 2025

3. Adoption of New and Revised Standards

i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower</p>

Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

and Discontinued Operations	of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
----------	----------------------------

***Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025***

<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The</p>
	<p>objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

b) Budget information

The original budget for FY 2024/2025 was approved on **July 2025**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the Project recorded a net reduction of appropriations of **Kshs 59 million** on the FY 2024/2025 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 under section 11 of these financial statements.

asset or financial liability.

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

costs are charged to the statement of financial performance.

c) Related parties

The Project regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

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.

e) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Project's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Notes to the financial statements

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Project.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

6. Revenue Transfers

Description	2024-2025
	KShs
Unconditional Transfers	
Transfers from Development partners	137,984,119
Total Unconditional Transfers (a)	137,984,119
Total Transfers for the Year (a + b)	137,984,119

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Total transfers 2024-2025
	Kshs	Kshs
GOK Funding	-	-
Development Partner IBRD	137,984,119	137,984,119
Development Partner 2	-	-
Subtotal	137,984,119	137,984,119
Total	137,984,119	137,984,119

7. Use of Goods and Services

Description	2024-2025
	Kshs
Domestic travel and subsistence	14,590,892
Contracted professional services	117,733,334
Total	132,324,226

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements (Continued)

8. Cash and Cash Equivalents

Description	2024-2025	1 st July 2024
	Kshs	Kshs
Cash in Bank	5,659,894	-
Total Cash and Cash Equivalents	5,659,894	-

Project Bank Accounts

Details	2024-2025	1 st July 2024
	Kshs	Kshs
Local Currency Accounts		
Central Bank of Kenya [A/c No 1000761598]	5,659,894	-
Total local currency balances	5,659,894	-
Total bank account balances	5,659,894	-

9. Cash Generated from Operations

Description	2024-2025
	Kshs
Surplus/Deficit for the year	5,659,894
Net cash flow from operating activities	5,659,894

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the Financial Statements (Continued)

7. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	2024-2025
	Euro
(i) A/c Name [A/c No01000746866]	
Opening balance	-
Total amount deposited in the account	999,531
Total amount withdrawn	999,531
Closing balance (as per SDA bank account reconciliation attached)	-
(ii) A/c Name [A/c No 1000761598]	
Opening balance (as per the SDA reconciliation)	-
Total amount deposited in the account	137,984,119
Total amount withdrawn	132,324,226
Closing balance (as per SDA bank account reconciliation attached)	5,659,894

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

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the Financial Statements (Continued)

8. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Kenya Affordable Housing Finance Project include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Project, holding 100% of the Project's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

*Affordable Housing Finance Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the Financial Statements (Continued)

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

Note: No transaction with the related parties

9. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

10. Ultimate and Holding Entity

The Project is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Ministry of Lands, Public Works, Housing and Urban Development. Its ultimate parent is the Government of Kenya.

11. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

13. Annexes

Annex 1: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2025
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)