

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

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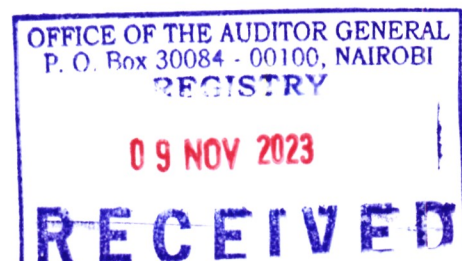
ON

**KENYA OFF GRID SOLAR ACCESS PROJECT
(KOSAP-SNV) CREDIT NUMBER 6135-KE**

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

STATE DEPARTMENT FOR ENERGY

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2023



PROJECT NAME: KENYA OFF-GRID SOLAR ACCESS PROJECT (KOSAP)

IMPLEMENTING ENTITY: MINISTRY OF ENERGY

PROJECT GRANT/CREDIT NUMBER: 6135-KE: PROJECT ID: P160009

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

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GLOSSARY OF TERMS

Acronym	Description
AIE	Authority to Incur Expenditure
CCS	Clean Cooking Solutions
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CRA	Commission on Revenue Allocation
CREOS	County Renewable Energy Officers
CRM	Customer Relationship Management
ESMF	Environmental and Social Management Framework
GoK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IESBA	International Ethics Standards Board for Accountants
IP	Indigenous People
IPSAS	International Public Sector Accounting Standards
ISA	International Standards of Accounting
IVA	Independent Verification Agency
KFM	KOSAP Facilities Manager
KOSAP	Kenya Off-Grid Solar Access Project
KPI	Key Performance Indicators
KPLC	Kenya Power & Lighting Company
KShs	Kenya Shilling
KST	KOSAP Service Territories
LLP	Limited Liability Partnership
MoEP	Ministry of Energy and Petroleum
PCU	Project Coordinating Unit
PFM	Public Finance Management
PoA	Programme of Activity
PSASB	Public Sector Accounting Standards Board
PV	Photo Voltaic
RBF	Results Based Financing
REA	Rural Electrification Authority
REREC	Rural Electrification & Renewable Energy Corporation
RPF	Resettlement Policy Framework
SSP	Solar Service Providers
UC	Underserved Counties
US\$	United States Dollar
VMG	Vulnerable & Marginalised Groups
WASH	Water Sanitation & Hygiene
WB	World Bank
WHT	Withholding Tax

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1. Project Information and Overall Performance

1.1. Name and registered office

The Project's official name is Kenya Off-Grid Solar Access Project (KOSAP) – (the “Project”).

1.2. Objective

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

1.3. Address

The Facilities Manager's headquarters are:
SNV Netherlands Development Organisation
Parkstraat 83 2514 JG Den Haag
The Netherlands

The local address of its registered office in Kenya is:
SNV Netherlands Development Organization
Ngong Road, Ngong Lane
P.O. Box 30776 – 00100
Nairobi, Kenya

1.4. Contacts

The following are the Project contacts:
Telephone: 0718 130909 / 0784 130909
E-mail: enquiries@kosap-fm.or.ke
Website: <https://snv.org/country/kenya>

1.5. Auditors

The project is audited by Office of the Auditor General.

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Project Information and Overall Performance (continued)

1.6. Project Information

Project Start Date	The Project start date is 23 November 2018
Project End Date	The Project end date is 30 June 2023
Project Facilities Manager	The Facilities Manager is SNV Netherlands Development Organisation in partnership with Sunfunder Inc.
Project Sponsor	The Project sponsor is the Ministry of Energy

1.7. Project Overview

Line Ministry/State Department for the Project	The Kenya Off-grid Solar Access Project (KOSAP) is under the supervision of the Ministry of Energy.
Project number	6135-KE: PROJECT ID: P160009
Strategic goals of the Project	Close the access gap by providing electricity services to remote, low density, and traditionally underserved areas of the country. Specifically, support electrification of households using solar home systems (SHS) in 14 target counties where sufficient load clusters do not exist and SHS provide the best technical and financial solution.
Achievement of strategic goals via Component 2 of the Project	The Project's Component 2 management aims to achieve the goals through the following interventions: Catalyse a private sector led, market-based approach to delivering off-grid access in the underserved counties, by providing incentives for solar off-grid companies currently operating in the more densely populated areas of Kenya to expand to these underserved counties and provide services to the off-grid households in these counties. Implement two financing instruments to which eligible solar service providers (SSPs) will have access: Results-based financing (RBF) facility (US\$12 million, disbursed in KES) competitively awarded incentives, to compensate SSPs for initial, ongoing incremental, and opportunity costs associated with an expansion of operations in underserved counties. Overarching objectives: <i>To support access to Lighting Global-approved solar home systems across Kenya's Underserved Counties.</i> <i>To encourage the growth of earlier-stage and/or local solar companies where possible; and</i> <i>To set a foundation for high-potential solar operators to access debt investments to further scale operations in these counties.</i>

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	Tools used to achieve the objectives. 1. Market entry component: 30 percent of the total funding application disbursed upon funding award and completion of due diligence 2. Results-based component: 60 percent of funding disbursed based on reaching progressive pre-agreed sales milestones 3. Sustainability component: 10 percent of funding disbursed upon verification of ongoing functioning of systems and honouring of warranty no less than one year after deployment. ii. Debt facility (US\$30 million, disbursed in KES), debt financing to SSPs, to support up-front costs associated with getting hardware inventory into the market and medium-term consumer financing to enable households to pay off the systems over time. Overarching objectives: <i>To support access to Lighting Global approved solar home systems across Kenya's Underserved Counties.</i> <i>To encourage the growth of earlier-stage and/or local solar companies where possible.</i> <i>To set a market precedent for debt investments in these geographies; and</i> <i>To preserve GoK capital.</i> Tools used to achieve the objectives. • Loan disbursement window factoring types of loans to be offered; • Indicative range of between US\$50,000 as a minimum and US\$5 million as a maximum (with disbursements in KES); • Award of loans in phases, with subsequent phases taking into account experience and lessons learned relative to both the application process and early implementation of the first phase; • Revolve the facility as often as required, subject to timely project completion. Implement the Clean Cooking Solutions for Households (IDA US\$6 million equivalent), to support a transition from low-efficiency baseline stoves to cleaner, higher-efficiency improved stoves. Overarching objectives: • <i>Incentivize sector players including manufacturers, wholesalers and distributors to kick-start the market of higher-tier cooking solutions in Underserved Counties in Kenya;</i> • <i>Address market barriers by building upon the best practices and lessons from the cookstove and other comparable industries;</i> • <i>Develop market-based, sustainable cookstove markets in the underserved counties.</i>
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	Tools used to achieve the objectives. (i) An <i>ex-ante</i> RBF award to compensate consortia for Market assessment and cookstove product selection, generating market awareness, sales and marketing (focused on maximizing number of women sales agents) activities, management training, and operating expenses that are directly attributable to customer acquisition. (ii) A second <i>ex ante</i> award to enable consortia to purchase product inventory from eligible cookstove manufacturers. These funds could be revolved by the consortium and used as working capital to fund inventory financing needs. (iii) Results-Based Grants, paid on a per unit basis, once sales are verified by an independent verification agent.
Other important background information of the Project	KOSAP is driven by the imperative to provide equal opportunities across the entire Kenyan territory as a key to achieving Kenya's Vision 2030, and the national target of achieving universal access to electricity by 2022. The Government of Kenya (GoK) seeks to close the access gap by providing electricity services to remote, low density, and traditionally underserved areas of the country. The GoK intends to use US Dollar 150 million, in Kenyan Shillings equivalent, of financing from the World Bank to deliver the Kenya Off-Grid Solar Access Project (KOSAP). KOSAP promotes these objectives by supporting the deployment of clean cooking technologies for households, and the use of solar to drive electrification of households, enterprises, community facilities, and water pumps. The Ministry of Energy (MoE), Kenya Power and Lighting Company (KPLC) and the Rural Electrification and Renewable Energy Corporation (REREC) will implement the Project in 4 components: Component 1. USD40M: Mini grids for Community Facilities, Enterprises, and Households Component 2. USD48M: Stand-alone Solar Systems and Clean Cooking Solutions for Households, the subject of this financial report Component 3. USD40M: Stand-alone Solar Systems and Solar Water Pumps for Community Facilities Component 4. USD22M: Implementation Support and Capacity Building SNV, in partnership with SunFunder, is the KOSAP Facilities Manager (KFM) for US\$ 47M out of the US\$ 48M of Component 2, which consists of two sub-components that is, sub-component 2A for Solar Service Providers (SSPs) and 2B, which is a challenge and Results Based Financing (RBF) fund for Clean Cook stoves Service Providers. SNV manages the RBF fund in sub-components 2A and 2B, while SunFunder is managing the KOSAP Debt Facility in sub-component 2A. The activities of Component 2 are aimed at

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	increasing access to modern energy services in remote, low density, and traditionally underserved territories of the country.
	These underserved areas, which cover the geographical scope of the KOSAP Project, are identified as 14 counties, deemed ‘marginalized’ by the Commission on Revenue Allocation (CRA), due to the remoteness and sometimes dispersed nature of the target populations and considering the socioeconomic profile and lifestyles of those residing in these counties. The KOSAP Project is designed to address high costs of provision of infrastructure services, low affordability of the potential users, and sustainability of service provision using an abundantly available renewable energy resource. These counties are: West Pokot, Turkana, Marsabit, Samburu, Isiolo, Mandera, Wajir, Garissa, Tana River, Lamu, Kilifi, Kwale, Taita Taveta and Narok.
Current situation that the Project was formed to intervene	KOSAP Component 2 was developed to intervene in the following areas: (i) Support sustainable access to VeraSol approved solar home systems across the Underserved Counties (UCs) (ii) Encourage growth of early stage, local solar companies where possible. (iii) Set foundation for high-potential solar operators to access debt investments in these geographies. The Clean Cooking Solutions RBF (CCS RBF) Facility established supports a transition from low-efficiency baseline stoves to cleaner, higher-efficiency improved stoves.
Project duration	The Project started on 23 November 2018 and is expected to run until 30 June 2023.

1.8. Bankers

The following are the bankers for the current year:

KCB Bank Kenya Limited

Prestige Branch

P.O. Box 41294-00100

Nairobi, Kenya

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1.9. Roles and Responsibilities

List of the people who are working on KOSAP Component 2.

Names	Title designation	Key qualification	Responsibilities
Mr. Alex K. Wachira	Principal Secretary (Current)		Accounting Officer
Maj. Gen. (Rtd.) Dr. Gordon O. Kihlangwa, CBS	Principal Secretary (Outgoing)	MBA,BSc,.C,Eng, MIEE R Connul' Eng FIEX	Accounting Officer
Rodney Sultani	Project Coordinator	MSc. Project Management, BSc Civil Engineering.	Manager
Ashington Ngigi	Team Leader		- Overall responsible for managing KOSAP facilities Management. - Lead focal point in dialogues with MoE. - Monitoring and Reporting to MoE, SNV Country Director and SunFunder CEO. - Responsible for obtaining required approvals from MoE and request MoE to facilitate no objection from the World Bank. - Provides substantive inputs to the 3 facilities. - Responsible for achieving the objectives of KOSAP Component 2. - Coordination with Independent Verification Agency (IVA). - Structures and manages RBF facilities aimed at market stimulation, ideally facilities funded by multilateral development banks and/or development funds institutions and/or bilateral development assistance agencies.

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Names	Title designation	Key qualification	Responsibilities
Audrey Desiderato	Assistant Team Leader and Debt Facility Lead		• Preparation of the debt facility implementation plan and updating when required. • Responsible for managing the debt facility and achieving the debt facility objectives. • Review and clearance of loan agreements for signing by MoE • Monitoring loan performance • Review and clearance of verification package for IVA • Monitoring and evaluation of Facility performance • Maintain debt facility CRM database
Susan Muchiri	Junior Investment Officer		• Preparation of the debt facility implementation plan and updating when required. • Marketing of debt facility • Client intake and due diligence • Preparing loan agreements for signing by MoE • Debt facility junior investment officer • Monitoring loan performance • Data processing and maintenance of CRM database
Dennis Kibira	Senior Officer Solar RBF Facility		• Preparation of the SSP RBF facility implementation plan and updating when required. • Responsible for managing the SSP RBF Facility and achieving the facilities objectives. • Facility promotion and proposal solicitation • Preparation of requests for proposals • Evaluation of proposals and recommend awardees. • Prepare SSP RBF agreements for signing between MoE and awardees. • Review and clearance of payment requests (including preparation of verification packages for IVA)

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Names	Title designation	Key qualification	Responsibilities
			Monitoring and evaluation of Facility Performance
Eliud Sabuni	Analyst SSP RBF Facility		- Evaluation of proposals and recommend awardees. - Prepare SSP RBF agreements for signing between MoE and awardees. - Processing payment requests (including preparation of verification packages for IVA) - Maintain SSP RBF facility CRM database. - Support bidding process - Maintain RBF facility CRM database. - General implementation support
Hannah Wanjiru	Senior Officer Clean Cooking Solutions		- Preparation of the CCS RBF facility implementation plan and updating when required. - Responsible for managing the CCS RBF facility and achieving the facilities objectives. - Facility promotion and proposal solicitation - Preparation of requests for proposals - Evaluation of proposals and recommendations for awardees - Prepare SSP RBF agreements for signing between MoE and awardees. - Review and clearance of payment requests (including preparation of verification packages for IVA) - Monitoring and evaluation of Facility Performance
Lynette Korir	Analyst Clean Cooking Solutions		- Evaluation of proposals and recommend awardees. - Prepare CCS RBF agreements for signing between MoE and awardees. - Processing payment requests (including preparation of verification packages for IVA)

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Names	Title designation	Key qualification	Responsibilities
			• Maintain CCS RBF facility CRM database. • Support bidding process • Maintain CCS RBF facility CRM database. • General implementation support
Lazarus Kubasu (outgoing) Faith Angasa (Current)	Social safeguard Specialist		• Responsible for managing social safeguards risks and ensuring compliance with World Bank social safeguards policies and ensuring KFM implementation as per KOSAP safeguards framework documents
Henry Karanja	Environmental Safeguard Specialist		• Mainstream environmental safeguards in the implementation arrangements of the RBF & Debt Facilities • Monitor and report on environmental safeguards policies and actions by the recipients of RBF and Debt Facilities • Develop and implement a comprehensive Environmental and Social Management Plan for RBF & Debt Facilities
Martjin Veen	Senior Officer Solar RBF Facility		• Review Implementation Manual SSP RBF Facility • SSP RBF Facility End of Project Report • Designing and implementing off-grid energy RBF facilities. • Participative evaluation of SSP RBF rounds.
Bastiaan Teune	Senior Officer CCS RBF Facility		• Design Implementation manual RBF clean cookstoves • Review the midterm evaluation report. • Provide information and input to the call for proposals.
Nicholas Munyoki	Technical Data Processor		• Maintain database system(s) and web panels of high availability and quality depending on each user's

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Names	Title designation	Key qualification	Responsibilities
			specialised role and pre-defined data metrics. • Design and implement databases in accordance to end users' information needs and views; the KFM Team will provide, from time to time, templates to be used in the Facilities for data collection or analysis, which will be the basis on which databases may be developed. • Update and maintain KOSAP-FM website (domiciled at www.kosap-fm.or.ke or as may be directed by the KOSAP Facilities Manager). • Maintain online tools for use by the KOSAP Team or other users as may be determined by the KFM. • Data Retrieval and Deployment
Baraka Megiroo	Senior Investment Officer		• Preparation of the Debt Facility Implementation Manual and updating when required. • Responsible for managing the Debt Facility and achieving the facilities objectives. • Facility promotion and proposal solicitation with solar company borrowers in emerging markets, including origination, project and company due diligence, loan structuring, negotiation, execution. • Preparation of Requests for Proposals, Evaluation of proposals and recommend awardees. • Prepare Facility agreements for signing between MoE and awardees. • Review and clearance of payment requests. • Monitoring and evaluation of Facility Performance.

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Names	Title designation	Key qualification	Responsibilities
Sammy Malaki	Senior Investment Officer		• Preparation of the Debt Facility Implementation Plan and updating when required. • Marketing of Debt Facility • Client intake and due diligence • Preparing loan agreements for signing by MoE.
Manoj Mehta	Financial accounting Expert		• Conduct gap analysis on company's financial accounting systems, processes, and capacity • Designing and implementing financial accounting systems and training staff on bookkeeping and accounting to use these systems properly. • Tax compliance and related issues (Kenyan regulations) • Setting up data processing and information sharing systems • Capacity building on financial accounting systems through training and coaching of staff, particularly SMEs. • Experience working with SMEs that operate and/or distribute technologies in rural Kenya (and understand the challenges thereof) • Understanding of off-grid solar business models

1.10. Funding summary

The Project is for duration of 4 years 7 months from 23rd November 2018 to 30th June 2023 with an approved budget of EUR 42,800,000 equivalent to KShs. 4,700,000,000 at a rate of 109.813 as highlighted in the following table :

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Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 June 2023)		Undrawn balance to date	
	Donor currency EUR	Kshs	Donor currency EUR	Kshs	Donor currency EUR	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
ii. Loan						
International Development Association	42,800,000	4,700,000,000	20,000,000	2,223,466,000	22,800,000	2,476,534,000
Total	42,800,000	4,700,000,000	20,000,000	2,223,466,000	22,800,000	2,476,534,000

The donor currency changed from USD reported in year 2020/2021 to EUR at the rate of EURO 1.09813084 per USD in compliance with the financing agreement.

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B. Application of Funds

Application of funds	Amount received to date – June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilized balance to date (30 th June 2023)	
	Donor currency EUR	Kshs	Donor Currency EUR	Kshs	Donor currency EUR	Kshs
	(A)	(A')	B	(B')	(A)-(B)	(A')-(B')
i. Loan						
International Development Association (SSP RBF)	5,106,383	567,693,447	2,053,848	225,539,200	3,052,535.09	342,154,247
International Development Association (CCS RBF)	2,127,660	236,538,936	444,524.36	48,814,553.90	1,683,135.64	187,724,382.10
International Development Association (Debt Facility)	12,765,957	1,419,233,617	173,113	19,245,512	12,592,845	1,399,988,105
Total	20,000,000	2,223,466,000	2,671,485.36	220,764,846	17,328,515.73	1,929,866,734.10

The fund comprises:

- 1) RBF funds issued as incentives to recipients - A total of KShs. 274.3 million has been disbursed to recipients i.e., KShs. 225.5 million under SSP and KShs. 48.8 million under CCS. Of the disbursed funds, KShs. 120.9 million had been utilised by Recipients in implementation as of 30 June 2023 as presented in the statement of receipts and payments.
- 2) Debt facility funds to be repaid and returned to MoE with interest - A total of KShs. 19.2 million has been issued as loan. As of 30 June 2023, KShs. 7.6 million had been repaid with KShs. 4.8 million being the principal repayment and KShs. 2.8 Million being the interest income. The outstanding debt facility is KShs. 14.4 million as presented in the statement of financial assets.

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1.11. Summary of Overall Project Performance:

i) Budget performance against actual amounts for current year and for cumulative to-date

The Project was allocated funds in lots and rounds and performance is measured against the expected disbursements as summarised below:

a) SSP RBF

Lot	Allocation Million	R1 KSHS. (Million)	R2 KSHS. (Million)	R3 KSHS. (Million)
1	206	51.5	77.3	77.3
2	218	54.5	81.8	81.8
3	195	48.8	73.1	73.1
4	224	56	84	84
5	190	47.5	71.3	71.3
6	167	41.7	62.5	62.5
Total	1,200	300	450	450

	Fund (KShs.)	Available	Allocated (KShs.)	Fund Unallocated (KShs.)	Fund	Percentage of allocated funds
Round 1		300,000,000	290,041,176	9,958,824		97%
Round 2		450,000,000	390,475,644	59,524,356		87%
Round 3		450,000,000	-	450,000,000		0%
Total		1,200,000,000	680,516,820	519,483,180		57%

The SSP RBF Facility has awarded a total of 24 contracts in Round 1 and Round 2.

Round 1

Ten SSPs were awarded KES 290,041,176 in Round 1 of the SSP RBF Facility for an implementation period of 24 months from June 2020 to May 2022. After the contract implementation period lapsed in May 2022, the Ministry of Energy approved the extension of five SSP's Contract for a period of 11 months from June 2022 to April 2023. Four of the five service providers agreed to extend their Round 1 implementation period and signed the contract addendums.

Round 2

Fourteen SSPs were in June 2022 awarded KES 390,475,644 in Round 2 of the SSP RBF Facility for a 12-month implementation period from June 2022 to May 2023. The 14 companies were inducted in June 2022, the same month they started implementation. Three of the 14 companies awarded in Round 2 are also in Round 1 (Engie Mobisol, d.light, and Solibrium).

The MoEP extended SSP RBF Contracts for all Round 1 and Round 2 active SSPs up to the end of June 2023. Four Round 1 service providers and 14 Round 2 service providers signed the contract extension addendum, allowing them to continue with the implementation up to the end of June 2023.

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The Facility has reported a cumulative sale of 170,710 units of solar home systems. This is a 68% achievement against the Facility's target of 250,000 units. Out of the reported sales, 84,803 units have been verified by the Independent Verification Agent. Lot 5 (Kwale and Kilifi counties) lead in sales having recorded 38% of the total sales reported. Lot 2 (Marsabit, Samburu and Isiolo counties) has reported the lowest number of sales at 7% of the total sales reported. The good performance in Kilifi and Kwale Counties is attributable to a relatively well-developed off-grid solar market in the coastal region as opposed to Northern Kenya counties where the market is comparatively underdeveloped.

By the end of this Financial Year, the SSP RBF Facility had disbursed a total of KES 225,539,200 as both ex-ante and ex-post incentives to Round 1 and Round 2 companies. The table below shows a breakdown of the disbursements for the SSP RBF Facility.

	Funds Available	Funds Allocated	Disbursements		Total
			Ex-ante	Ex-post	
Round 1	300,000,000	290,041,176	68,359,543	99,016,178	167,375,721
Round 2	450,000,000	390,475,644	58,163,479	-	58,163,479
Round 3	450,000,000	-	-	-	-
Total	1,200,000,000	680,516,820	126,523,022	99,016,178	225,539,200

**All amounts are in KES*

Based on the retail price of the products reported by the SSPs, the total sales turnover is over KES 5 billion. This shows the private sector leverage of the RBF to invest in and develop the SHS market in the underserved counties of Kenya.

The SSP Facility has submitted to the MoEP Ex-Post Incentives claims for 60,385 units of solar home systems sold between January 2022 and May 2023 for verification by the Independent Verification Agent (IVA). The total value of the submitted claims is KES 108,079,528, of which KES 98,321,637 is RBF Ex-Post claim and KES 9,757,891 is Sustainability claims.

b) CCS RBF

Lot	Amount KSHS	Disbursed Ex-ante (KES)	Disbursed Ex-post (KES)	Total
Lot 1	200M	42,152,162.00	6,662,392.00	48,814,554.00
Lot 2	300M			
Total	500M	42,152,162.00	666,2392.00	48,814,554.00

Currently, Lot 1 implementation has come to a close. The contract end date was 30th June 2023. The 10 companies that were contracted received a total disbursement of KSHS. 42 Million which is 66% of the allocated (64M) market entry funds. The facility has received a total 13,755 units sold from June 2022 to April 2023 from all 14

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KOSAP counties. The total turnover for the sales reported is Kshs 62.3 Million. The total Ex post RBF incentives amount to Kshs 23.1 million.

Contratual Changes

- The CCS-facility recived an approval for an expanded geographical scope from five implementing counties in Lot 1 to all 14 KOSAP Counties. MoEP approved contracts of five service provides for an expanded geographical scope. These comanies were: Green Light Planet Kenya Limted, Kenya Women Finance Trust (KWFT), Afrcia Hybrid Energy Kenya (ACE), Rafode Renewable Energy Limited and Equity Bank (Kenya) Limited.
- MoEP extended the duration of the contracts of the Clean Cooking service Providers from 31st May 2023 to 30th June 2023. The recipients whose contracts were extended were: Green Light Planet Kenya Limted, Kenya Women Finance Trust (KWFT), Afrcia Hybrid Energy Kenya (ACE), Rafode Renewable Energy Limited and Equity Bank (Kenya) Limited, MK Light Africa Right Limited, Solar Intergrated Appliance.

The CCS RBF Facility Service providers have undertook activities to set up and support sales infrastructure related to the establishment of shops, personnel deployment, and training.

Lot 2 call for proposals, evaluation and awarding process was completed in May 2022. The proposed awardees have an allocation of KShs. 262 million pending MOE approval. These contracts will be reviewed and renegotiated in the extension phase.

c) SSP Debt

The allocation for SSP debt was 3 billion of which only KES. 19.2 million has been disbursed (1%). During quarter Q2 2022 the KFM began discussions on the early wind down of the debt facility. The KFM recommended the wind down of the debt facility by August 2022. This was due to:

- Low uptake of the debt facility despite numerous and best efforts to make it attractive to SSPs as caused by:
 - Positive developments in the Kenyan marketplace means that established and larger emerging SSPs have access to impact and commercial debt.
 - Local, emerging SSPs have financial and operational gaps and require investment readiness to build a track record and become investment eligible.
 - The debt facility lacks the flexibility to be of optimal use of SSPs; including being limited to KSTs and its tenor.
- Recognition that even if the debt facility was extended established SSPs do not need to access debt to continue selling solar home systems in the KSTs.

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

The KFM progress report is divided into the three implementation facilities for the Project (SSP RBF, CCS RBF, and debt facilities) and the Social and Environmental Safeguards.

a. SSP RBF Facility

The Round 1 SSPs implemented for a period of 37 months, from June 2020 to June 2023, while the Round 2 SSPs implemented for a period of 13 months, from June 2022 to June 2023.

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Below is the performance of the SSP RBF Facility against the Key Performance Indicators as set out in the Facility Implementation Manual.

Key Performance Indicator	Status as of June 2023
250,000 solar home systems sold	SHS 170,710 – 68% achievement
KES 1.2 billion disbursed out for Result-based financing	KES 225,539,200 disbursed.
1.1 million people receive electricity from off-grid solar	853,550 people received electricity from off-grid solar. (Assuming five people per household)
4.6 MW of power capacity installed	4.21 MW installed. (Calculation based on the SHS panel wattage)
20% of households provided with new electricity connections headed by women	32% (54,627 households) (Calculation based on 2016, KNBS- Kenya Socio-Economic Atlas)

b. CCS RBF Facility

- The CCS RBF Facility is split in 2 Lots. Lot 1 started implementation in June 2020 with ten companies contracted to sell clean cooking technologies in 5 counties. Lot 2 awarding was finalized in May 2022, awaiting contracting by the Ministry of Energy. Lot 2 contracts will be reviewed in the extension phase.
- By the end of the reporting period, the CCS RBF Facility had sold cumulative 13,755 clean cooking solutions in all the 14 KOSAP counties. In this reporting period the MOEP approved geographical expansion for the facility to cover all 14 counties. Sales made by recipients in other KOSAP counties were accepted in the contracted period. In the facilitate sales in the respective counties, the CCS RBF recipients undertook market assessment, awareness creation events and training activities.
- The Recipients employed 147 persons comprising of technicians, sales agents, and managers (70 male and 77 female).
- To popularize the products, over 231 radio adverts and presenter mentions were aired in local FM stations.
- 72 women and Self-help groups were sensitized of clean cooking, cumulative over 800 households were reached through targeted trainings.
- 108 local entrepreneurs, distributors, stockists were recruited to engage in sale of CCS Products.
- Households' demonstrations were held in 1248 locations/home to showcase the benefits of clean cooking.

c. Debt Facility

The KOSAP Debt Facility exists to address working capital needs of participating SSPs, a key gap identified during the design of KOSAP in 2015. To date, the debt facility has only managed to make one transaction, despite diligent efforts. For the past 3 years the KFM has worked to address the underperformance of the debt facility

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through market analysis, strategies to make the facility more accessible and competitive, adjustments to the Implementation Manual, and submission of a restructuring proposal. Initially it was envisioned that USD 30 million would be deployed within the first three years of the program. Owing to positive developments in the last 2 years, the Kenyan energy access market has attracted significant debt for established SSPs. However, emerging SSPs still face a working capital gap, but need capacity building and time to become investment ready. As a demand driven product, these two factors have caused challenges for deploying the KOSAP SSP Debt Facility.

To date the performance of the debt facility has been low with only one transaction to Pawame. The SSP received a KES 19.2m loan, for a 2-year term, at an interest rate of 18%, in December 2020 payable every quarter. Pawame has been unable to fully draw down from the existing facility because of the deterioration of its portfolio size and quality. Due to the inability to close the equity and debt rounds, Pawame could not purchase inventory to make new sales. Despite the collection efficiency ratio deterioration, Pawame was able to honour its obligation to repay both principal and interest of KES 3,169,709 up until September 2021. In October 2021, Pawame could not repay its external lenders, and a notice of default of covenants was sent to the SSP in May 2022. Since May 2022, the KFM has worked closely with the SSP, shareholders, and other lenders to find an optimal solution to ensure lenders are paid. To date Pawame's loan status as September 20, 2023

Loan name	Pawame Kenya Limited MLA1 Loan1
Interest rate	18.00%
Original Principal Disbursed	19,245,512
Principal balance	14,434,134.00
Interest past due	2,273,079.51
Principal overdue	14,434,134.00

Measures have been taken to recover the defaulting loan which includes exploring options to be acquired by Ignite Solar. The KFM recommends the following.

- KFM debt and RBF team to assist Ignite by providing support and guidance on how to develop KOSAP deployment Plan.
- Work with Ignite Solar and recommend an acceptable repayment plan that will ensure that full principal and interest payment is made before May 2025.

Owing to the below expectations performance of the debt facility, the MOE and World Bank jointly agreed during the technical mission held in June 2022 that no further disbursements should be made beyond 31 August 2022 as risks presented by the facility were high. This decision affected a second company, Givewatts Kenya, that was under consideration to extend a KShs. 10 million facility, as further disbursement would be outside the stipulated deadline. The KOSAP Facility Managers (KFM) would instead consider introducing the company to other potential lenders operating in Kenya.

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During the same reporting period, Bboxx, expressed interest in applying for a loan facility to the tune of KShs. 200 million. The borrower proposed a 36-month tenor for the facility. The credit committee approved KShs. 187.5 million for a 36-month tenor on 19th October 2021 on the basis that a time extension could be granted on the KOSAP facility as the available tenor was 18 months under the current deadline. However, Bboxx indicated interest on condition that an extension be officially granted by the MOE. Due to these tenor constraints, the SSP decided not to proceed with the approved facility.

d.Environmental & Social Safeguards

The KFM Environmental and Social safeguards team function during this period was to oversee the implementation of the KFM's ESMP in alignment with KOSAP Safeguards Frameworks including the ESMF and the VMGF as well as other relevant E&S safeguards instruments. A GBV guiding tool was developed to serve as a critical resource in addressing gender-related issues within the project, ensuring a safer and more inclusive environment for all stakeholders. In addition, a Gender-Responsive GRM Register was developed, which is instrumental in systematically addressing grievances and concerns. Regular meetings were held with the clean energy companies to assess the challenges and opportunities encountered during this period as a result of having E&S Safeguards policies and procedures in place.

iii) Comment on value-for-money achievements,

The KFM ensures value for money in all its procurement processes and in implementing the Project. The achievements below have been attained showing value for money.

a.SSP RBF Facility

The SSP RBF Facility has achieved the below milestones, showing the value for money.

- 170,710 SHS sold.
- KS. 225,539,200 of incentives disbursed to the service providers, of which KES 126,523,022 is ex-ante incentives and KES 99,016,178 is ex-post incentives.
- 853,550 people have received electricity through the off-grid solar in the KOSAP counties.
- 4.21 MW of power has been installed in the KOSAP counties through the solar home systems. These systems can supply 12,254 kWh of electricity per day.
- 32% of beneficiary households are female headed.

b.CCS RBF Facility

Key Performance Indicators (KPIs)	Status Updates
Number of higher-tier stoves sold: 150,000	Cumulative: 13755
Per centage of women-headed households (20%)	Cumulative: 36.2% (4,973 households)
Net additional, full-time equivalent jobs	Cumulative: 147 jobs Female: 77 and Male : 70 (Reported jobs by the service providers includes sales agents)

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c. Debt Facility

Due to positive developments since the start of the project roll-out mid-2019, the Kenyan energy access market has attracted significant new debt facilities for established SSPs. On the other hand, emerging SSPs still face a working capital gap, but need capacity building and time to become investment ready. As a demand driven product, these two factors have caused challenges for deploying the KOSAP SSP Debt Facility.

The structure of the KOSAP Debt Facility has created further challenges for deployment as it restricts the responsiveness of the facility to market dynamics and borrower needs. This includes certain terms and conditions of the debt facility (e.g. geographic limitation to the 14 counties) as well as additional requirements that arose post project launch (e.g. Sub-ERPAs). Delayed RBF awards have also contributed to a delayed deployment of debt.

Furthermore, the KFM has learned many lessons from completing its first transaction with Pawame on how to make future transactions more efficient; the Pawame closing process took 12 months.

Initially, the KFM envisioned that it would be able to deploy USD 30M within the first three years.

In January 2019, the KFM presented a deployment schedule:

TOTAL	2019	2020	2021	TOTAL DEPLOYMENT
No of Facilities	5	6	5	16
No of new companies	5	6		11
Deployment	\$7,900,000	\$7,200,000	\$14,500,000	\$29,600,000
No of new Emerging SSPs	2	4	0	
No of existing Emerging SSPs	0	0	2	
Average Debt	\$200,000	\$300,000	\$500,000	
Total debt for emerging SSPs	\$400,000	\$1,200,000	\$1,000,000	
No. new established companies	3	2	0	
No. existing established companies			3	
Average Debt	\$2,500,000	\$3,000,000	\$4,500,000	
Total debt established companies	\$7,500,000	\$6,000,000	\$13,500,000	

Overall, working with SSPs on debt has been challenging due to both the competitive investment landscape and inherent facility structure hurdles. The total debt pipeline amounted to about \$29,425,000, but only one loan was approved, of US\$ 500,000, of which only KES was disbursed.

- 2019: Without RBF payments, KFM had to engage with companies already present in KSTs and finance their existing receivables. They included D.light, Greenlight Planet, Azuri, M-Kopa and Pawame. It succeeded to get credit approval for 1 emerging, Pawame, but needed to change terms and conditions of the debt facility to work with the established SSPs that exhibited interest (e.g. M-Kopa requiring unsecured).
- 2020: First RBF facilities were awarded in July 2020. Of all the recipients, 3 additional borrowers expressed interest in debt, 2 of which were emerging and require more time. Due to low demand the KFM

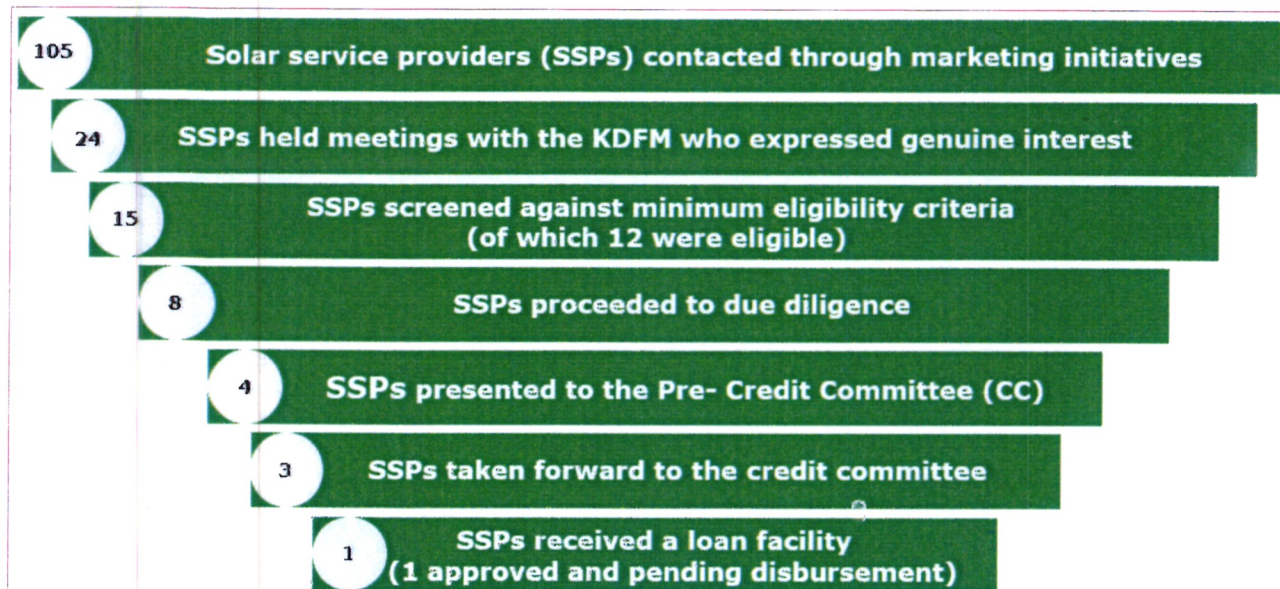
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also reviewed all unsuccessful applications and engaged with 2 additional SSPs (1 of which is emerging). The 2 established SSPs would require changes in the FIM or a timeline extension. Thus, out of the 5 “engaged SSPs, only 3 emerging SSPs were probable.

- 2021: The KFM continued to engage with other SSPs who had expressed interest but has been unable to proceed because (a) require changes in terms and conditions of FIM, had decided to first utilize RBF; don’t meet the investment criteria; don’t have complete financial information; had been adversely impacted or decided to scale back expansion due to COVID-19.

The pipeline output broadly included 105 targeted companies with one transaction (Pawame) that took an estimated time of 10 Months from the first step of sourcing to disbursement.



Key deployment challenges:

- i. Geographic restrictions of debt funds use within the 14 Counties.
- ii. Security requirements for the loans.
- iii. Associated loan size limits.
- iv. Longer tenor required by companies than available in the project timeline.
- v. Closing project timeline too close for practical implementation.
- vi. Loan pricing in the context of the risks.
- vii. Additional restrictions – mandatory participation in CDM.
- viii. Monitoring and reporting requirements.

Summary of reasons for low demand from established SSPs

The debt pipeline from established SSPs amounted to about \$27,000,000. High potential established SSPs were engaged but declined to proceed with the loan application for various reasons:

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SSP	Loan Potential (USD)	Period engaged	Stage Abandoned	Reason for failure to take up loan
D.Light	5,000,000	Q1 2019 - Q4 2020	Six- eyes	Required unsecured financing. SSP's would require the MOE and all other lender to share collateral. They declined proposals to curve out KST receivables.
Greenlight Planet	5,000,000	Q1 2019 - Q4 2020	Screening	SSP requested for unsecured loan.
M-Kopa	5,000,000	Q1 2019- Q4 2020	Due diligence	SSP pledged all its assets to Stanbic and other senior lenders, and was therefore unable to offer any security to other lenders. The SSP opted to take up unsecured loans and desired flexibility in the use of funds.
Bboxx Capital Kenya Ltd	5,000,000	Q1 2020- Q4 2021	Credit committee Approved	SSP required a longer tenor. Due to delays from KOSAP, opted to draw funds from the State Bank of Mauritius facility (KES 1.6B)
Azuri Technologies	5,000,000	Q3 2019- Q4 2020	Due diligence	SSP desired to have the facility in the planned US\$20m syndicated facility. KFM identified that this would take a long time to develop, and covenants might not align with those in the implementation manual. Since the syndicated facility would have taken a long time to finalise, the Azuri team requested that the KOSAP facility be channelled through a UK Based SPV. WB declined this proposal.

SSP	Loan Potential	Period engaged	Stage Abandoned	Reason for failure to take up loan
Engie (Mobisol)	2,000,000	Q2	Screening	Group restructure after acquisition by Engie led to stalling of the conversation between KFM and SSP

Summary of reasons for low demand from emerging SSPs

Several emerging SSPs were engaged, with debt pipeline amounting to about \$2,425,000, but declined to proceed with the loan application for various reasons:

SSP	Loan Potential	Period engaged	Stage Abandoned	Reason for failure to take up loan
Pawame (Tranche 2)	50,000	Q1 2019 - Q4 2021	Credit Committee	Portfolio collection efficiency dropped substantially in early 2021 due to the COVID impact and the inability to grow a portfolio of new receivables. This led to a breach of the collection efficiency covenant. The KFM could not recommend additional funding until a new equity round is closed or the collection efficiency covenant normalises
Green Innovation Ventures Enterprise	75,000	Q1 2021- Q4 2021	Pre- Credit Committee	SSP was unable to furnish the KFM with audited financials year ending June 2021, as well as updates of the Power Pay Africa app on its security, functionality and payment tracking
Brenhert	75,000	Q1 2021- Q4 2021	Due diligence	SSP became unresponsive once the RBF round 2 was awarded
Ecolibrium	200,000	Q4 2020- Q3 2021	Six- eyes	SSP became unresponsive for reasons unknown.
Rafode	200,000	Q4 2020- Q3 2021	Six eyes	SSP received a \$400k loan from Nithio with a 50% guarantee from the USDF grant in July 2021. Nithio was of the opinion that they will not need money from KOSAP anytime soon unless they draw down the entire facility and expand it.

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SSP	Loan Potential (USD)	Period engaged	Stage Abandoned	Reason for failure to take up loan
Deeverbits	50,000	Q1 2019 -Q3 2020	Six eyes	The SSP got the approval of a USD 400,000 debt facility with Angaza (SIMA Funds), which accounted for their lack of responsiveness. The facility would be used to finance their working capital requirements for Kenya
Sunvine EA Ltd	50,000	Q1 2021-Q3 2021	Six eyes	SSP required more work on capacity building to furnish the investment team with information to prepare for the credit committee
Jupiter Energy	50,000	Q1 2019 -Q2 2020	Screening	SSP products were not lighting global certified.
Solar Panda	100,000	Q4 2019- Q1 2021	Screening	SSP requested for unsecured loan
Kyrstal Solution	50,000	Q2 2021	Screening	Sharia compliant facility required
Equitorial Sunpower	50,000	Q1 2021- Q3 2021	Screening	SSP was not awarded round 1 RBF thus withdrew interest for debt

SSP	Loan Potential (USD)	Period engaged	Stage Abandoned	Reason for failure to take up loan
Reer Akim	50,000	Q2 2019	Screening	Sharia compliant facility required
Renaber East Africa Ltd	50,000	Q1 2021 -Q3 2021	Screening	SSP lacked track record in the KSTs
Bidhaa Sasa	200,000	Q3 2021	Screening	SSP decided not to expand to KSTs due to risk and unsuccessful RBF application

iv) Indicate the absorption rate for each year since the commencement of the Project.

Absorption rate has been measured based on the total allocation and the disbursements made:

Absorption rate

Component	Allocation	Total				Absorption rate		
		2018/19	2019/20	2021/22	2022/23		2021/22	
SSP RBF	1,200,000,000	-	-	15,760,882	170,404,906.95	55,134,293	5%	14%
CCS RBF	500,000,000	-	-	5,148,250	11,767,704.05	37,046,851	7%	2%
SSP Debt	3,000,000,000	-	-	0	0	19,245,512	1%	1%
Total	4,700,000,000			20,909,132	182,172,611	111,426,656	2%	4%

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v) List the implementation challenges and recommended way forward.

#	Event	Consequence/impact	Way Forward
1	Delayed ex post Payments	- Recipients cash flow challenges - Project reputation at risk	Follow up with IVA and make MOE aware of the impact
2	Limited implementation period	- The SSP RBF Recipients will not be able to implement for 24 months as envisaged due to KOSAP timelines which have the Project closing in June 2023. - With this time limitations round 3 of SSP RBF will not be possible	Explore with the MOE and the World Bank the possibility of extending the Project period for about 24 months.
3	Recipient non-performance	- Funds clawback - Delayed disbursement - KPI not realized	Monitor Recipients performance (Annual review)
4	Supply chain disruptions due to COVID-19	- Delayed importation & clearance of products at the point of entry - Products stock out - Low sales	Advise recipients to expand their products portfolio through change of product request
5	Drought / Famine	- Inflation leading to Low purchasing power. - Reduced sales	Monitor & advise the Project and adjust implementation
6	Insecurity	- Abductions - Limits implementation activities Reduced working hours	Work closely with the county renewable energy officer and the county administration to monitor the security situation in counties and advise.

Risks/Challenges	Mitigation Measures
The Round 2 Recipients were given 12 months of implementation instead of the 24 months that were anticipated when awarding them. The reduced implementation period was due to time lost during contracting.	Extension of the SSP RBF Facility for 24 months to allow more time for implementation and allow time for having additional bidding rounds. The extension will allow Round 2 service providers, who are already on the ground, a full two years of implementation.
The effects of the ongoing drought in KOSAP counties. This has reduced the household's disposable income and the ability to pay. Companies are reporting that households are not prioritising the purchase of SHSs and when the products are offered on credit through PAYGO, the households are struggling to pay.	Consider introducing targeted consumer-side subsidies to cushion the poor and vulnerable households that cannot even afford entry-level solar home systems.
Some SSPs reported supply chain challenges due to COVID restrictions in China and the production disruption caused by the celebrations of the Chinese New Year between January and February 2023.	One mitigant for this could be quicker approval of product change requests so that companies can be agile in the market and be able to quickly introduce new products when there are supply challenges facing a different product.
Emerging businesses, especially the ones that are not well established and are venturing into these KOSAP counties market for the first time, have reported	Capacity building of the local emerging businesses that are facing difficulties attracting capital. This will make them investment ready and enable them to attract local

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Risks/Challenges	Mitigation Measures
financial challenges. They are having difficulties financing the inventory as well as offering products on credit.	and international investments. The KFM has already developed and submitted a capacity-building proposal for consideration by MoEP .

Debt Facility

Risk Identification #	Event	Consequence/impact	Way Forward
1	COVID-19	1. Restricted travel 2. Low sales by Recipients 3. Job loss, Recipient staff turnover 4. Illness/ Loss of life	1. Reschedule travel meetings 2. Monitor Recipient performance 3. SNV Social Distancing Plan (SDP) and GoK guidelines
2	Slow MoE & WB approvals	1. Delayed implementation of activities (Capacity Building of companies, MTR extensions approvals, collaborations NDA & MOU signage, changes to implementation manuals etc) 2. Work Plan interruptions & amendments. 3. Delayed KPIs delivery	1. MoE & WB follow up for approvals 2. Adjustment to work plans
3	Slow debt deployment	1. Delayed KPI delivery 2. Low sales by Recipients 3. Reduce the ability of emerging companies to unlock grants especially when they need debt to pre-finance procurement of inventory	1. Debt Capacity building for companies 2. Debt restructure

1.12. Summary of Project Compliance:

Based on management assessment, there were no instances of non-compliance during the year under review.

2. Statement of Performance against Project's Predetermined Objectives

The key development objectives of the Project's 2018-2023 plan are to:

- Overall objective:** The Project development objective is to increase access to modern energy services in underserved counties of Kenya.
- SSP RBF:** The overarching objectives of the facility are to support access to lighting Global (now Verasol)-approved solar home systems across Kenya's underserved counties; to encourage the growth of earlier-stage and/or local solar companies where possible; and to set a foundation for high-potential solar operators to access debt investments to further scale operations in these counties.
- SSP DEBT:** The overarching objectives of the debt facility are to support access to lighting global approved solar home systems across Kenya's underserved counties; to encourage the growth of earlier-stage and/or local solar companies where possible; to set a market precedent for debt investments in these geographies; and to preserve GoK capital.
- CCS RBF:** The Clean Cooking Solutions RBF (CCS RBF) Facility established under KOSAP will award a total of USD 5 million in awards to incentivize sector players including manufacture, wholesalers, and distributors to kick- start the market of higher-tier cooking solutions in Underserved Countries in Kenya.

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This subcomponent will support a transition from low-efficiency baseline stoves to cleaner, higher-efficiency improved stoves.

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
KOSAP	Overall objective: The Project development objective is to increase access to modern energy services in underserved counties of Kenya	N/A	N/A	N/A
	SSP RBF: The overarching objectives of the Facility are to support access to Lighting Global-approved solar home systems across Kenya's Underserved Counties; to encourage the growth of earlier-stage and/or local solar companies where possible; and to set a foundation for high-potential solar operators to access debt investments to further scale operations in these counties.	End users in KOSAP counties use multi light, Lighting Global Approved Solar PV systems	250,000 solar systems sold USD 12 Million disbursed out for Result-based financing. 1.1 million people receive electricity from off-grid solar. Per centage of households headed by women;	170,710 SHS sold KES. 225,539,200 of incentives disbursed to the service providers, of which KES 126,523,022 is ex-ante incentives and KES 99,016,178 is ex-post incentives. 853,550 people have received electricity through the off-grid solar in the KOSAP counties. 4.21 MW of power has been installed in the KOSAP counties through the solar home systems. These systems can supply

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Project	Objective	Outcome	Indicator	Performance
				12,254 kWh of electricity per day. 32% of beneficially households are female headed.
	SSP DEBT: The overarching objectives of the Debt Facility are to support access to Lighting Global approved solar home systems across Kenya's Underserved Counties; to encourage the growth of earlier-stage and/or local solar companies where possible; to set a market precedent for debt investments in these geographies; and to preserve GoK capital.	End users in KOSAP counties use multi light, Lighting Global Approved Solar PV systems	250,000 solar home systems sold. USD 30 million disbursed out of debt facility. Direct jobs created. 1.1 million people receive electricity from off-grid solar.	Total loan disbursed (KShs.19.2 million) Total principal outstanding KShs. 14.4 million) Total principal repaid (KShs. 4.8 million) Number of companies who have accessed the debt (1)
	CCS RBF: The Clean Cooking Solutions RBF (CCS RBF) Facility established under KOSAP will award a total of USD 5 million in awards to incentivize sector players including manufacture, wholesalers, and distributors to kick- start the market of higher-tier cooking solutions in Underserved Counties in Kenya. This subcomponent will support a transition from low-efficiency baseline stoves to cleaner, higher-efficiency improved stoves	End-users in selected KOSAP counties use higher tier cook stoves	Number of higher tier stoves sold: 150,000 Per centage of women headed households Net additional, full time equivalent jobs	During the period, the Facility achieved KPIS were: 1. Number of higher-tier stoves sold: 150,000: 13,755 2. Per centage of women-headed households (20%): 36.2% (3,120 hhs) (Calculation based on 2016, KNBS-Kenya Socio-Economic Atlas) 3. Net additional, full-time equivalent jobs: 147 jobs

3. Environmental and Sustainability Reporting

The Kenya Off-Grid Solar Access Project (KOSAP) implementation remains on target to provide clean energy access to the underserved counties of Kenya that are not connected to the national power grid. In total the KFM CCS & SSP RBF Facilities seek to provide access to clean energy products to over 500,000 households in the

14 marginalized counties of Kenya. These targets portend great environmental benefit including reduction in the quantity of CO² emissions from biomass-based energy sources, leading to a reduction in forest degradation due to firewood harvesting and charcoal burning. The KOSAP Facilities have been designed to foster the inclusion of youth and women as well vulnerable and marginalized groups, households and individuals who are present in the KOSAP counties. The KFM recipient companies have taken a proactive approach in developing strategies and approaches on gender equity and social inclusion.

1. Sustainability strategy and profile

KOSAP component 2 continues to deliver on its sustainability impact targets by providing financial incentives to service providers to facilitate their market entry to the underserved regions of Kenya. To date, the companies participating in KOSAP have been able to successfully sell over 180,000 clean energy products of households present in marginalized counties of Kenya. KOSAP as a World Bank-funded project has provided opportunities for vulnerable and marginalized communities to access opportunities and benefits including jobs for over youth and women.

2. Environmental performance

During the period both RBF SSP and CCS Recipients made significant progress on environmental and social safeguards policies compliance requirements for KOSAP. The Recipients they were taken through an orientation of of safeguards framework governing KOSAP including the KFM's Environmental and Social Management Plan (ESMP). All the Recipients submitted their safeguards policies. However not all provided specific environmental and social safeguards plans. The Environmental and Social consultants have been supporting both SSP and CCS Recipients review and refine the policies and convert them to action plans as part of their sustainable business adoption. The Specialists are also working to develop VMGP guidelines, GBV guidance notes and a GRM reporting framework to support Recipients.

3. Employee welfare

SNV's team of inspired professionals work in many of the poorest countries in Asia, Africa, and Latin America. With an in-depth understanding of both local context and global challenges, they work hand in hand with local organisations to build capacity and create the foundations for lasting sustainable development.

SNV has a diverse team of 1,220 specialists and generalists, nationals and internationals, males and females, young and more seasoned colleagues, comprising of more than 50 nationalities, our people have a myriad of hard and soft skills required to implement our Projects. Our staff combine technical knowledge in Energy, Agriculture, and WASH with the skillset of thought leadership, evidence-based advocacy and brokering partnerships within political, corporate, and civil communities, at the national and international level. They do this while ensuring that the interests of people living in poverty prevail.

We believe that there is strength in diversity, so our current global team includes over 50 different nationalities, with over 90% of our professionals being nationals of the country in which they work. This masks for a lively and highly professional working environment, where local knowledge and international best practices combine to achieve effective change and innovation.

We believe in the importance of personal and professional development and offer national and international career opportunities to those who have strong potential to develop their skills and expertise in a highly professional and challenging work environment.

Working at SNV is rewarding and inspiring. Our focus on capacity building and our partnerships with local organisations mean our advisors have the chance to see local communities map out their own roads to sustainable development based on their tools and interventions.

4. Market place practices-

a) Responsible Supply chain and supplier relations-

SNV's Contracting and Procurement Policy has been developed to define the minimum conditions that must be met for contracting and procurement across all SNV's operations, including the contracting of all partners. It is structured as follows:

- SNV Contracting and Procurement Policy
- SNV Procurement and Contracting of Goods, Works & Non-consultancy Services
- SNV Procurement and Contracting of Consultancy Services
- SNV Contracting Partners.

b) Responsible ethical practices

The policy is based on the principles of SNV's Code of Conduct and aims to ensure effective Project implementation. The principles of ethics, effectiveness, open competition, transparency, and legality apply throughout

c) Regulatory impact assessment

This is covered under SNV's contracting and procurement policy.

5. Community Engagements

KFM undertook field monitoring visits for meeting with recipients, agents/distributors and end users in Tana River, Kilifi, Taita Taveta, Turkana, Isiolo, Samburu West Pokot and Narok Counties. Engagement with Recipients provided insights on current opportunities and challenges of selling cookstoves and solar products in KSTs. Challenges identified include poor road network and weak mobile network coverage of. Recipients banked on trained local sales teams and good relationship with county and ward administrators as entry point to boost sales. The KFM also the opportunity to provide insights to recipients on avenues of increasing sales and more engagements with county government who are providing a good platform for project implementation.

4. Statement of Project Management Responsibilities

The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2023.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing,

Kenya Off-Grid Solar Access Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

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 Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2023, and of the Project's financial position as at that date. The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

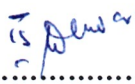
Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Off-Grid Solar Access Project on 09/11/ 2023 and signed by them.



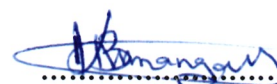
Mr. Alex K. Wachira

Principal Secretary



Rodney Sultani

Project Coordinator

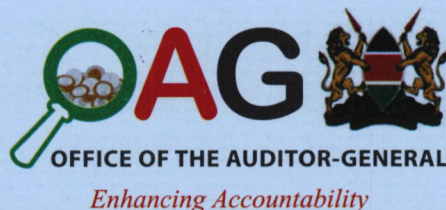


Hellen Kimanga

**Project Accountant
ICPAK Member No. 9336**

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA OFF GRID SOLAR ACCESS PROJECT (KOSAP-SNV) CREDIT NUMBER 6135-KE FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR ENERGY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Off Grid Solar Access Project (KOSAP-SNV) Credit Number 6135-KE - State Department for Energy set out on

Report of the Auditor-General on Kenya Off Grid Solar Access Project (KOSAP-SNV) Credit Number 6135-KE for the year ended 30 June, 2023 - State Department for Energy

pages 1 to 17, which comprise of the statement of financial assets as at 30 June, 2023, and statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Off Grid Solar Access Project (KOSAP) Credit Number 6135-KE - State Department for Energy as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No.2015 (10) dated 31 August, 2015, between the Export Import Bank of China and the Government of the 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 Off Grid Solar Access Project (KOSAP-SNV) Credit Number 6135-KE - State Department for Energy Project 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.

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 are responsible for the other information, which comprises the statement of performance against Project's predetermined objectives and responsibilities, statement of corporate social responsibility/sustenance reporting and the statement of management responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

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 matters 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.

1. Non-Adherence to the Terms of Contracts

Review of the documents provided for audit; revealed the following anomalies;

- i. An Amount of Kshs.55,323,198 of unutilized funds disbursed in the ex-ante component to various Solar Service Providers (SSPs) and Clean Cooking Solutions Providers (CCSPs) remained outstanding after the expiry of their contracts contrary to the provisions of the contract that all unexpended money will be returned to Ministry through KOSAP Facility Manager.
- ii. For implementation of Part 2 of KOSAP Financing agreement, The Ministry of Energy entered into a contract for Consultancy Services for Results Based Financing (RBF) and Debt Facilities Management, with SNV Netherlands Development Organization, on 23 November, 2018. The contract was for 57 months expiring on 23 October, 2023. Review of the contract revealed that the SSPs were to utilize Kshs.1,200,000,000 and CCs were to utilize Kshs.500,000,000. However, the total contracts entered between the Ministry and SSPs and Ministry and CCs were Kshs.680,496,219 and Kshs.199,451,408 respectively resulting to unawarded amounts of Kshs.519,503,781 and Kshs.300,458,592 for SSP's and CCs respectively. This was contrary to the provision of contract terms of reference which states that the facilities manager should aim to have awarded all funds within the first three years of the project and to have disbursed all the funds not later than one year before the end of the Project to allow sufficient time for monitoring and evaluation and Project wrap-up.
- iii. The Ministry did variations of Clean Cooking Solutions agreements in May, 2023 which varied the KOSAP Service Territories and sales date which will be accepted for incentives from 31 December, 2022 to 30th April, 2023. It was not possible to ascertain how sales from service territories not in the contract from January, 2023 to April, 2023 will be eligible as the amendment was done past the period and the process of variation could not be ascertained.

In the circumstances, Management was in breach of the terms of Contract.

2. Non-Compliance with the Provisions of the Project's Financing Agreement

Under Schedule 1 of the financing agreement, the Ministry of Energy and Petroleum (MOEP) was tasked with the implementation of Part 2 of the Project which entailed; Solar Service Providers (SSP) Facility Sub-Projects Debt Facility Sub-Projects, and Clean Cooking Solution Providers (CCSP) Facility Sub-Projects.

However, no Project Implementation Manual was provided for audit in respect of the three facilities implemented under Part 2 of the Project. In addition, even though SNV provided FIMs prepared by the consultant (SNV) and used in the Implementation of the three

facilities under Part 2 of the Project, evidence was provided to demonstrate that the FIMs had been adopted by the recipient and that they were in form and of substance acceptable to the International Development Association (IDA).

In the circumstances, Management was in breach of the financing agreement.

3. Long Outstanding Receivable

Review of documents in respect of the Debt Facility revealed that a debtor signed an SSP debt facility on 29 September, 2020 for a committed facility of Kshs.50 Million at 18% interest per annum. The first disbursement was done on 11 November, 2020 of Kshs.19,245,512 and the loan was to mature on 30 March, 2023. From September, 2021 the debtor defaulted the obligation of paying both the principal amount of Kshs.14,434,134 and interest due totalling to Kshs.4,584,123 up-to 30 June, 2023. No evidence was provided on Management action to recover the outstanding principal, interest and default interest of 3% p.a. Further as stipulated by Debt Facility Manual that Independent Verification Agent (IVA) was to verify sales by the borrower to confirm validity of the use of funds.

Therefore, it was not possible to ascertain the funds disbursed under the Debt Facility were applied as per the agreement as no IVA reports were provided audit review.

In the circumstances, the recoverability of the funds could not be confirmed. In addition, the value for money on the Kshs.19,245,512 disbursed under SSP programme could not be confirmed.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance on whether effective processes and systems of internal 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.

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 controls as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error and for assessment of the effectiveness of the internal controls, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2023

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

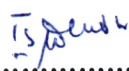
6. Statement of Receipts and Payments for the year ended 30th June 2023.

	Note	Receipts and payments controlled by the entity	Receipts and payment controlled by the entity	Cumulative to date (from Inception)
		2022/2023	2021/2022	
Receipts		Kshs.	Kshs.	Kshs.
Transfer from Government entities		-	-	2,223,466,000
Miscellaneous receipts	1	153,074,830	143,890,765	340,547,192
Total receipts		153,074,830	143,890,765	2,564,013,192
Payments				
Purchase of goods and services	2	182,782,477	26,812,139	220,764,846
Other Payments	3	22,985,269	42,483,098	71,699,910
Total payments		205,767,746	69,295,237	292,464,756
Fund balance Surplus/ (deficit)		(52,692,916)	74,595,528	2,271,548,436

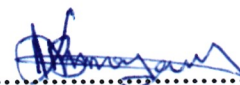
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Mr. Alex K. Wachira
Principal Secretary



Rodney Sultani
Project Coordinator



Hellen Kimanga
Project Accountant
ICPAK Member No. 9336

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

7. Statement of Financial Assets as at 30th June 2023

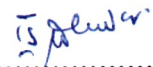
Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	4	2,214,535,629	2,258,329,343
Total Cash and Cash equivalents		2,214,535,629	2,258,329,343
Accounts receivables	5	57,012,807	65,912,009
Total Financial Assets		2,271,548,436	2,324,241,352
Represented By			
Fund Balance B/fwd.	6	2,324,241,352	2,249,645,824
Pending bills			
Surplus/(Deficit) for the Year		(52,692,916)	74,595,528
Net Financial Position		2,271,548,436	2,324,241,352

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 09/11/23 2023 and signed by:



Mr. Alex K. Wachira

Principal Secretary



Rodney Sultani

Project Coordinator



Hellen Kimanga

Project Accountant
ICPAK Member No. 9336

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

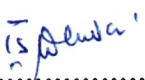
8. Statement of Cashflow for the year ended 30th June 2023

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Miscellaneous income	1	153,074,830	143,890,765
Total receipts		153,074,830	143,890,765
Payments			
Purchase of goods and services	2	(182,782,477)	(26,812,139)
Other Payments	3	(22,985,269)	(42,483,098)
Total Payments		(205,767,746)	(69,295,237)
Adjustments during the year			
Decrease/(increase) in accounts receivable	7	8,899,201	11,694,096
Increase/(decrease) in accounts payable:			
Net cash flow from operating activities		(43,793,713)	86,289,624
Cash flow from financing activities			
Proceeds from foreign borrowings			
Net cash flow from financing activities			
Net increase in cash and cash equivalents		(43,793,713)	86,289,624
Cash and cash equivalent at beginning of the year		2,258,329,343	2,172,039,719
Cash and cash equivalent at end of the year		2,214,535,629	2,258,329,343

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 09/11/2023 and signed by:



Mr. Alex K. Wachira
Principal Secretary



Rodney Sultani
Project Coordinator



Hellen Kimanga
Project Accountant
ICPAK Member No. 9336

Kenya Off-Grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

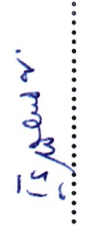
9. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

Receipts/Payments Item	Original Budget	Previous period opening balances	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Proceeds from borrowing RBF facility	246,462,008		246,462,008		246,462,008	0%
Proceeds from borrowing Debt facility	275,000,000		275,000,000		275,000,000	0%
Miscellaneous Receipts	-	143,890,765	(143,890,765)	153,074,830	(296,965,595)	
Total Receipts	521,462,008	143,890,765	377,571,243	153,074,830	224,496,413	41%
Payments						
RBF Facility issued	246,462,008	26,812,139	219,649,869	182,782,477	36,867,392	83.2%
Debt Facility issued	275,000,000		275,000,000	-	275,000,000	0%
Other Payments	-	42,483,098	(42,483,098)	22,985,269	(65,468,367)	
Total Payments	521,462,008	69,295,237	452,166,771	205,767,746	225,945,671	45.5%

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.
The adjustment is the cumulative amount from previous periods derived against from projections in the signed contracts between MOE and the beneficiaries.


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Mr. Alex K. Wachira

Principal Secretary


.....
Rodney Sultani

Project Coordinator


.....
Hellen Kimanga

Project Accountant
ICPAK Member No. 9336

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

10. Significant Accounting Policies

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

10.1 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.

10.2 Reporting entity

The financial statements are for Kenya Off-grid Solar Access Project implemented by SNV Netherlands Development Organisation.

10.3 Reporting currency

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

10.4 Recognition of receipts

The KOSAP project recognises all receipts from the various sources when the event occurs, and the related cash has been received by SNV Netherlands Development Organisation.

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

Significant Accounting Policies (Continued)

iv) 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.

v) Proceeds from borrowing

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

vi) 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.

10.5 Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

10.6 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.

10.7 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.

10.8 Restriction on cash

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

Significant Accounting Policies (Continued)

10.9 Imprests and advances

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

10.10 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:

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships.

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Annex 5 of this financial statement is a register of the contingent liabilities in the year.

10.11 Contingent assets

The Ministry of Energy 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 Ministry of Energy in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Significant Accounting Policies (Continued)

10.12 Pending bills

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

10.13 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*.

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

10.14 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.

10.15 Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenyan 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.

10.16 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.

Significant Accounting Policies (Continued)

10.17 Subsequent events

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

10.18 Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s).

Kenya Off-Grid Solar Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****11. Notes to the Financial Statements****1. Miscellaneous Receipts**

	2022/2023	2021/2022	
	Total receipts	Total receipts	Cumulative to date (from inception)
	Kshs	Kshs	Kshs
Other receipts not classified elsewhere	153,074,830	143,890,765	340,547,192
Total	153,074,830	143,890,765	340,547,192

*Between July 2022 to June 2023 the interest paid into the account is net of withholding tax of 15%. The interest relates to current account interest .

2. Purchase of goods and services

Description	Total amount in KShs.		Cumulative to date from Inception
	2022/23	2021/22	
Purchase of goods and services	182,782,477	26,812,139	220,764,846
Total	182,782,477	26,812,139	220,764,846

3. Other payments

Description	Total amount in KShs.		Cumulative to date from Inception
	2022/23	2021/22	
Withholding tax on interest earned	22,961,224	42,480,698	71,660,265
Bank charges	24,045	2,400	26,445
Total	22,985,269	42,483,098	71,699,910

4. Bank balances

Description	Total amount in KShs	
	2022/23	2022/21
	KShs	KShs
Cash in bank	2,214,535,629.41	2,258,329,343

Kenya Off-Grid Solar Project**Annual Report and Financial Statements for the financial year ended June 30, 2023**

The Project has 3 bank accounts as listed below:

4 A. Bank Accounts**Project Bank accounts**

Description	Total amount in KShs.	
	2022/23	2021/22
Kenya Commercial bank A/C no. 126 366 8569 – KOSAP-SNV Netherlands Development	2,209,960,252.09	2,209,006,598
Kenya Commercial Bank A/C no. 127 559 4816 - KOSAP RBF Facility	4,518,421.52	10,593,320
Kenya Commercial Bank A/C no. 127 559 3437 – KOSAP Debt Facility	56,955.80	38,729,425
Total	2,214,535,629.41	2,258,329,343

5. Ex-ante prepayments

This relates to ex-ante incentives and debt facility issued as at June 30, 2023.

Description	Total amount in KShs	
	2022/23	2021/22
RBF Facility-CCS	6,763,412.20	25,488,131
RBF Facility-SSP	35,876,500	25,989,744
Debt Facility	14,372,895	14,434,134
Total	57,012,807.20	65,912,009

5. A. Breakdown of Ex-ante prepayments

Name of Officer or Institution	Total Amount Disbursed	Amount disbursed in the FY	Amount Utilised	Balance	Balance
				2022/2023	2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
RBF Facility-CCS					
ACE Hybrid Kenya Limited	9,997,952.00	5,105,312.00	8,617,447.00	1,380,505.00	694,785.00
Biolite Holding CCS	3,280,250.00	-	3,280,250.00	0.00	3,280,250.00
Equity Bank Limited	5,006,440.00		4,845,479.00	160,961	5,006,440.00
Green Light Planet	4,100,000.00		4,100,000.00	0.00	4,100,000.00

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

Name of Officer or Institution	Total Amount Disbursed	Amount disbursed in the FY	Amount Utilised	Balance	Balance
				2022/2023	2021/2022
KWFT CCS	2,682,500.00		2,392,345.00	290,155.00	1,487,550.00
Livelihoods CCS	1,961,000.00		1,961,000.00	0	134,300.00
MK Light Africa	4,943,465.00		2,743,400.00	2,200,064.00	4,943,465.00
RAFODE Renewable Enrgy	7,604,300.00		6,065,668.49	1,538,631.51	4,004,674.00
RAJ Ushanga House Limited CCS	1,836,667.00		643,571.00	1,193,096.00	1,836,667.00
Solar Intergrated Appliances	739,589.00		739,589.00	0.00 -	-
Total	37,046,850.00	5,105,312.00	35,388,749.80	6,763,412.20	25,488,131.00
RBF Facility SSP R1					
Livelihoods Kenya	1,378,000.00		1,378,000.00	0.00	546,693.00
Mobisol Kenya Ltd	2,471,800.00		1,401,229.00	1,070,571.00	2,471,800.00
PAWAME Kenya Ltd	1,464,000.00		1,434,000.00	30,000.00	1,464,000.00
RAJ Ushanga House Limited	1,644,960.00		1,222,127.00	422,833.00	1,644,960.00
Solar Integrated Appliances Ltd	1,098,805.00		1,075,710.00	23,095.00	1,098,805.00
Solibrium Limited	1,329,000.00		1,233,465.00	95,535.00	683,019.00
Azuri Limited	7,567,286.00		7,567,286.00	0.00	677,212.00
Biolite Holdings Limited	2,720,900.00		2,720,900.00	0.00	-
D LIGHT	23,414,782.00		7,502,599.45	15,912,182.54	15,912,182.54
Green Light Planet Limited	25,270,010.00	13,225,250.00	24,581,702.00	688,308.00	1,491,072.00
Total	68,359,543.00	13,225,250.00	50,117,018.45	18,242,524.55	25,989,743.54
RBF Facility SSP R2					
Barefoot Power	696,200.00	696,200.00	696,200.00	0.00	696,200.00
Bboxx Capital	16,859,339.00	16,859,339.00	16,122,040.00	737,299.00	16,859,339.00
Brenhert Investments	3,074,171.00	3,074,171.00	2,538,295.00	535,876.00	3,074,171.00
D Light	8,563,680.00	8,563,680.00	0.00	8,563,680.00	8,563,680.00
Econome Ltd	458,480.00	458,480.00	290,500.00	167,980.00	458,480.00
Elcom Networks	1,811,990.00	1,811,990.00	1,811,990.00	0.00	1,811,990.00
Equity Bank	1,428,236.00	1,428,236.00	1,281,422.00	146,814.00	1,428,236.00
GIVE	779,568.00	779,568.00	564,762.00	214,806.00	458,480.00

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

Name of Officer or Institution	Total Amount Disbursed	Amount disbursed in the FY	Amount Utilised	Balance	Balance
				2022/2023	2021/2022
Givewatts	213,000.00	213,000.00	210,870.00	2,130.00	213,000.00
Krystal Solutions	5,276,500.00	5,276,500.00	717,165.00	4,559,335.00	5,276,500.00
M-KOPA Solar	11,393,416.00	11,393,416.00	11,393,416.00	0.00	11,393,416.00
Engie Mobisol	988,100.00	988,100.00	0.00	988,100.00	988,100.00
Solar Panda	5,864,199.00	5,864,199.00	4,902,843.60	961,355.40	5,864,199.00
Solibrium	756,600.00	756,600.00	0.00	756,600.00	756,600.00
Total	58,163,479.00	58,163,479.00	40,529,503.60	17,633,975.45	58,163,479.00
Debt Facility					
PAWAME	19,245,512.00	-	4,872,617.00	14,372,895.00	14,434,134.00
G/Total	187,920,696.00	76,494,041.00	130,907,888.55	57,012,807.20	65,912,008.54

6. Fund balance brought forward

Description	Total amount in KShs.	
	2022/2023	2021/2022
Cash in bank	2,258,329,343	2,172,039,719
Ex-ante Incentives	65,912,008.54	77,606,105
Total	2,324,241,351	2,249,645,824

7. Changes in Ex-ante prepayments

Description	2023/2022	2021/2022
	Kshs	Kshs
Opening Pre-payments as at 1 st July	65,912,008.54	77,606,104.54
Advances in the year 2022-2023	76,494,041.00	33,820,551.45
Accountabilities in the year	(77,101,907)	(45,514,647.45)
Closing pre-payments as at 30 th June	57,012,807	65,912,008.54
Change in Pre-payments	8,899,202	11,694,096.00

11. Other Important Disclosures

1. Other Pending Payables

	Balance b/f FY 2021/2022	Additions for the period	Paid during the year	Balance c/f FY 2023/2022
Description	Kshs	Kshs	Kshs	Kshs
Azuri Technologies				39,778.00
Livelihoods Kenya				58,896.40
Elcom Networks				64,520.00
M-KOPA Solar				1,587,653.45

Kenya Off-Grid Solar Project**Annual Report and Financial Statements for the financial year ended June 30, 2023**

Total	-			1,750,847.85
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2. External Assistance

	2023/2022	2021/2022	Cumulative to date from Inception
Description	Kshs	Kshs	Kshs.
External assistance received as loans	-		2,223,466,000
Total	-		2,223,466,000

a). External assistance relating loans and grants

	2023/2022	2021/2022	Cumulative to date from Inception
Description	Kshs	Kshs	Kshs.
External assistance received as loans	-		2,223,466,000
Total	-		2,223,466,000

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2023/2022	2021/2022
Description		Kshs	Kshs
Undrawn external assistance - loans		2,476,534,000	2,476,534,000
Total			

c) Classes of providers of external assistance

	FY 2022/2023	FY 2021/2022	Cumulative to date from Inception
Description	Kshs	Kshs	Kshs.
International assistance organization	-		2,223,466,000
Total	-		

Kenya Off-Grid Solar Project**Annual Report and Financial Statements for the financial year ended June 30, 2023****13. Prior Year Auditor-General's Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
	Budgetary Control and performance	Effect of COVID 19 affected the Solar users' purchasing power since the component is driven by the market forces.	Not Resolved
	Non-Compliance with the terms for Subsidiary agreements	That the round 1 SSP contracts extending their contracts have not been signed. A letter has been sent to the KFM requesting that the SSPs execute the contracts. Once this is done the Ministry will execute them. Regarding the round 2 SSP contracts implementation period there was a meeting between Kenya Government and the World Bank that took place from 13th June to 23rd June 2022, where it was agreed that there is need to extend the project end date for 23 months from 1st July 2023 to 31st May 2025. Once this is done it will inform the extensions of the round 2 subsidiary contracts. In regard to a delay in reimbursement of funds for sales that they had already made. The delay was occasioned by the delay in onboarding of the IVA and sales verification. Currently, the IVA has been onboarded and verified sales and disbursement has been done. Given this status, we expect that sales will pick up and companies will meet their targets within the extended contract period.	Not Resolved
	Non-Compliance with the Project's Financing agreement	As per the Financing Agreement schedule 2 section 1 part e, Component 2's is managed as guided by the FIM not the PIM. A PIM was not required for this component. The	Not resolved

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

		Facilities Manager in conjunction with the Ministry prepared a Facilities Implementation Manual (FIM) and submitted it to the bank for clearance. This was a condition to the initial withdrawal of component 2 funds. The Ministry received clearance of the FIMs and subsequently requested for an advance of EUR 20,000,000 that was subsequently disbursed to the Facilities Manager The contracts with the CCSPs and the SSPs are the subsidiary financing agreements for component 2.	
	Long outstanding receivables	There has been long outstanding receivable under the debt facility as a result of default by Pawame Kenya Ltd. We hereby confirm that the Ministry of Energy through the Facilities Manager has carefully followed this matter. The Ministry of Energy and other lenders agreed to auction the company. Currently, they have identified an investor who has agreed to settle the principal loan in full by requesting the Ministry to waive the accrued interest as per the PFM act.	Resolved
	Delay in Implementation of the project	With regard to the low absorption of the fund, this has been caused by the low sales with the service providers due to low purchasing power of the households and low awareness on clean cooking. This was adversely affected by the effects of the COVID 19 due to restriction of movements and economic empowerment. Although disbursements are low performance is modest e.g. the objective for the SSP RBF facility is	Not Resolved

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

		to sell 250,000 SHS. As at 30th June 2022, 96,409 SHS have been sold. • In addition, The Ministry of Energy entered into a consultancy contract with an Independent Verification Agent (IVA), ITPE Ltd (trading as ITPE energized) in joint venture with PKF Consulting Ltd on 17 December, 2021 at a contract sum of USD 1,041,643.35 and Kshs. 98,004,498.20. The IVA took long to be onboarded, this was due to the long procurement process where the bidders quoted more than what was allocated and we had to seek for NO objection from the Bank. We hereby confirm that the Facilities Manager began the implementation of component 2 with the supervision of the Ministry of Energy and a number of companies responded to the round 1 call, which prompted for an advance disbursement as per the individual contract of the Solar, and clean cook stove service providers. A number of sales were done by the service providers and reported to the Facilities Manager and a Claim were made by the providers. At the time the IVA was not on boarded hence delay in the verification of this sales. Currently, the sales have been verified by the IVA and have recommended for disbursement of which this has been communicated to the Facilities manager
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Alex K. Wachira
Principal Secretary



Rodney Sultani
Project Coordinator

Kenya Off-Grid Solar Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

14. Annexes

Annex 1: Explanations of Variances – Comparative Budget and Actual amounts for FY 2022-2023

Receipts/Payments Item	Original Budget	Previous period opening balances	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments
Receipts	a	b	c=a-b	d	e=c-d	f=d/c %	
Proceeds from borrowing RBF facility	246,462,008		246,462,008		246,462,008	0%	The Receipts depends entirely on the disbursements made to the recipients since this relies heavily to the recommendations of the IVA of which the Verification is ongoing. In addition, the expected winding up of Debt facility could not trigger further withdrawal applications from the financier due to the initial disbursement receipt which was more than enough to facilitate the RBF facility
Proceeds from borrowing Debt facility	275,000,000		275,000,000		275,000,000	0%	During the year no funds were received.
Miscellaneous Receipts	-	143,890,765	(143,890,765)	153,074,830	(296,965,595)		Represents interest earned and refunds from recipients
Total Receipts	521,462,008	143,890,765	377,571,243	153,074,830	224,496,413	41%	
Payments							Out of the 2.22 Billion received, KShs 19.2 Million was issued under the debt facility and KShs 168 million was issued under the RBF facility. Of the disbursed funds, KShs 78 million of the RBF funds issued had been sufficiently accounted for as at June 30, 2023. The ex-post claims verified by IVA over the year amounted

Kenya Off-Grid Solar Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Receipts/Payments Item	Original Budget	Previous period opening balances	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments
	a	b	c=a-b	d	e=c-d	f=d/c %	
RBF Facility issued	246,462,008	26,812,139	219,649,869	182,782,477	36,867,392	83.2%	This relates to loan issued under the debt facility. The debt facility is expected to wind down by Aug 31 st 2022
Debt Facility issued	275,000,000		275,000,000	-	275,000,000	0%	Applications from various service providers were received but they could not meet the set criteria
Other Payments	-	42,483,098	(42,483,098)	22,985,269	(65,468,367)		These payments relate to the withholding tax on interest on the bank balances and bank charges which had not been budgeted for in the Financial Year
Total Payments	521,462,008	69,295,237-	452,166,771	205,767,746	244,648,180	46%	



Mr. Alex K. Wachira

Principal Secretary



Rodney Sultani

Project Coordinator



Hellen Kimanga

Project Accountant
ICPAK Member No. 9336

Kenya Off-Grid Solar Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 2: Details of Interest income

Description	Date received	2022/23 Total amount in KShs.	Description	Date received	2021/22 Total amount in KShs.
Interest income-bank main account	July 2022	13,132,998	Interest income-bank main account	31 Jul 2021	3,946,562
Interest income-bank main account	Aug 2022	13,254,948	Interest income-bank main account	31 Aug 2021	3,953,684
Interest income-bank main account	Sept 2022	12,817,362	Interest income-bank main account	30 Sep 2021	3,833,051
Interest income-bank main account	Oct 2022	13,270,564	Interest income-bank main account	31 Oct 2021	3,967,738
Interest income-bank main account	Nov 2022	12,361,007	Interest income-bank main account	18 Nov 2021	7,788,475.70
Interest income-bank main account	Dec 2022	12,713,593	Interest income-bank main account	30 Nov 2021	2,484,571.35
Interest income-bank main account	Jan 2023	12,752,981	Interest income-bank main account	10 Dec 2021	16,953,350
Interest income-bank main account	Feb 2023	11,577,241	Interest income-bank main account	31 Dec 2021	49,350
Interest income-bank main account	March 2023	12,876,353	Interest income-bank main account	31 Jan 2022	49,439
Interest income-bank main account	April 2023	12,524,128	Interest income-bank main account	8 Feb 2022	10,363,304
Interest income-bank main account	May 2023	13,004,888	Interest income-bank main account	28 Feb 2022	61,026
Interest income-bank main account	June 2023	12,649,108	Interest income-bank main account	31 Mar 2022	68,343
			Interest income-bank main account	30 Apr 2022	66,257

Kenya Off-Grid Solar Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Description	Date received	2022/23 Total amount in KShs.	Description	Date received	2021/22 Total amount in KShs.
Interest income-bank RBF			Interest income-bank main account	31 May 2022	68,585
Interest income-bank RBF	July 2022	22,493	Interest income-bank main account	30 Jun 2022	2,442,494
Interest income-bank RBF	Aug 2022	2,356	Interest income-bank debt account	31 Mar 2022	81,652
Interest income-bank RBF	Sept 2022	186	Interest income-bank debt account	30 Apr 2022	79,161
Interest income-bank RBF	Oct 2022	1746	Interest income-bank debt account	31 May 2022	81,942
Interest income-bank RBF	Nov 2022	7027	Interest income-bank debt account	30 Jun 2022	79,442
Interest income-bank RBF	Dec 2022	1632	Interest income-bank RBF account	31 Mar 2022	16,569
Interest income-bank RBF	Jan 2023	126	Interest income-bank RBF account	30 Apr 2022	4,278
Interest income-bank RBF	Feb 2023	113	Interest income-bank RBF account	30 Apr 2022	15,886
Interest income-bank RBF	March 2023	125	Interest income-bank RBF account	31 May 2022	22,413
Interest income-bank RBF	April 2023	121	Interest income-bank RBF account	30 Jun 2022	21,729
Interest income-bank RBF	May 2023	1858	Interest income-bank call deposit	18-Nov-21	8,952,881
Interest income-bank RBF	June 2023	9268	Interest income-bank call deposit	10-Dec-21	22,054,063
Interest income-bank debt account	July 2022	82,234	Interest income-bank call deposit	18-Jun-22	55,620,497
Interest income-bank debt account	Aug 2022	8259	Interest income-Debt Facility	29-Sep-21	764,020
Interest income-bank debt account	Sept 2022	321			

Kenya Off-Grid Solar Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

Description	Date received	2022/23 Total amount in KShs.	Description	Date received	2021/22 Total amount in KShs.
Interest income-bank debt account	Oct 2022	331			
Interest income-bank debt account	Nov 2022	320			
Interest income-bank debt account	Dec 2022	331			
Interest income-bank debt account	Jan 2023	229			
Interest income-bank debt account	Feb 2023	108			
Interest income-bank debt account	March 2023	120			
Interest income-bank debt account	April 2023	116			
Interest income-bank debt account	May 2023	121			
Interest income-bank debt account	June 2023	117			
Total Interest Jul-22-Jun 23		153,074,830	Total Interest Jul-21-Jun 22		143,890,765

Kenya Off-Grid Solar Project

Reports and Financial Statements For the financial year ended June 30, 2023

Annex 3: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2023
- ii. Certificate of Bank Balance

Results 1 - 1 of 1

1218 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2328700007

KCB PRESTIGE PLAZA NGONG ROAD

14 OCT 2023

Certified that the balance at the CREDIT Of KOSAP-DEBT FACILITY A
.....

A/C 1275593437

at the close of business on 30 JUN 2023 Was KES

FIFTY SIX THOUSAND NINE HUNDRED AND FIFTY FIVE CENTS EIGHTY

KES 56,955.80

Examined by

For: KCB BANK KENYA LTD. For: KCB BANK KENYA LTD.
Manager SQC Branch Manager
PRESTIGE PLAZA PRESTIGE PLAZA
Manager, Service Quality & Compliance Branch Manager

Report of SNV Netherlands Dev Bank a/c no. 1275593437 Control KES

Today, being the 30th of June 2023 I Andrew Mutemi, being a Project Finance Officer of SNV Kenya have monitored the bank account administered by myself and in so doing, the following is the case:

	KES
Opening Balance as at 01.06.2023	56,856.45
Receipts For the Month	116.85
Receipts together with the opening balance as per bank book	56,973.30
Expenditure as per bank book	17.50
Book Balance	56,955.80
Balance as per Bank Statement dated 30.06.2023	56,955.80
Noted Difference	0.00
Reason for Difference	
Outstanding Cheques As Per List	-

Witnessed the:

Account holder: Project Finance Officer

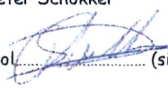
Name: Andrew Mutemi

for control 

Date.....30/06/2023.....

**Approved: Finance and Support
Services Manager**

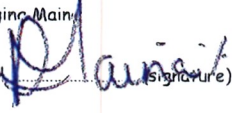
Name : Peter Schokker

for control  (signature)

Date....30/06/2023.....

Verified: Country Finance Manager

Name: Regino Maini

for control  (signature)

Date...30/06/2023.....

20/07/2023, 16:33

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SNV Netherlands Development Organisation
1275593437 – KOSAP DEBT FACILITY ACCOUNT, Period Ending 30-06-2023
RECONCILIATION REPORT
Reconciled on: 20-07-2023
Reconciled by: Andrew Mutemi

Any changes made to transactions after this date aren't included in this report.

Summary	KES
Statement beginning balance	56,856.45
Service charge	-17.50
Interest earned	116.85
Cheques and payments cleared (0)	0.00
Deposits and other credits cleared (0)	0.00
Statement ending balance	56,955.80
Register balance as of 30-06-2023	56,955.80

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Account Statement

Date: 11/07/2023 05:04:56

Account: 1275593437

Account Name: KOSAP-DEBT FACILITY ACCOUNT

Available Balance: KES 56,955.80

Period: 01/06/2023 - 30/06/2023

Balance At Period Start: 56,856.45

Balance At Period End: 56,955.80

Total Money In: 116.85

Total Money Out: -17.50

Transaction Date	Value Date	Transaction Details	Money Out	Money In	Ledger Balance	Bank Reference Number
01.06.2023	01.06.2023	BALANCE B/FWD	0	0	56,856.45	
30.06.2023	01.07.2023	Credit Interest 1275593437-20230630	0.00	116.85	56,973.30	1275593437-20230630
30.06.2023	01.07.2023	Tax Amount Due 1275593437-20230630	-17.50	0.00	56,955.80	1275593437-20230630

Results 1 - 1 of 1

1218 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2328700005

KCB PRESTIGE PLAZA NGONG ROAD

14 OCT 2023

Certified that the balance at the CREDIT Of KOSAP-RBF FACILITY AC
.....

A/C 1275594816

at the close of business on 30 JUN 2023 Was KES
.....

FOUR MILLION FIVE HUNDRED AND EIGHTEEN THOUSAND FOUR HUNDRED AND TWENTY ONE CE
.....

KES 4,518,421.51

Examined by

For: KCB BANK KENYA LTD.
Manager Services Quality Compliance

Manager SOC
PRESTIGE PLAZA

For: KCB BANK KENYA LTD.

Branch Manager
PRESTIGE PLAZA

Report of SNV Netherlands Dev Bank a/c no. 127 559 4816 Control KES

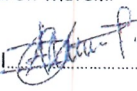
Today, being the 30th June 2023 I Andrew Mutemi, being a Project Finance Officer of SNV Kenya have monitored the bank account administered by myself and in so doing, the following is the case:

	KES
Opening Balance as at 01.06.2023	4,510,543.51
Receipts For the Month	9,268.25
Receipts together with the opening balance as per bank book	4,519,811.76
Expenditure as per bank book	1,390.25
Book Balance	4,518,421.51
Balance as per Bank Statement dated 30.06.2023	4,518,421.51
Noted Difference	0.00
Reason for Difference	
Ousting Cheques As Per List	0.00
	0.00

Witnessed the:

Account holder: Project Finance Officer

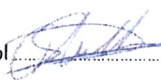
Name: Andrew Mutemi

for control 

Date...30.06.2023.....

**Approved: Finance and Support
Services Manager**

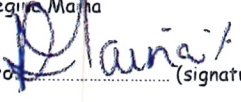
Name: Peter Schokker

for control  (signature)

Date...30.06.2023.....

Verified: Country Finance Manager

Name: Regina Maita

for control  (signature)

Date...30.06.2023.....

11/07/2023, 05:18

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SNV Netherlands Development Organisation
127 559 4816 - KOSAP RBF FACILITY ACCOUNT, Period Ending 30-06-2023
RECONCILIATION REPORT
Reconciled on: 11-07-2023
Reconciled by: Andrew Mutemi

Any changes made to transactions after this date aren't included in this report.

Summary		KES
Statement beginning balance		4,510,543.51
Service charge		-1,390.25
Interest earned		9,268.25
Cheques and payments cleared (0)		0.00
Deposits and other credits cleared (0)		0.00
Statement ending balance		4,518,421.51
Register balance as of 30-06-2023		4,518,421.51

about:blank



Account Statement

Date: 11/07/2023 05:05:22

Account: 1275594816

Account Name: KOSAP-RBF FACILITY ACCOUNT

Available Balance: KES 4,518,421.51

Period: 01/06/2023 - 30/06/2023

Balance At Period Start: 4,510,543.51

Balance At Period End: 4,518,421.51

Total Money In: 9,268.25

Total Money Out: -1,390.25

Transaction Date	Value Date	Transaction Details	Money Out	Money In	Ledger Balance	Bank Reference Number
01.06.2023	01.06.2023	BALANCE B/FWD	0	0	4,510,543.51	
30.06.2023	01.07.2023	Credit Interest 1275594816-20230630	0.00	9,268.25	4,519,811.76	1275594816-20230630
30.06.2023	01.07.2023	Tax Amount Due 1275594816-20230630	-1,390.25	0.00	4,518,421.51	1275594816-20230630

Results 1 - 1 of 1

1218 CA 41 BRANCHES
CERTIFICATE OF BALANCEKCB Bank Limited
(Incorporated in Kenya)

CERT2328700006

KCB PRESTIGE PLAZA NGONG ROAD
.....14 OCT 2023
.....Certified that the balance at the CREDIT OF KOSAP-SNV NETHERLANDS
.....A/C 1263668569
.....at the close of business on 30 JUN 2023 Was KES
.....TWO BILLION TWO HUNDRED AND NINE MILLION NINE HUNDRED AND SIXTY THOUSAND TWO H
.....KES ,209,960,252.09
.....

Examined by

For: KCB BANK KENYA LTD.

Manager SQC
PRESTIGE PLAZA

Branch Manager

For: KCB BANK KENYA LTD.

Branch Manager
PRESTIGE PLAZA

Report of SNV Netherlands Dev Bank a/c no. 1263668569 Control KES

Today, being the 30th June 2023 I Andrew Mutemi, being a Project Finance Officer of SNV Kenya have monitored the bank account administered by myself and in so doing, the following is the case:

KES

Opening Balance as at 01.06.2023	2,198,512,309.89
Receipts For the Month	13,345,308.45
Receipts together with the opening balance as per bank book	2,211,857,618.34

Expenditure as per bank book	1,897,366.25
------------------------------	---------------------

Book Balance	2,209,960,252.09
--------------	------------------

Balance as per Bank Statement dated 30.06.2023	2,209,960,252.09
--	------------------

Noted Difference	0.00
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Reason for Difference

Outstanding Cheques As Per List	0
	<u>0.00</u>

Witnessed the:

Account holder: Project Finance Officer

Name: Andrew Mutemi

for control 

Date...30/06/2023.....

**Approved: Finance and Support
Services Manager**

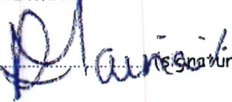
Name: Peter Schokker

for control  (signature)

Date...30/06/2023.....

Verified: Country Finance Manager

Name: Regina Maina

for control  (signature)

Date...30/06/2023.....

20/07/2023, 16:23

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SNV Netherlands Development Organisation
1263668569 KOSAP-SNV NETHERLANDS DEV ORG, Period Ending 30-06-2023
RECONCILIATION REPORT
Reconciled on: 20-07-2023
Reconciled by: Andrew Mutemi

Any changes made to transactions after this date aren't included in this report.

Summary		KES
Statement beginning balance		2,198,512,309.89
Service charge		-1,897,366.25
Interest earned		12,649,108.45
Cheques and payments cleared (0)		0.00
Deposits and other credits cleared (1)		696,200.00
Statement ending balance		2,209,360,252.09
Register balance as of 30-06-2023		2,209,960,252.09

Details				
Deposits and other credits cleared (1)				
DATE	TYPE	REF NO.	PAYEE	AMOUNT (KES)
30-06-2023	Deposit		Barefoot Power	696,200.00
Total				696,200.00

about:blank



Account Statement

Date: 11/07/2023 05:03:49

Account: 1263668569

Account Name: KOSAP-SNV NETHERLANDS DEV ORG

Available Balance: KES 2,209,960,252.09

Period: 01/06/2023 - 30/06/2023

Balance At Period Start: 2,198,512,309.89

Balance At Period End: 2,209,960,252.09

Total Money In: 13,345,308.45

Total Money Out: -1,897,366.25

Transaction Date	Value Date	Transaction Details	Money Out	Money In	Ledger Balance	Bank Reference Number
01.06.2023	01.06.2023	BALANCE B/FWD	0	0	2,198,512,309.89	
30.06.2023	30.06.2023	Pesalink Depositi 2023063010215699 NCBA kosap refu	0.00	696,200.00	2,199,208,509.89	FT23181MJ42J
30.06.2023	01.07.2023	Credit Interest 1263668569- 20230630	0.00	12,649,108.45	2,211,857,618.34	1263668569- 20230630
30.06.2023	01.07.2023	Tax Amount Due 1263668569- 20230630	-1,897,366.25	0.00	2,209,960,252.09	1263668569- 20230630