

REPUBLIC OF KENYA



REPUBLIC OF KENYA



PARLIAMENT OF KENYA LIBRARY



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID

DATE OF 12 FEB 2026 DAY. Thursday

TABLED BY: Hon George Mungaru
On behalf of LOM

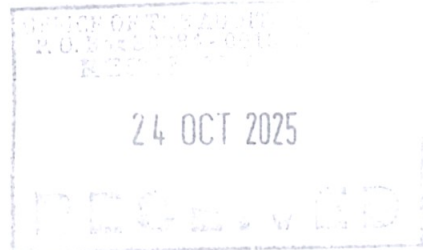
THE AUDITOR-GENERAL *Kanala*

ON

**KENYA INFORMAL SETTLEMENT
REDEVELOPMENT PROGRAMME GRANT NO.
2021/05834A**

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

**STATE DEPARTMENT FOR HOUSING AND
URBAN DEVELOPMENT**



**PROJECT NAME: KENYA INFORMAL SETTLEMENT REDEVELOPMENT
PROGRAMME**

**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR HOUSING AND URBAN
DEVELOPMENT**

GRANT NUMBER: 2021/05834A

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

(Leave this page blank)

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for The Financial Year Ended June 30, 2025*

Table Contents

Page

1. Acronyms and Definition of Terms	ii
2. Project Information and Overall Performance	iii
3. Statement of Performance against Project's Predetermined Objectives	xii
4. Environmental and Sustainability Reporting	xiv
5. Statement of Project Management Responsibilities.....	xvii
6. Report of the Independent Auditor on Financial Statements for Kenya Informal Settlement Redevelopment programme.....	xx
7. Statement of Financial Performance for the Year Ended 30th June 2025	1
8. Statement of Financial Position as at 30 th June 2025.....	2
9. Statement of Changes in Net Assets	3
10. Statement of Cashflow for the year ended 30 th June 2025.....	4
11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 th June 2025	5
12. Notes to the Financial Statements	7
13. Annexes.....	31

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for The Financial Year Ended June 30, 2025*

1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
Comparative FY	Financial year preceding the current financial year.
AICS	Italian Agency for Development Cooperation
KISRP	Kenya Informal Settlement Redevelopment Program
NPIT	National Program Implementation Team
CPIT	County Program Implementation Team
ESIA	Environmental and Social Impact Assessment
RC	Residents Committee

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The programme's official name is Kenya Informal Settlement Redevelopment Programme

Objective

The Objectives of the programme are as follows;

- i) To enhance community organization in the 3 settlements in Mathare (Ngong Municipality), Awelo (Siaya Municipality), Prison Kiwandani (Kilifi Municipality).
- ii) To facilitate realization of Land Tenure security for the 3 settlements
- iii) To improve select physical and social infrastructure in the 3 settlements

Address

The programme headquarters offices are in Prism Towers, 17th Floor Wing B, Nairobi, Nairobi County, Kenya.

The address of its registered office is The Ministry of Lands, Public Works Housing and Urban Development

State Department for Housing and Urban Development

P.O. Box 34477-00100

Telephone No. (020)340972

The programme also has offices within the 3 No. participating Counties headed by County Coordinators heading the County Programme Implementation Teams as follows:

- i. Ngong Municipality Kajiado County
- ii. Siaya Municipality Siaya County
- iii. Kilifi Municipality Kilifi County

Contacts: The following are the programme contacts

P.O. Box: 34477-00100

Telephone: (254) 340972

E-mail: ksrppm@gmail.com

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	April 2025
Project End Date:	30 th June, 2028
Project Coordinator:	Mr Kenneth Omondi Nyaseda
Project Development Partner:	Italian Agency for Development Cooperation (AICS)

2.3 Project Overview

Line Ministry or State departments/ County Department	The programme is under the supervision of the State Department for Housing and Urban Development in the Ministry of Lands, Public Works, Housing and Urban Development.
Programme number	2021/05834A
Strategic goals of the programme	<p>The strategic goals of the programme are as follows: The long-term goal of the programme is to improve the physical, social and economic conditions of slum-dwellers in the 3No. selected settlements in line with the Sustainable Development Goals (SDGs) number 1 (Target 1.1, 1.2 & 1.5), 5 (Target 5.5 & 5 (a)), 11 (Target 11.1, 11.3, 11.7 & 11 (b)), 16 (Target 16.7) & 17 (Target 17.3) and the New Urban Agenda (NUA).</p> <p>The Specific objectives of the programme are:</p> <ul style="list-style-type: none"> (i) To enhance community organization in the 3 settlements (ii) To facilitate realization of Land Tenure security for the 3 settlements (iii) To improve physical and social infrastructure in the 3 settlements
Summary of Programme Strategies for achievement of strategic goals	<p>The programme management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) Adopting a participatory approach that will accommodate community needs and priorities

**Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for The Financial Year Ended June 30, 2025**

	<ul style="list-style-type: none"> (ii) Developing an elaborate action plan in consultation with the community which will form an integrated and sustainable strategy (iii) Programme implementation will be competitive, and will be financed on a first come first serve basis within the 3 no. informal settlements in order to enhance residents' participation
Other important background information of the programme	<p>The programme targets three informal settlements in Prison Kiwandani Informal Settlement in Kilifi Municipality, Mathare Informal Settlement in Ngong Municipality and Awelo Informal Settlement in Siaya Municipality. KISRP adopts a slum upgrading approach that focuses on engaging communities in the identification, planning, and improvement of key infrastructure programmes as economic development enablers. This will be achieved through coordinated efforts and close collaboration with relevant National Government Ministries and Departments, County Governments and Agencies.</p> <p>Implementation of the program is facilitated jointly through the programme implementation team at the National and the County level as well as through a resident's community representing the Community.</p>
Areas that the project was formed to intervene	<p>The programme was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) Lack of land tenure security in the selected informal settlements. (ii) Uncoordinated leadership from different groups with varying interests grappling for the control of the settlements. (iii) Poor state of physical and social infrastructures in the settlements. (iv) Lack of neighbourhood development plans or inadequate enforcement of existing ones.
Project duration	Three Years.

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for The Financial Year Ended June 30, 2025*

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the programme:

- (i) Central Bank of Kenya-DA Account
Haile Selassie
A/c No. 1000744545
- (ii) Cooperative Bank of Kenya
Upper Hill Branch
A/c No. 01101181766001

2.5 Independent Auditor

The project is audited by the Auditor General, Office of the Auditor General P.O Box 30084-00100 Nairobi

2.6 Roles and Responsibilities

No	Names	Title designation	Key qualification	Responsibilities
1	Kenneth Nyaseda	Programme Coordinator	Registered Planner	Overall Program Coordination
2	Miriam Kahenya	Liaison Officer	Physical Planner	Kilifi Liaison Officer
3	Mercy Manoti	Liaison Officer	Structural Engineer	Ngong Liaison Officer
4	Kevin Khisa	Liason Officer	Quantity Surveyor	Siaya Liaison Officer

5	Purity Kananu	Programme Accountant	Certified Public Accountant	Accounting and Financial Management
6	Elizabeth Bosibori	Procurement Officer	Procurement	Procurement

2.7 Funding summary

The Project is for a duration of 3 years from April, 2025 up to 2028 with an approved budget of Euro€ 6 million which is to Kshs.675,450,000 as highlighted in the table below:

Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant						
AICS	6,000,000	675,450,000	735,000	98,797,773	5,265,000	576,652,227
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	6,000,000	675,450,000	735,000	98,797,773	5,265,000	576,652,227

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date (30th June 2025)	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
AICS	735,000	98,797,773	213,094	28,643,911	521,905	70,153,862
(i) Counterpart funds						
Government of Kenya	0	0	0	0	0	0
Total	735,000	98,797,773	213,094	28,643,911	521,905	70,153,862

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

The budget for KISRP for the 2024/2025 Fiscal Year is Kshs 100,000,000 out of which the project spent Kshs 28,643,911 of the budget.

2.8.1 Physical progress based on outputs and outcomes since project commencement,

A number of activities have been undertaken as follows:

- i. The Official program Launch was held on 14th March 2025 at Kempinski Villa Rosa with representatives from the AICS headed by H.E The Ambassador of Italy to Kenya, State Department for Housing and Urban Development and representatives from Kajiado, Kilifi, and Siaya County Governments.
- ii. Following closely were the kick-off activities which involved
 - a) Review of existing data on the participating informal settlements with respective County Governments.
 - b) Courtesy calls to county leadership with support from the CPITs
 - c) Community barazas to inform residents about the program and its implementation framework
 - d) Election of Residents Committees (RCs) by the three informal settlement communities.
 - e) Sensitization of the elected Residents Committees on their roles and the program implementation process
- iii. Settlement boundary mapping and base mapping process within the 3 informal settlements where topo maps and base maps were generated the base maps informed the structure numbering exercise.
- iv. Structure numbering and enumeration within the 3 informal settlements where the Structure Owners lists were generated. This will inform the beneficiaries' list.
- v. Additionally, procurement of office materials for the NPIT and the CPIT to support program implementation activities was done for the national, county and community offices.

2.8.2 Indicate the absorption rate for each year since the commencement of the project.

The project is new and the absorption rate for this financial year was 28%.

2.8.3 Implementation challenges and recommendations for the next steps.

Some of the implementation challenges include;

- i. Procurement bottlenecks have caused delays in the implementation of programme activities, particularly in the acquisition of essential materials, engagement of service providers, and timely execution of planned works.

- ii. Engaging the communities presents challenges such as low acceptance, high expectations, misinformation, and the dynamic differences among the three settlements, including variations in jurisdiction and cultural contexts. For instance, review of geographical scopes in the three settlements and change of settlements from previously identified KKB to Prison Kiwandani in Kilifi County.

Next Steps for the above challenges

1. There is a need to fast-track pending procurement processes by prioritizing critical project items and services.
2. Conduct regular procurement review meetings to monitor progress and address emerging bottlenecks.
3. Intensify community sensitization efforts using tailored approaches that reflect each settlement's unique context.
4. Leverage Residents Committees to build trust and support ongoing dialogue with community members.

2.9 Summary of Project Compliance:

There were no cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

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

- a) To enhance community organization in the 3 settlements
- b) To facilitate realization of Land Tenure security for the 3 settlements
- c) To provide. Improve physical and social infrastructure in the 3 settlements

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025

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

Programme	Objective	Outcome	Indicator	Performance
Kenya Informal Settlement Redevelopment Programme	To enhance community organization	<ul style="list-style-type: none"> Establish community leadership (Residents' Committee (RC)). Stakeholders empowered to effectively participate in the programme. 	<ul style="list-style-type: none"> Residents' Committee (RC) in place and operational. Participation to community mobilization and sensitization meetings remains stable (+/- 10%). 	<ul style="list-style-type: none"> In FY 2024/2025 3 no. RC'S were elected We held 4 No. training/sensitization workshops for the 3 Residents committees elected. Approx. 9No. Community mobilization and sensitization meetings held with proper community participation.
	To facilitate realization of Land Tenure security for the 3 settlements	<ul style="list-style-type: none"> Settlement boundaries of the 3 settlements Topographic maps of the 3 settlements. Enumeration report Beneficiaries List 	<ul style="list-style-type: none"> Three settlement boundaries agreed and defined with stakeholders. Population figures for each of the three settlements determined. 	<ul style="list-style-type: none"> 3 No. Base Maps produced 3. No. List of Beneficiaries' generated
	To provide. Improve physical and social infrastructure in the 3 settlements	<ul style="list-style-type: none"> Programme priority list. Programme documentation (BoQs, designs). Tender documents. 	<ul style="list-style-type: none"> Priority programmes defined and requests made by Kilifi and Siaya Counties 	In FY 2024/2025 programme documents were prepared

4. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Project's sustainability strategy is mainly through integrated planning and implementation approaches. The program emphasizes stakeholder participation, community engagement, inclusive governance through the duly elected Residents Committee (RCs) and establishment of a community resource centre where local ownership is enhanced. The program Management Unit at the National and County levels ensure the community mobilization, capacity building, enumeration and planning is well achieved.

Being a community-driven program, it ensures that the programmes undertaken align with the needs and priorities of the community, thereby enhancing buy-in and long-term sustainability. The active involvement of the community in all program activities, coupled with representation through the Residents Committee (RC), fosters ownership and strengthens the spirit of sustainability throughout the implementation process.

Globally, KISRP aligns with best practices from the UN-Habitat Participatory Slum Upgrading Program and the Korogocho Slum Upgrading model under Kenya Italy Debt for Development Programme (KIDDP). Challenges that may be encountered is mitigated through continuous sensitization and stakeholder engagement.

2. Environmental performance

KISRP upholds a strong environmental policy framework that prioritizes sustainability in urban upgrading. As the program transitions to infrastructure development phase in the next financial year, Environmental and Social Impact Assessments (ESIA) and Environmental and Social Risk Screening (ESS) will be conducted to identify, assess, and mitigate potential environmental and social risks associated with the proposed interventions, ensuring compliance with regulatory requirements and promoting sustainable and inclusive development.

Involving the community during program prioritization is important, as they have firsthand knowledge of the environmental challenges and risks that affect them, thereby enabling the identification of context-specific solutions and enhancing the relevance, ownership, and sustainability of interventions.

A case in point is Prison Kiwandani informal settlement in Kilifi Municipality, which lies on fairly flat terrain. It was observed that the area faces significant drainage challenges, as rainwater tends to stagnate in puddles along the roads due to poor natural runoff. When

packaging programmes, such drainage issues should be carefully addressed to ensure long-term functionality and resilience of infrastructure.

In Umoja informal settlement within Ngong Municipality, a tributary run through the settlement, and efforts should be made to conserve and integrate it into the planning process. This may include protecting the riparian zone, preventing encroachment, and incorporating nature-based solutions.

Notably, each settlement presents unique environmental features and risks that should be factored into programme planning to enhance sustainability, minimize negative impacts, and maximize community benefits. The program's waste management interventions are aligned with national solid waste management strategies, especially for Mathare, which lies adjacent to the Ngong Dumpsite.

3. Employee welfare

KISRP fully adheres to fair and inclusive practices that promote gender equality, youth engagement, and representation of Persons with Disabilities (PWDs). The Residents' Committees (RCs) and County Programme Implementation Teams (CPITs) were constituted through democratic processes to ensure equitable representation and voice for all community groups.

The programme conducts regular capacity building workshops and exchange visits between RCs to enhance skills among RC members and County staff. A clear performance appraisal framework for technical staff, under the Public Finance Management Act (PFMA) and OSHA 2007, is also fully observed.

Workplace safety is also prioritized in line with OSHA 2007, with upcoming infrastructure works in the next financial year expected to follow strict occupational health and environmental safeguards. The upcoming ESIA processes will also further ensure compliance and accountability across work sites in all the infrastructure development programme.

4. Marketplace practices-

a) Responsible Supply chain and supplier relations-

KISRP upholds transparent procurement practices as guided and governed by the Public Procurement and Disposal Act (PPDA) 2015. Timely payments and contract compliance are strictly adhered to at all relevant stages

b) Responsible ethical practices

All financial operations in the program are subject to regular audits and managed under a Special Purpose Account (SPA) with joint oversight from the Director, Programme Coordinator, and Accountant. The KISRP Secretariat also champions zero tolerance for corruption, with accountability anchored in the PFMA and continuous internal team reviews.

c) Regulatory impact assessment

All programme activities enshrined in the programs work plan are designed to protect the rights of citizens and beneficiaries. Development plans will be approved by relevant statutory bodies in Kenya, while participatory beneficiary list development in the informal settlement's safeguards transparency and social equity. Regulatory compliance will also be a continuous process, particularly in the ESIA and infrastructure development phases.

5. Community Engagements

The Project's core strength lies in its grassroot-level engagement with the communities in the three informal settlements. The programme has this far conducted over nine mobilization and sensitization meetings across the three settlements. Through these engagements, three functional Residents' Committees (RC) were established. Processes are ongoing to construct and equip RC offices that will act as resource centre for the programme. This will, enhance their daily program operations and access to information by thr three communities.

Community consultations in the program has also led to the successful identification of development priorities and mapping of socio-economic needs in the informal settlements. In addition, participatory planning workshops and listening surveys has also helped co-create settlement plans and infrastructure development programmes pipelines required.

Beyond governance, KISRP promotes social inclusion through skills development, community barazas, and selection of anticipated upcoming investment in public goods such as access roads, recreational parks, health and education facilities. The upcoming infrastructure phase will prioritize public utility improvement with direct community participation to ensure community ownership and sustainability.

The programme also aims to promote social cohesion by integrating sports, youth groups, and community safety initiatives into settlement upgrading.

5. Statement of Project Management Responsibilities

The *Principal Secretary* for the State Department of Housing and Urban Development and the *Project Coordinator for Kenya Informal Settlement Redevelopment Programme* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

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

The *Principal Secretary* for the State Department of Housing and Urban Development and the *Project Coordinator for Kenya Informal Settlement Redevelopment Programme* accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for The State Department of Housing and Urban Development and the *Project Coordinator for Kenya Informal Settlement Redevelopment Programme* are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The *Principal Secretary* for the State Department of Housing and Urban Development and the *Project Coordinator for Kenya Informal Settlement Redevelopment Programme* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The *Principal Secretary* for the State Department of Housing and Urban Development and the *Project Coordinator for Kenya Informal Settlement Redevelopment Programme* confirm that the Project has complied fully with applicable Government Regulations and the terms of

Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025

external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the State Department of Housing and Urban Development and the Programme Coordinator for Kenya Informal Settlement Redevelopment Programme on 25th August 2025 and signed by:



.....
**Mr. Charles M.
Hinga, CBS, CA(SA)
Principal Secretary**



.....
**Kenneth O. Nyaseda
Project Coordinator**

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA INFORMAL SETTLEMENT REDEVELOPMENT PROGRAMME GRANT NO. 2021/05834A FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Informal Settlement Redevelopment Programme set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

Report of the Auditor-General on Kenya Informal Settlement Redevelopment Programme Grant No. 2021/05834a for the year ended 30 June, 2025 – State Department for Housing and Urban Development

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Informal Settlement Redevelopment Programme as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Transitional International Public Sector Accounting Standards (Accrual Basis and comply with the Financing Agreement No. 2021/05834A between the Republic of Kenya and Government of the Italian Republic dated 14 March, 2023 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 Informal Settlement Redevelopment Programme Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Low Absorption of Funds

Attention is drawn to the Funding Summary at page viii of the financial statements and Grant Agreement between the Government of the Italian Republic and the Government of the Republic of Kenya regarding the Programme entered on 14 March, 2023. The Programme was a Grant (Development Partner Commitment) of EUR 6,000,000 equivalent to Kshs.675,450,000 with a Programme duration of three (3) years from March, 2025 to 30 June, 2028.

The statement of sources of funds reflects that out of the Grant of Kshs.675,450,000, an amount of Kshs.98,797,773 had been received as at 30 June, 2025 resulting to undrawn balance of Kshs.576,652,227 as at 30 June, 2025. The statement of application of funds indicates that out of the amount received of Kshs.98,797,773, cumulative amount of Kshs.28,643,911 had been paid resulting to unutilized balance of Kshs.70,153,862. However, the first instalment of funding was received on 17 March, 2025 almost after two (2) years of signing the agreement. The delay in disbursement and reason for the undrawn balance was attributed to lengthy procurement process which led to failure to fulfil the pre-condition for the disbursement of the first installments.

Further, the Programme received the first installment of funding of Kshs.98,797,773 on 17 March 2025. However, review of the budget revealed that only Kshs.28,643,910 or

29% of the first installment had been utilized as at 30 June 2025. This falls below the 50% minimum utilization threshold required under the Grant Agreement for the release of subsequent installments

In addition, there is uncertainty on how the programme shall receive the second installment without an audit report having confirmed the 50% utilization of the first instalment.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue final budget and actual on comparable basis amount of Kshs.100,000,000 and Kshs.98,797,773 respectively resulting to budget funding of 99%. Similarly, the statement reflects total revenue and total payments actuals on comparable basis amounts of Kshs.98,797,773 and Kshs.28,643,910 respectively resulting to underutilization/spending of Kshs.70,153,863 or 71% of the actual revenue.

The under-utilization of budget may affect the planned activities and impact negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

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

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Financing Agreement No. 2021/05834A between the Republic of Kenya and Government of the Italian Republic dated 14 March, 2023, I report, based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,

- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

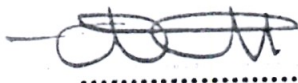
14 November, 2025

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*


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

	Notes	2024/2025
		Kshs
Revenue		
Revenue Transfers	6	98,797,773
Miscellaneous Revenue	7	-
Total revenue		98,797,773
Expenses		
Employee costs	8	890,000
Use of goods and services	9	19,542,410
Depreciation and amortization expense	10	540,321
Transfer to other Government Entities	11	-
Other Transfers/Subsidies/Grants	12	-
Certified Works	13	-
Total expenses		20,972,731
Other gains/(losses)		
Gain/Loss on sale of assets	14	-
Gain/Loss on foreign exchange transactions	15	-
Impairment loss	16	-
Surplus/ (deficit)		77,825,042

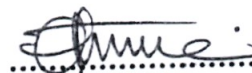
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



.....
**Mr. Charles M.
Hinga, CBS, CA(SA)
Principal Secretary**



.....
**Mr. Kenneth O. Nyaseda
Project Coordinator**




.....
**Purity Tharamba
Project Accountant
ICPAK Member No:32054**


*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*


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

	Note	2024/2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	70,153,862	-
Receivables	18	-	-
Inventories	19	-	-
Prepayment	20	-	-
Total Current Assets		70,153,862	-
Non-Current Assets			
Property, Plant and Equipment	21	7,671,178	-
Intangible Assets	22	-	-
Total Non- Current Assets		7,671,178	-
Total Assets (a)		77,825,040	-
Liabilities			
Current Liabilities			
Trade and Other Payables	23	-	-
Third Party Deposits	24	-	-
Deferred Income	25	-	-
Total Current Liabilities			-
Total Liabilities (b)			-
Net Assets (a-b)			
Represented By:			
Accumulated Surplus		77,825,042	-
Total Net Assets		77,825,042	-

The financial statements were approved on 25th August 2025 and signed by:


.....
Mr. Charles M. Hinga, CBS
Principal Secretary


.....
Kenneth O. Nyaseda
Project Coordinator


.....
Purity Tharamba
Project Accountant
ICPAK Member No.32054

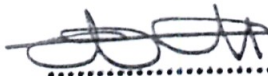
*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*


9. Statement of Changes in Net Assets

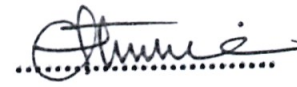
Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	-
Adjustments:	
Asset Recognition	-
Liabilities recognition	-
As at 1 st July 2024	-
Surplus/(Deficit) for the year	77,825,042
As at 30 th June 2025	77,852,042

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

The financial statements were approved on 25th August 2025 and signed by:


.....
Mr. Charles M. Hinga,
CBS,CA(SA)
Principal Secretary


.....
Kenneth O. Nyaseda
Project Coordinator


.....
Purity Tharamba
Project Accountant
ICPAK Member No. 32054

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*

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

Description	Note	2024/2025
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers	6	98,797,773
Miscellaneous Revenue		-
Total receipts		98,79,773
Payments		
Employee costs	8	890,000
Use of goods and services	9	19,542,410
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		-
Total payments		20,432,410
Net cash flow from operating activities	26	78,365,363
Cashflow from investing activities		
Acquisition of non-financial assets		(8,211,500)
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
Net cash flows from investing activities		(8,211,500)
Cash flow from financing activities		
<i>Specify the activity</i>		-
Net cash flow from financing activities		
Net increase/Decrease in cash and cash equivalents		70,153,862
Cash and cash equivalent at 1st July 2024	17	-
Cash and cash equivalent at end June 2025	17	70,153,862

Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025

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

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods		-	-	-	-	-
Receipts						
Revenue Transfers	100,000,000	-	100,000,000	98,797,773	1,202,227	99%
Miscellaneous Revenue	-	-	-	-	-	-
Total Revenue	100,000,000	-	100,000,000	98,797,773	1,202,227	99%
Payments						
Employee costs	900,000	-	900,000	890,000	10,000	99%
Use of goods and services	89,100,000	-	89,100,000	19,542,410	69,557,590	22%
Transfer to other Government Entities	-	-	-	-	-	-
Acquisition of Assets	10,000,000	-	10,000,000	8,211,500	1,788,500	82%
Total Payments	100,000,000	-	100,000,000	28,643,910	71,356,090	29%
Surplus	-	-	-	70,153,863	-	-

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	70,153,863
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	70,153,862

12. Notes to the Financial Statements

1. General Information

Kenya Informal Settlement Redevelopment Programme is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to enhance community organization and realization of Land Tenure security.

2. Statement of Compliance and Basis of Preparation

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

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

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

3. Adoption of New and Revised Standards

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

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

**Kenya Informal Settlement Redevelopment Program
Annual Reports and Financial Statements for the year ended June 30, 2025.**

Standard	Effective date and impact:
Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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

**Kenya Informal Settlement Redevelopment Program
Annual Reports and Financial Statements for the year ended June 30, 2025.**

Standard	Effective date and impact:
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard may not have impact on the entity's operations.</i></p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>The standard may not have impact on the entity's operations.</i></p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>The standard may not have impact on the entity's operations.</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>The standard may not have impact on the entity's operations.</i></p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on *July 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity did not record additional appropriations on the FY 2024/2025 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section *II* of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the financial statements

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual programme are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the financial statements

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the financial statements

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.

Kenya Informal Settlement Redevelopment Program
Annual Reports and Financial Statements for the year ended June 30, 2025.

- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Notes to the financial statements

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

i) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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.

Contingent assets

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

j) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. The entity does not currently have reserves.

k) Changes in accounting policies and estimates

The *Entity* recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the financial statements

l) Employee benefits

Retirement benefit plans

The *Entity* does not provide retirement benefits for its employees and directors, since the programme has no permanent employee and is supported from the state department for Housing and Urban Development. The employees of the programme are subjected to the civil servants retirement schemes.

Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

m) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

n) Related parties

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

Notes to the financial statements

o) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when,

Kenya Informal Settlement Redevelopment Program
Annual Reports and Financial Statements for the year ended June 30, 2025.

and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

p) 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.

q) Subsequent events

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

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to the financial statements

6. Revenue Transfers

Description	2024/2025
	KShs
Unconditional Transfers	
GoK Counter Part funding	-
Transfers from Development partners	98,797,773
<i>Other unconditional transfers</i>	-
Total Unconditional Transfers (a)	98,797,773
Conditional Transfers	
Transfers from Development partners 1	-
Transfers from Development partner 2	-
<i>Other conditional transfers</i>	-
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	98,797,773

(Explain the purpose of funding)

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (Current FY)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	-	-	-
Development Partner 1	98,797,773	-	-	98,797,773
Development Partner 2	-	-	-	-
Subtotal	98,797,773	-	-	98,797,773
Deferred Income realized	-	-	-	-
Transfers in Kind	-	-	-	-
Total	98,797,773	-	-	98,797,773

Kenya Informal Settlement Redevelopment Program
 Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

7. Miscellaneous revenue

Description	FY 2024/25
	<u>Kshs</u>
Interest Income	-
<i>Others (specify)</i>	-
Total	-

8. Employees Costs

Description	2024/25
	<u>Kshs</u>
Basic salaries of permanent employees	890,000
Basic wages of temporary employees	-
Total	890,000

9. Use of Goods and Services

Description	2024/25
	<u>Kshs</u>
Utilities, supplies and services	-
Bank charges	44,570
Communication, supplies and services	280,000
Domestic travel and subsistence	11,909,545
Foreign travel and subsistence	-
Fuel and lubricants	-
General office supplies	100,000
Stationery, Printing, advertising, and information supplies	2,280,386
Other operating payments(specify)	4,927,909
Total	19,542,410

Notes to the financial statements

10. Depreciation and Amortization expense

Description	2024/25
	<u>Kshs</u>
Property, Plant and Equipment	540,321
Intangible Assets	-
Total	540,321

11. Transfer to Other Government Entities

Description	2024/2025
	<u>Kshs</u>

Kenya Informal Settlement Redevelopment Program

Annual Reports and Financial Statements for the year ended June 30, 2025.

Ministry ABC	-
Project XYZ	-
Department xxx	-
County xxx	-
Total	-

12. Other Transfers/Subsidies/Grants

Description	2024/2025
	Kshs
Transfers to Non-Government Organizations	-
Subsidies	-
<i>Others Specify</i>	-
Total	-

13. Certified Works

Description	2024/2025
	Kshs
Road Works	-
Water Works	-
Energy Infrastructure	-
<i>Others Specify</i>	-
Total	-

Kenya Informal Settlement Redevelopment Program
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

14. Gain/Loss on Sale of Assets

Description	2024/2025
	Kshs
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain/loss on sale of assets	-

Provide brief explanation on gains on sale of fixed assets)

15. Gain/Loss on foreign exchange transactions

Description	2024/2025
	Kshs
Gain on foreign exchange transactions	-
Loss on foreign exchange transactions	-
Total Gain/Loss	-

16. Impairment Loss

Description	2024/2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<i>Others specify</i>	-
Total Impairment Loss	-

17. Cash and Cash Equivalents

Description	2024/2025	1 st July
	Kshs	Kshs
Cash in Bank	70,153,862	-
Cash on hand	-	-
<i>Others</i>	-	-
Total Cash and Cash Equivalents	70,153,862	-

Kenya Informal Settlement Redevelopment Program
Annual Reports and Financial Statements for the year ended June 30, 2025.
Notes to the financial statements

Project Bank Accounts

Details	2024/2025	1 st July 2024
	Kshs	Kshs
Foreign Currency Accounts	(Euros)	
Central Bank of Kenya [A/c No 1000744545)	1,264,960	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total Foreign Currency balances	1,264,960	-
Local Currency Accounts	(Kshs)	
Co-operative Bank of Kenya [A/c No 01101181766001)	70,153,862	-
Others (<i>specify</i>)	-	-
Total local currency balances	70,153,862	-
Total bank account balances	70,153,862	-

Kenya Informal Settlement Redevelopment Program
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

18. Receivables

Description	2024/2025	1 st July 2024
	Kshs	Kshs
Counter Part Funding	-	-
Contractor's Advance payments	-	-
<i>Other Receivables (specify)</i>	-	-
Total Receivables	-	-

(Provide brief explanation on current receivables)

Ageing analysis for Receivables

Description	2024/2025		1 st July 2024	
	2024/2025	% of the total	Compa rative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

19. Inventories

Description	2024/2025	1 st July 2024
	Kshs	Kshs
Consumable stores	-	-
Construction stores	-	-
<i>Other consumables (specify)</i>	-	-
Less: allowance for impairment	-	-
Total inventories	-	-

(Provide brief explanation on inventories)

20. Prepayments

Description	2024/2025	1 st July 2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
<i>Others specify</i>	-	-
Total inventories	-	-

Kenya Informal Settlement Redevelopment Program

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

21. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	25%	12.5%	33.3%			
As At 1 July 2024 (opening balances)	-	-	-	-	-	-
Additions	-	2,755,500	5,456,000	-	-	8,211,500
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
As at 30th June 2025	-	2,755,500	5,456,000	-	-	8,211,500
Depreciation And Impairment						
As at 1 July 2025	-	-	-	-	-	-
Depreciation charge for the year	-	86,109	454,212	-	-	540,321
Impairment loss	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-
As At 30th June 2025	-	86,109	454,212	-	-	540,321
Net Book Values						
As at 1st July 2024	-	-	-	-	-	-
As at 30th June 2025	-	2,669,390	5,001,788	-	-	7,671,178

Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

22. Intangible Assets

Description	1 st July 2024
	Kshs
Cost	
As at 1 st July 2024	-
Additions	-
As At 30 th June 2025	-
Amortization and impairment	
As at 1 st July 2024	-
Amortization	-
Impairment loss	-
As At 30 th June 2025	-
NBV as at 1 st July 2024	-
NBV as at 30 th June 2025	-

23. Trade and Other Payables

Description	2024/2025		1 st July 2024	
	Kshs		Kshs	
Trade payables	-		-	
Employee payables	-		-	
<i>Other payables (specify)</i>	-		-	
Total trade and other payables	-		-	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(Provide brief explanation)

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

24. Third-Party Deposits

Description	2024/2025		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention	-		-	
Gratuity	-		-	
<i>Other deposits (specify)</i>	-		-	
Total deposits	-		-	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

(Provide brief explanation)

25. Deferred Income

Description	2024/2025		1 st July 2024	
	Kshs		Kshs	
Development partner 1	-		-	
Development partner 2	-		-	
<i>Others specify</i>	-		-	
Total Deferred Income	-		-	

(Provide brief explanation)

Deferred Income Movement Schedule

	Development Partner 1	Development Partner 2	Others specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 st July 2024	-	-	-	-
Additions	-	-	-	-
Transfers To Performance Statement as Revenue	-	-	-	-
Balance as at 30 th June 2025	-	-	-	-

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

26. Cash Generated from Operations

Description	2024/2025
	Kshs
Surplus/Deficit for the year	77,825,042
Adjusted for:	
Depreciation	540,321
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	-
Increase in payments received in advance	-
Net cash flow from operating activities	78,365,363

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

27. Special Deposit Accounts

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

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

Notes to the financial statements

Special Deposit Accounts Movement Schedule

Description	2024/2025	1 st July 2024
	EUROS	EUROS
(i) Central Bank Of Kenya [A/c No1000744545]		
Opening balance	-	-
Total amount deposited in the account	1,999,999	-
Total amount withdrawn	735,000	-
Closing balance (as per SDA bank account reconciliation attached)	<u>1,264,960</u>	
(ii) A/c Name [A/c No.....]	-	-
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-

28. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

Other related parties include:

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

Description	2024/2025
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	-
Rent income from govt. Agencies	-
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Others (specify)	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	-
Payments for goods and services for xxx	-
Total	-
d) Key management compensation	
Directors' emoluments	-
Compensation to key management	-
Total	-

Notes to the financial statements

29. Events after the Reporting Period

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

30. Ultimate And Holding Entity

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

31. Currency


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

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*


13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

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



Mr. Charles M. Hinga, CBS, CA(SA)
Principal Secretary



Kenneth O. Nyaseda
Programme Coordinator

*Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Annex 2: Reconciliation of inter-entity transfers

Project Name:		Kenya Informal Settlement Redevelopment Programme	
Break down of transfers from the State Department for Housing and Urban Development			
a.	Government Counterpart funding		
		Bank Statement Date	Amount (Kshs)
			-
			-
		Total	-
B.	Direct payments		
		Bank Statement Date	Amount (Kshs)
		14 th March, 2025	98,797,773
			2024/2025
		Total	98,797,773
C.	Others		
		Bank Statement Date	Amount (Kshs)
			-
			-
		Total	-
		Total (A+B+C)	98,797,773

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

Programme Coordinator
Kenya Informal Settlement Redevelopment Program

Sign 

Head of Accounting Unit
State Department for Housing and Urban Development

Sign 

Kenya Informal Settlement Redevelopment Program
Annual Report and Financial Statements for the financial year ended June 30, 2025

Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings		2,755,500			2,755,500
ICT Equipment		5,456,000			5,456,000
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total		8,211,500			8,211,500

Annex 4: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)

Kenya Informal Settlement Redevelopment Programme. **IKSRIP** - A/c. REPUBLIC OF KENYA

3F.O. 51

0110481706001

Date 30/07/2025

Report of the Board of Survey on the Cash and Bank Balances Both June 25 as at the close of business

The Board, consisting of - (Names and official titles)

1. Lalunrose Moraa - Chairperson
2. Martha Simatwa - Secretary
3. Elizabeth Busitari - Member

assembled at the office of IKSRIP (time) on the 11:00 AM Both July 2025, and the following cash was produced :-

Notes	Sh. <u>NIL</u>
Silver	Sh. <u>NIL</u>
Copper	Sh. <u>NIL</u>
Cheques (as per details on reverse)	Sh. <u>NIL</u>

It was observed that cheques amounting to Sh. N/A cts. -

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

The Cash consists of East African currency and does not contain any demonetized coins or notes.

The Cash Book reflected the following balances as at the close of business on the Both June 2025

Cash on hand	Sh. <u>NIL</u>
Bank Balance	Sh. <u>70,158,802.05</u>
		<u>70,158,802.05</u>

The Bank Certificate of Balance showed a sum of Sh. 70,158,802

Cts 05 (Sh. 70,158,802 Cts. 05)

standing to the credit of the account on..

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

DATE 30/7/2025 SECRETARY [Signature] CHAIRMAN [Signature] MEMBER [Signature]



CO-OPERATIVE BANK

We are you

The Co-operative Bank of Kenya Limited
Upper Hill Branch
Kuscco Centre
P.O.Box 30415-00100, Nairobi
Tel: 2713501
Mobile: 0701154028, 0793071980,
0793071970
Fax: 2713508
Nairobi
Email: upperhillbr@co-opbank.co.ke

8/14/25 3:21 PM

Dear Sir/Madam,

REF: CERTIFICATE OF BALANCES

We enclose herein Certificate of Balances and accounts information as requested by yourselves as at 30/06/2025.
Kindly note Interest is included in the balances.

Per Pro, THE CO-OPERATIVE BANK OF KENYA LTD.
UPPER HILL NAIROBI BRANCH

Yours faithfully,

(BRANCH MANAGER)

branch Manager



REPUBLIC OF KENYA

F O 30

MINISTRY OF LAND,PUBLIC WORKS,HOUSING & URBAN DEVELOPMENT
BANK RECONCILIATION STATEMENT

Jun-25

KENYA INFORMAL SETTLEMENT REDEVELOPMENT PROGRAM

BALANCE AS PER THE BANK STATEMENT

LESS: PAYMENT IN CASH BOOK NOT IN BANK STATEMENT
RECEIPT IN BANK STATEMENT NOT IN CASH BOOK

ADD: PAYMENT IN BANK STATEMENT NOT IN CASH BOOK
RECEIPT IN CASH BOOK NOT IN BANK STATEMENT

BALANCE AS PER THE CASH BOOK

	70,153,862.05
-	-
-	-
	70,153,862.05

I Certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.


Signature


Designation

30TH JUNE 2025

APENDIX IV

RECEIPTS IN CASHBOOK NOT IN BANK STATEMENT JUNE 2025

DATE	RECEIPT DETAILS		AMOUNT KSH
01-06-2025			-
			-
			-
30-06-2025		TOTAL	-

Run Date: 08/07/2025 Run Time: 10:49:33
CENTRAL BANK OF KENYA
BANKI KUU YA KENYA
P.O.BOX 60000-0200
NAIROBI

STATEMENT OF ACCOUNT

ACCOUNT NUMBER : 1000744545

ACCOUNT TITLE : KE INFORMAL SETTLMNT REDEV.PROG
30/06/2025

STATEMENT PERIOD: From 01/07/2024 To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
-----	------	--------------	---------	-------	----------------

OPENING BAL : 0.00

NO.	Value	Date	Reference.No	Details	Debit	Credit	Balance
1	31.01.2025	FT25031G4QWS:1	FUNDING		0.00	1,999,960.00	1999960
2	03.03.2025	FT25062G9KR2:1	PA138337		-735,000.00	0.00	1264960

CLOSING BALANCE : 1264960

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCT.EPRM

More Options
Clear Selection Find

- Account equals ✓ 1000744545
- Statement From equals ✓ 20240701
- Statement To equals ✓ 20250630

TAM.E.STMT.OF.ACCT.EPRM



27/69

ITALY SEC KENYA INFORMAL SETTLEMENT REDEVELOPMENT PROGRAMME
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30TH JUNE 2025

Bank Account No.1000744545 Held with CENTRAL BANK OF KENYA

		NOTES	AMOUNT EUR	AMOUNT EUR
1	Amount advanced by Italy			1,999,960.00
	Less:			
2	Total amount justified			-
3	Outstanding amount advanced to be justified			1,999,960.00
	Represented by:			
4	Ending Designated Account Balance at 30.06.2025			1,264,960.00
5	Amount claimed but not credited at 30.06.2025			-
6	Amount withdrawn and not claimed as at 30.06.2025			735,000.00
7	Service charges (if not included in 5 & 6 above)			-
	Less:			
8	Interest earning (if included in Designated Account)			-
9	Total advance to Designated Account year ended 30.06.2025			1,999,960.00

Discrepancy between total appearing on lines 3 and 9

-

Notes:

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

Shaktine
 AUTHORIZED REPRESENTATIVE
 RESOURCE MOBILIZATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 05-08-2025

SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2025
Account No.	1000744545
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	KE INFORMAL SETTLMNT REDEV.PROG
Credit Agreement	
Currency	EUR

Part A - Account Activity

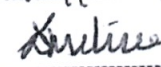
Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account		0.00
Add:		
Total Amount deposited by ^{ITALY} World-Bank		1,999,960.00
Total Interest earnings if deposited in account		
Total amount refunded to cover ineligible expenditure		
Deduct:		
Total amount withdrawn		735,000.00
Total service charges if not included above in amount withdrawn		
Ending balance on 30th June,2025		1,264,960.00

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: 

DATE: 14/07/2025

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: 

DATE: 05-08-2025

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2025 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

(70)

Results 1 - 2 of 2

Run Date: 04/07/2025 Run Times: 11:07:26
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI
 STATEMENT PERIOD: From 01/07/2024 To

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000744545

ACCOUNT TITLE : KE INFORMAL SETTLMNT REDEV.PROG
 30/06/2025

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :			0.00			
NO.	Value Date	Refernce.No	Details	Debit	Credit	Balance
1	31/01/2025	FT25031G4QWS,1	FUNDING	0.00	1,999,960.00	1999960
2	03/03/2025	FT25062G9KR2,1	PA138337	-735,000.00	0.00	1264960

CLOSING BALANCE : 1264960

END OF ACCOUNT STATEMENT

Favourites | TAM.E.STMT.OF.ACCT.EPRM More Options
Clear Selection

Account 1000744545

Statement From 20240701

Statement To 20250630

TAM.E.STMT.OF.ACCT.EPRM