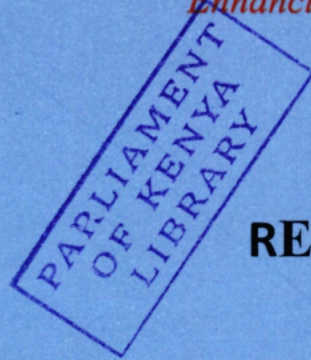


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 NOV 2024	DAY: Fri
TABLED BY: Hon. Naomi Wako, MP Deputy Whip - Maj. Party	
CLERK-AT THE-TABLE: Virian Wambui	

REPORT

OF

THE AUDITOR-GENERAL

ON

**HORN OF AFRICA GATEWAY
DEVELOPMENT PROJECT
LOAN NO.6768-KE**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**KENYA NATIONAL HIGHWAYS
AUTHORITY**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
07 NOV 2024
RECEIVED



MINISTRY OF ROADS & TRANSPORT



**PROJECT NAME: HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
(HoAGDP)**

IMPLEMENTING ENTITY: KENYA NATIONAL HIGHWAYS AUTHORITY

**PROJECT CREDIT NUMBER: LOAN ID 6768-KE
PROJECT NO P-161305**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and Unaudited Financial Statements For the financial year ended June 30,
2024

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and Financial Statements For the financial year ended June 30, 2024

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
CPA	Certified Public Accountant
EIK	Environment Institute of Kenya
EXIM	Export – Import
FY	Financial Year
HoAGDP	Horn of Africa Gateway Development Project
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KeNHA	Kenya National Highways Authority
Kshs.	Kenya Shillings
MoRT	Ministry of Roads and Transport
NETIP	North Eastern Transport Improvement Project
PAD	Project Appraisal Document
PAPs	Project Affected Persons
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
PPA	Project Preparation Advance
RMB	Renminbi
RFP	Request For Proposals
SDG	Sustainable Development Goals
TNT	National Treasury
UA	Unit of Account
UA	Unit of Account
USD	United States Doller

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Horn of Africa Gateway Development Project (HoAGDP)

Objective:

The overarching objective of the HoA Program, which the proposed project will contribute to, is "Enhancing connectivity among the HoA countries and access to seaports; facilitation of domestic and regional trade and economic integration, and road safety". This will be achieved through a sequential improvement in physical and institutional infrastructure and promoting trade and investing in development facilitation interventions.

It is envisaged that this project will unlock existing potential and productivity, promote completeness by improving access to public services within the Horn of Africa Region in a bid to enhance the growth of the Country's Gross Domestic Product. The project will also contribute to the reduction of transport cost that will in turn help lower the cost of economic development, services delivery, and ease of doing business.

The main objectives of the initiative is to improve:

- a) The movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor.
- b) The capacity of selected transport related institutions in Kenya.
- c) Enhancing connectivity among the Horn of Africa countries and access to seaports; facilitation of domestic and regional trade and economic integration, and road safety a contribution towards the Horn of Africa program objective.

Address:

The project headquarters offices are in Barabara Plaza,

The address of its registered office is Jomo Kenyatta International Airport (JKIA) Off Mazao Road,
Nairobi, Kenya

Contacts: The following are the project contacts;

Director General, Kenya National Highways Authority

Po Box 49712-00100, Nairobi.

Telephone: (254) 020 495000

E-mail: dg@Kenha.co.ke

Website: www.kenha.co.ke

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and Financial Statements For the financial year ended June 30, 2024

Project information and overall performance (Continued)

2.2 Project Information

Project Start Date:	16 th February, 2017
Financing Agreement Effectiveness Date:	22 nd December 2020 The Government received a Project Preparation Advance (PPA) for the preparation of Northeastern Transport Improvement Project (NETIP) However, the project name changed to Horn of Africa Gateway Development Project (HoAGDP). This was necessitated by the virtue of the project changing its scope into a regional project under the Horn of Africa initiative. Further, the PPA was refinanced & recouped from the proceeds of the HoAGDP loan upon it becoming effective.
Project Closing Date	30 th June 2028
Project Coordinator	Eng. Paul Omondi
Project Sponsor:	1. International Development Agency (IDA) 2. Government of Kenya

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department of Roads on behalf of the Ministry of Roads and Transport
Project number	P-161305
Strategic goals of the project	The strategic goals of the project are as follows. <ul style="list-style-type: none"> • Road construction of a 350KM section of the road corridor. • Development of social and economic infrastructure in some sections of the road. • Installation of fibre optic cable along the 740KM road
Summary of Project Strategies for achievement of strategic goals.	<ul style="list-style-type: none"> • Reduction in travel time. • Reduction in transport cost to users. • Reduction in cost of ICT access in area served. • Road in good and fair condition • Improved processing time at border crossings

Project information and overall performance (Continued)

Other important background information of the project	<p>The total Financing cost of the HoAGDP program is US\$750 million.</p> <p>Part of the project amount is to be expended through KeNHA as one of the six (6) designated implementing agencies in accordance with the Project Appraisal Document (PAD). The amount shall be utilized in the following project components to be undertaken by KeNHA.</p> <ul style="list-style-type: none"> ○ <i>Component A: Improving the movement of people and goods, and digital connectivity:</i> Sub-component A1: Upgrading Selected Critical Road Infrastructure – USD 642.54Million. ○ <i>Component B: Facilitation of Regional Trade and Transport:</i> Subcomponent B2: Regional Transport Facilitation by KeNHA - USD 46.58 Million. ○ <i>Component C: Improve Access to Selected Basic Social Services at Designated location along the road corridor</i> – USD 36.98Million. ○ <i>Component D: Institutional Strengthening of Selected Transport and Related Institutions:</i> Subcomponent D1: Strengthening the capacity of KeNHA and associated Institutions – USD 42.93 Million. <p>The total Counterpart funding for KeNHA components is USD 642.87 Million. equivalent and GoK USD 126.14 Million.</p>
Areas that the project was formed to intervene	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) Improving Movement of people, goods, and digital connectivity (ii) Facilitation of Regional trade and transport <p>Improving Access to selected basic social services at designated locations</p>
Project duration	1,278 Days (42 Months)

2.4 Bankers

NCBA Bank Ltd
 NCBA House, Nairobi

Kenya Commercial Bank
 Nairobi.

Cooperative Bank of Kenya
 Upper Hill Branch, Nairobi

2.5 Independent Auditor

Auditor General
 Office of the Auditor General
 Kenya National Audit Office
 P.O. Box 30084-0100
 Nairobi

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and Financial Statements For the financial year ended June 30, 2024

2.6 Roles and Responsibilities

No	Names	Title designation	Key qualification	Responsibilities
1	Eng.Henry Gakuru	Director-Development	Registered Civil Engineer	Team Leader
2	Eng.Paul Omondi	Deputy Director - Development	Registered Civil Engineer	Project Coordinator
3	Mr Walter Nyatwanga	Deputy Director-Environment and Social Safeguards	Certified Environmentalist and Social Safeguards Professional	Environment Social Safeguards Specialist
4	CPA. Chanje Kera	Deputy Director, Finance & Accounts	Certified Public Accountant (CPAK)	Financial Specialist
5	Ms.Levina Wanyonyi	Deputy Director-Supply Chain Management	Certified Supply Chain Professional	Supply Chain Management Specialist

2.7 Funding summary

The Project is for a duration of 8 years from 2020 to 2028 with an approved loan of Euro. 573,700,000 equivalent to Kshs 73,232,977,110 at an exchange rate of Ksh.127.65 to the EURO as highlighted in the table below:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30th June 2024)		Undrawn balance to date (30th June 2024)	
	Donor currency (EURO)	Kshs	Donor currency (EURO)	Kshs	Donor currency (EURO)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i)Loan						
International Development Bank- IDA	573,700,000	73,232,977,110	90,871,786	11,599,810,733	482,828,214	61,633,166,377
(ii)Counterpart funds						
Government of Kenya		6,000,000,000		357,792,222		5,642,207,778
Total	573,700,000	79,232,977,110	90,871,786	11,957,602,955	482,828,214	67,275,374,155

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)*Annual Reports and Financial Statements For the financial year ended June 30, 2024***Project information and overall performance (Continued)****B. Application of Funds**

Application of funds	Amount received to date – (30 th June 2024)		Cumulative Amount paid to date – (30 th June 2024)		Unutilised balance to 30th June 2024)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
	EURO	Kshs	EURO	Kshs	EURO	Kshs
(i) Loan						
International Development Association-IDA	90,871,786	11,599,810,733	82,436,277	10,523,015,454	8,435,509	1,076,795,279
(ii) Counterpart funds						
Government of Kenya	-	357,792,222	-	354,416,723		3,375,499
Total	90,871,786	11,957,602,955	82,436,277	10,877,432,177	8,435,509	1,080,170,778

2.8 Summary of Overall Project Performance:

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

	2023/2024			Cumulative		
	Budget (Ksh)	Actual (Ksh)	%	Budget (Ksh)	Actual (Ksh)	%
Counterpart Funds-GOK	54,059,278	30,692,109	57%	393,060,278	320,913,759	82%
Loan from external Development Partners	5,750,000,000	6,310,050,890	110%	14,966,000,000	10,556,518,418	71%
Total	5,804,059,278	6,340,742,999	109%	15,359,060,278	10,877,432,177	71%

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and Financial Statements For the financial year ended June 30, 2024

Project information and overall performance (Continued)

Physical progress based on outputs, outcomes, and impacts since project commencement is as follows.

- a) Isiolo -Kulamawe 77 Kms - 20.4%
- b) Kulamawe-Modogashe 113Kms -27.2%
- c) Package 2 contracts not started as at 30th June 2024

i) Absorption rate for each year since the commencement of the project

Financial Year	Budget (Ksh)	Actual (Ksh)	Percentage (%)
FY 2023/24	5,804,059,278	6,340,792,363	100%
FY 2022/23	3,087,500,000	1,388,110,830	45%
FY 2021/22	4,806,000,000	2,491,940,523	52%
FY 2020/21	760,000,000	289,891,547	38%
FY 2019/20	292,000,000	172,033,670	59%
FY 2018/19	303,501,000	99,861,860	33%
FY 2017/18	306,000,000	94,801,384	31%
TOTAL	15,359,060,278	10,877,432,177	71%

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and Financial Statements For the financial year ended June 30, 2024

Project information and overall performance (Continued)

Status of the Project.

Road Section	Name of Contractors	Progress Reported to Date
<p>1. Isiolo – Kula Mawe 77kms Contract type: Works Contract Signed: 15th April, 2022 Commencement Date: 1st September 2022 Projected Completion date: 2nd March 2026 Contract amount: 7,982,654,036.25</p> <p>Consultant: Egis International in association with Egis Kenya</p>	<p>China State Construction Engineering Corporation Limited</p>	<p>Works commenced on 1st September 2022, Advance payment Ksh.1,044,011,314.57 made.</p> <p>Physical Work Progress: 20.40%</p>
<p>2. Kulamawe – Modogashe 218 kms Signed: 15th April, 2022 Commencement Date: 1st September 2022 Projected Completion date: 2nd March 2026 Contract amount: 11,014,771,037.00</p> <p>Consultant: Egis International in association with Egis Kenya</p>	<p>China State Construction Engineering Corporation Limited</p>	<p>Works commenced on 1st September 2022, Advance payment of Ksh. 1,478,965,655.55 made.</p> <p>Physical Work Progress: 27.2%</p>
<p>3. Modogashe – Samatar 90kms Contract type: Contract type: Tender Administration and construction supervision</p>	<p>Intercontinental Consultants and Technocrats Pvt Ltd in Joint venture with ITEC Engineering Ltd, Kenya</p>	<p>Design Review completed. Works proposed to be financed under the Annuity Program</p>

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and Financial Statements For the financial year ended June 30, 2024

Road Section	Name of Contractors	Progress Reported to Date
4. Samatar – Wajir Contract type: Tender Administration and construction supervision	Intercontinental Consultants and Technocrats Pvt Ltd in Joint venture with ITEC Engineering Ltd, Kenya	Design Review complete Works proposed to be financed by BADEA No objection to issue the RFP has been issued by the Bank
5. Wajir – Tarbaj 57kms Contract type: Works Contract Signed: 13 th March, 2024 Projected Completion date: Project is yet to commence Contract amount: 9,114,696,296.88	Longjian Road and Bridge Co. Ltd	Advance payment made to the Contractor. The project is to commence in August, 2024
6. Tarbaj – Kotulo 64kms Contract type: Works Contract Signed: 13 th March, 2024 Projected Completion date: Project is yet to commence Contract amount: 9,045,172,216.30	Zhongmei Engineering Group Ltd in Joint Venture with Halane Construction Company Limited	Advance payment made to the Contractor. The project is project to commence in August, 2024
7. Kutulo – Elwak 38kms Contract type: N/A Consultancy N/A Contract Signed: N/A Projected Completion date: N/A Contract amount: N/A	N/A	Procurement process for the Contractor is ongoing.
8. Kobo – Elwak 26 kms Contract type: N/A Consultancy N/A Contract Signed: N/A Projected Completion date: N/A Contract amount: N/A	N/A	Procurement process for the Contractor is ongoing.

2.9 Summary of Project Compliance:

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

3. Statement of Performance Against Project’s Predetermined Objectives

The proposed project development objectives are to improve the movement of goods and people along Isiolo-Wajir-Mandera part of the Mombasa-Garissa- Wajir- Mandera- Modogashe Road corridor and to enhance connectivity between Kenya and Somalia and Ethiopia. The project will comprise upgrading road infrastructure and associated roadside social amenities including designing and establishing facilities and marketing system for pilot pastoralist roadside markets and provision of market shades, milk cooler, slaughterhouses, veterinary posts and livestock holding area in selected locations.

Progress on attainment of Strategic development objectives

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

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

Objective	Outcome	Indicator	Performance
To open up Northeastern Kenya and provide Gateway to the Horn of Africa through Ethiopia and Somalia. Facilitate Trade and Transport & Communication through provision of fibre Optic Cable, Boost economic growth in North Eastern Region,	<ul style="list-style-type: none"> Improved Trade, Transport and Communication Efficient Transport system Improved livelihood for communities Economic growth 	<ul style="list-style-type: none"> Average Travel time between Isiolo to Modogashe; and Wajir to Elwak, Number of public transport service providers along Isiolo-Modogashe and WajirElwak; Number of road crash fatalities between Isiolo-Mandera road section (per 1,000 vehicles) Average processing time at border crossing for freight trucks and passenger vehicles. Number of online public services used by communities along the corridor per month. Number of women and children utilizing the improved social services. (Social/Gender disaggregated) 	Procurement of a Monitoring and Evaluation Entity for the project is ongoing.

4. Environmental and Sustainability Reporting

Horn of Africa Gateway Development Project exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

i) Sustainability strategy and profile

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

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

ii) Environmental performance

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

iii) Employee welfare

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

Environmental and Sustainability Reporting (Continued)

iv) Market place practices

The Authority strives to ensure responsible competition practices through undertaking annual governance audits in projects, monitoring the implementation of policies and further promotes ethical conduct in projects. The Authority equally sensitizes staff on corruption and integrity. The Authority undertakes to be actively involved in the negotiations during budget sector hearings in order to increase budgetary allocations for projects thus honouring contracts by paying its liabilities on time.

v) Community Engagements

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

The Authority is committed to provide CSR activities geared towards improving the lives of local residents and since the project is in design stage, a consultant is undertaking needs assessment in the Region to come up with desirable list for CSR activities.

5. Statement of Project Management Responsibilities

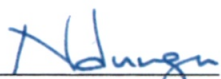
The Director General, KeNHA and the Project Management are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the project for the financial year ended on June 30, 2024.

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

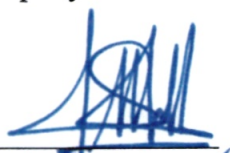
The Director General, KeNHA and the Project Management accept responsibility for the project's financial Statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with the International Public Sector Accounting Standards.

The Director General, KeNHA and the Project Management are of the opinion that the Project financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June, 30, 2024 and the Project's financial position as at that date. The Director General, KeNHA and the Project Management further confirm that 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 Director General, KeNHA and the Project Management confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit are used for the eligible purposes for which they were intended and were properly accounted for.



Eng. Kungu Ndungu, MBS
Director General



Eng. Henry Gakuru
Director -Development



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

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT LOAN NO.6768-KE FOR THE YEAR ENDED 30 JUNE, 2024 – KENYA NATIONAL HIGHWAYS AUTHORITY

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, 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 Horn of Africa Gateway Development Project set out on pages 1 to 19, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Horn of Africa Gateway Development Project Loan No. 6768 KE as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement between the International Development Association (IDA) and the Republic of Kenya dated 07 October, 2020 and the Public Finance Management Act, 2012.

In addition, the special account statement presents fairly, the special account transactions and the ending balance has been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Horn of Africa Gateway Development Project Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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

Conclusion

The Management is responsible for the other information set out on page iii to xiv which comprise of Project information and Overall Performance, Statement of Performance Against 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.

Basis for Conclusion

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delay Project completion

Review of the financial statement as disclosed in Note 2.7 on Funding Summary revealed that the project period was eight (8) years at funding commitments of Kshs.73,232,977 and Kshs.6,000,000,000 from International Development Bank (Donor) and Government of Kenya (GOK) respectively, all totalling Kshs.79,232,977,110. The Project had drawn Kshs.11,957,602,955 or 15% of the total funding as at 30 June, 2024 compared with 50% project period elapsed an indication that the project was behind schedule. Further, an amount of Kshs.1,080,170,778 of the drawn amount had not been utilized as at 30 June, 2024.

In the circumstances, the project may not achieve its objectives and the public may not obtain services expected to accrue from the completed project.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Agency (IDA), I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have 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.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements 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 overall governance.

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

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

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

Those charged with governance are responsible for overseeing the 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires

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 IFPP 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 also 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

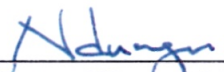
Nairobi


13 November, 2024


HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)**Annual Reports and audited Financial Statements For the financial year ended June 30, 2024****7. Statement of Receipts and Payments for the Year ended 30th June 2024**

	NOTES	2023/24			2022/23			Cumulative to date (From Inception)
		Receipts & Payments Controlled by the Entity	Receipts & Payments made by the Third Party	Total	Receipts & Payments Controlled by the Entity	Receipts & Payments made by the Third Party	Total	
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts								
Transfer from Government entities	1	22,000,869		22,000,869	87,000,000	-	87,000,000	252,824,173
Loan from external development partner	2	1,176,937,335	5,088,467,745	6,265,405,080	454,898,109	846,212,721	1,301,110,830	11,599,810,733
Miscellaneous Receipts	3	33,552,328		33,552,328	41,613,666	-	41,613,666	104,968,049
Total receipts		1,232,490,532	5,088,467,745	6,320,958,277	583,511,775	846,212,721	1,429,724,496	11,957,602,955
Payments								
Purchase of goods and services	4	101,578,650		101,578,650	129,338,617		129,338,617	405,712,153
Acquisition of non-financial	5	1,098,941,604	5,088,467,745	6,187,409,349	401,927,595	846,212,721	1,248,140,316	10,419,793,965
Other grants and transfers /payments	6	51,755,000		51,755,000	-	-		51,755,000
Miscellaneous Payments	7	49,364		49,364	59,069	-	59,069	171,060
Total payments		1,252,324,618	5,088,467,745	6,340,792,363	531,325,281	846,212,721	1,377,538,002	10,877,432,178
Surplus/(deficit)		(19,834,086)	-	(19,834,086)	52,186,494	-	52,186,494	1,080,170,778

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


 Eng. Kungu Ndungu, MBS
 Director General


 Eng. Henry Gakuru
 Director -Development

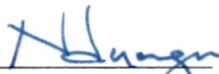

 CPA Chanje Kera
 Deputy Director (F&A)
 ICPAK No. 8279


HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and audited Financial Statements For the financial year ended June 30, 2024


8. Statement of Financial Assets and Liabilities as at 30th June 2024

	Note	2023/24 Kshs	2022/23 Kshs
Financial Assets			
Cash and Cash equivalents	8	1,080,170,778	1,100,004,864
Total Financial Assets (A)		1,080,170,778	1,100,004,864
Financial Liabilities			
Payables - Retentions		-	-
Total Financial Liabilities (B)		-	-
Net Financial Assets (A-B)		1,080,170,778	1,100,004,864
Represented By:			
Fund Balance B/fwd.	9	1,100,004,864	1,047,818,371
Surplus/Deficit for the year		(19,834,085)	52,186,494
Net Financial Assets		1,080,170,778	1,100,004,864

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10 SEP 2024 and signed by:


Eng. Kungu Ndungu, MBS
Director General


Eng. Henry Gakuru
Director -Development


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

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)**Annual Reports and audited Financial Statements For the financial year ended June 30, 2024****9. Statement of Cash flows for the year ended 30th June 2024**

	Notes	2023/24 Kshs	2022/23 Kshs
Cashflow from operating activities			
Receipts			
Transfer from Government entities	1	22,000,869	87,000,000
Miscellaneous receipts	3	33,552,328	41,613,666
Total Receipts		55,553,197	128,613,666
Payments			
Purchase of goods and services	4	(101,578,650)	(129,338,617)
Other grants and transfers	6	(51,755,000)	
Miscellaneous Payments	7	(49,364)	(59,069)
Total Payments		(153,383,014)	(129,397,686)
Net cash flow from operating activities		(97,829,817)	(784,020)
Cashflow From Investing Activities			
Acquisition of Non-Financial Assets	5	(6,187,409,349)	(1,248,140,316)
Net cash flows from Investing Activities		(6,187,409,349)	(1,248,140,316)
Cashflow From Financing Activities			
Proceeds from Foreign Borrowings	2	6,265,405,080	1,301,110,830
Net cash flow from financing activities		6,265,405,080	1,301,110,830
Net increase in cash and cash equivalents		(19,834,086)	52,186,494
Cash & cash equivalent at beginning of the year		1,100,004,864	1,047,818,371
Cash and cash equivalent at end of the year		1,080,170,778	1,100,004,864

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)**Annual Reports and audited Financial Statements For the financial year ended June 30, 2024****10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2024**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	107,500,000	(53,440,722)	54,059,278	22,000,869	32,058,409	41%
Proceeds from borrowings	18,660,000,000	(12,910,000,000)	5,750,000,000	6,265,405,080	(515,405,080)	109%
Miscellaneous receipts				33,552,328	(33,552,328)	
Total Receipts	18,767,500,000	(12,963,440,722)	5,804,059,278	6,320,958,277	(516,898,999)	109%
Payments						
Purchase of goods and services				101,578,650		
Acquisition of non-financial assets	18,767,500,000	(12,963,440,722)	5,804,059,278	6,187,409,349	(536,683,721)	109%
Other grants and transfers /payments				51,755,000		
Miscellaneous Payments				49,364	(49,364)	
Total Payments	18,767,500,000	(12,963,440,722)	5,804,059,278	6,340,792,363	(536,733,085)	109%
Surplus or Deficit	-	-	-	(19,834,085)	19,834,085	

Note: The significant budget utilization/performance differences in the last column are explained in Annex 2 to these financial statements.

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for Horn of Africa Gateway Development Project Road Project under the Kenya National Highways Authority. The financial statements are for the reporting for Horn of Africa Gateway Development Project Road Project as required by Section 81 of the PFM Act, 2012.

c) Reporting currency

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

d) Recognition of receipts

The Project recognizes all receipts from various sources when an event occurs, and the related cash is received.

i) Transfers from the Exchequer

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

ii) External Assistance

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

Significant Accounting Policies (Continued)

ii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

Salaries, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

ii) Use of goods and services

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

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

The payment on the acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items, respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as a receipt and as a payment. A fixed asset register is maintained by each public entity, and a summary is provided for consolidation purposes. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

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

g) Cash and cash equivalents

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

Significant Accounting Policies (Continued)

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities, Letters of comfort/ support, insurance, Public-Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 5 of this financial statement is a register of contingent liabilities in the year.

k) Contingent Assets

The Horn Of Africa Gateway Development Project (HOAGDP) 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 Eastern Africa Regional, Transport, Trade & Development Facilitation Project in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise, and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Significant Accounting Policies (Continued)

l) Pending bills

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

m) Budget

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

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

n) Third party payments

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

o) Exchange rate differences

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

p) Comparative figures

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

Significant Accounting Policies (Continued)

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior Period Adjustments

Prior period Adjustments relate to errors and other adjustments noted arising from previous year(s). There are no prior year adjustments for the financial year under review.

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and audited Financial Statements For the financial year ended June 30, 2024

12. Notes to The Financial Statements

1. Transfers from Government entities

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

Description	FY 2023/24	FY 2022/23	Cumulative to-date (from Inception)
	Kshs	Kshs	Kshs
Counterpart funds Quarter 1		-	32,794,015
Counterpart funds Quarter 2		54,000,000	80,838,373
Counterpart funds Quarter 3	22,000,869	-	70,402,301
Counterpart funds Quarter 4			35,789,484
TOTAL	22,000,869	54,000,000	219,824,173
<i>Other transfers from government entities</i>			
Fuel Levy funds Quarter 4	-	-	-
Total			
Appropriations-in-Aid	-	33,000,000	33,000,000
Total	-	-	-
Grand Total	22,000,869	87,000,000	252,824,173

2. Proceeds from Domestic and Foreign Grants

Description	2023/2024					FY 2022/2023	Cumulative to date	
	Name of Donor-IDA	Date received	Amount received in donor currency	Loans received in cash	Loans received as direct payment	Total amount		Total amount
			USD	Kshs	Kshs	Kshs	Kshs	
Loans received from Multilateral Donors - IDA/GOK		FY 2023/24, please refer to annex 6	58,039,880	1,176,937,335	5,088,467,745	6,265,405,080	1,301,110,830	11,599,810,733
Total			58,039,880	1,176,937,335	5,088,467,745	6,265,405,080	1,301,110,830	11,599,810,733

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and audited Financial Statements For the financial year ended June 30, 2024

Notes to The Financial Statements (Continued)

3. Miscellaneous Receipts

	2023/24	2022/23	Cumulative to-date
	Kshs	Kshs	Kshs
Bank Interest	33,552,328	41,613,666	104,968,049
Total	33,552,328	41,613,666	104,968,049

4. Purchase of Goods and Services

	2023/24			2022/23	Cumulative to date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Communication Supplies and services	-	-	-	-	9,389,056
Domestic travel and subsistence	32,980,314	-	32,980,314	57,393,510	232,415,716
Printing, advertising and information supplies	-	-	-	14,894,861	17,812,724
Hospitality Supplies & Services	26,947,487	-	26,947,487	21,457,464	52,434,189
Training payments	41,650,849	-	41,650,849	35,592,782	93,660,468
Total	101,578,650	-	101,578,650	129,338,617	405,712,153

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)**Annual Reports and audited Financial Statements For the financial year ended June 30, 2024****Notes to The Financial Statements (Continued)****5. Acquisition of Non-Financial Assets**

	2023/24			2022/23	Cumulative to-date
	Payments made by the Entity	Payments Made by Third Party	Total	Payments made by the Entity	
	Kshs	Kshs	Kshs	Kshs	
Constructions of roads	634,876,126	5,088,467,745	5,723,343,871	910,514,996	8,955,631,171
Research, studies, project preparation, design & supervision	464,065,478		464,065,478	330,625,320	1,457,162,794
Acquisition of land	-	-	-	7,000,000	7,000,000
Total	1,098,941,604	5,088,467,745	6,187,409,349	1,248,140,316	10,419,793,965

6. Other Grants, Transfers, and Payments

Description	2023/24			2022/23	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Grant for Safety and Health Ambulant	51,755,000	-	51,755,000	-	51,755,000
Total	51,755,000	-	51,755,000	-	51,755,000

This relates to the supply and delivery of a fully fitted Safety and Health Ambulant Unit with Medical Safety and Laboratory rooms.

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and audited Financial Statements For the financial year ended June 30, 2024

Notes to The Financial Statements (Continued)

7. Miscellaneous Payments

	2023/24	2022/23	Cumulative
	Kshs	Kshs	to-date
Bank Charges	49,364	59,069	171,060
Total	49,364	59,069	171,060

8. Cash and Cash Equivalents

	2023/24	2022/23
Bank accounts (Note 8A)	1,080,170,778	1,100,004,864
	1,080,170,778	1,100,004,864

8A Bank Accounts

	2023/24	2022/23
	KShs	KShs
<u>Local Currency Accounts</u>		
KCB Bank [A/c No.1325804142]	1,076,795,279	
NCBA (A/c No 01001032662501)	-	1,087,938,125
Cooperative Bank (A/c No 011141160979900)	3,375,499	12,066,739
Total bank account balances	1,080,170,778	1,100,004,864

9. Fund Balance Brought Forward

	FY 2023/24	FY 2022/23
	Kshs	Kshs
Bank accounts	1,100,004,864	1,047,818,371
Total	1,100,004,864	1,047,818,371

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)

Annual Reports and audited Financial Statements For the financial year ended June 30, 2024

Notes to The Financial Statements (Continued)

10. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

	2023/24	2022/23
	EURO	EURO
Horn of Africa Gateway Development Project (HoAGDP) Project Credit No. V0630 KE Account No .100352027 Commercial Bank of Africa		
Opening balance	278,216.71	2,006,719.10
Total amount deposited in the account	9,103,477.82	1,865,900.99
Total amount withdrawn (as per statement of Receipts & Payments)	7,908,525.75	3,594,403.38
Closing balance (as per SDA bank account reconciliation attached)	1,473,168.78	278,216.71

11. Fund balance carried forward

Description	2023/24	2022/23
	Kshs	Kshs
Bank Accounts	1,080,170,778	1,100,004,864
Total	1,080,170,778	1,100,004,864

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)
Annual Reports and audited Financial Statements For the financial year ended June 30, 2024

Notes to The Financial Statements (Continued)

Other Important Disclosures

12. Pending accounts payable (see annex 4)

	Balance b/f FY 2023/2024	Additions for the year	Paid during the year	Balance c/f FY 2023/2024
Description	Kshs	Kshs	Kshs	Kshs
Construction of civil works	-	638,945,143		638,945,143
Supply of services	1,848,023		-	1,848,023
Total	1,848,023	638,945,143	-	640,793,166

13. External assistance

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
External assistance received as loans	6,265,405,080	1,301,110,830
Total	6,265,405,080	1,301,110,830

a. External assistance relating loans and grants.

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
External assistance received as loans	6,265,405,080	1,301,110,830
Total	6,265,405,080	1,301,110,830

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Other Important Disclosures (Continued)

b. Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2023/2024	FY 2022/2023
Description		Kshs	Kshs
Undrawn external assistance - loans		61,633,166,377	67,898,571,457
Total		61,633,166,377	67,898,571,457

c. Classes of providers of external assistance

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
Multilateral donors	6,265,405,080	1,301,110,830
Total	6,265,405,080	1,301,110,830

d. Purpose and use of external assistance

Payments Made by Third Parties	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Acquisition of Assets	6,187,409,349	1,248,140,316
TOTAL	6,187,409,349	1,248,140,316

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Other Important Disclosures (Continued)

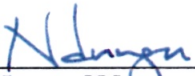
e. External Assistance paid by Third Parties on behalf of the Entity by Source

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
Multilateral donors	6,265,405,080	1,301,110,830
Total	6,265,405,080	1,301,110,830


13. Annexes

Annex 1: Prior Year Auditor General’s Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
None	None	None	None


 Eng. Kungu Ndungu, MBS
 Director General

10 SEP 2024
 Date


 Eng. Henry Gakuru
 Director Development

10 SEP 2024
 Date

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Annexe 2- Variance explanations - Comparative Budget and Actual Amounts for Current FY 2023/2024

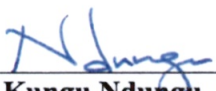
	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfers from Government Entity	54,059,278	22,000,869	32,058,409	41%	Budget cuts and inadequate exchequer releases
Proceeds from borrowings	5,750,000,000	6,265,405,080	(515,405,080)	109%	Budget cuts
Miscellaneous receipts	-	33,552,328	(33,552,328)		
Total receipts	5,804,059,278	6,320,958,277	(516,898,999)	109%	
Payments					
Miscellaneous Payments	-	49,364	(49,364)		
Other grants and transfers /payments	-	51,755,000	(51,755,000)		
Purchase of goods and services					
Acquisition of non-financial assets	5,804,059,278	6,288,987,999	(484,928,721)	109%	Budget cuts
Total payments	5,804,059,278	6,340,792,363	(536,733,085)		

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Annex 3: Reconciliation of inter-entity transfers

Break down of Transfers from the State Department of Roads		
Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
a. Government Counterpart Funding		
18/12/2023	22,000,869	FY 2023/24
Total	22,000,869	
Others	-	
b. Fuel Levy Funds		
	-	
	-	
	-	
Total	-	
c. Annuity fund		
Total	-	
d. Appropriations-in-Aid		
	-	
Total	-	
Total (a+b+c+d)	22,000,869	

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


Eng. Kungu Ndungu, MBS
Director General

Date 10 SEP 2024


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

Date 10 SEP 2024

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Annex 4: Analysis of Pending Bills

	Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2023/24	2022/23	Fee Note No.
		b	a	c	d=a-c		
	Construction of civil works						
	China State Construction Engineering Corporation Ltd	4/06/2024	638,945,143		638,945,143		8
	Sub-Total		638,945,143		638,945,143		
	Supply of Services						
	Gibb Africa Limited	30/06/2022	1,848,023	-	1,848,023	1,848,023	5
	Sub-Total		1,848,023	-	1,848,023	1,848,023	
	Grand Total		640,793,166	-	640,793,166	1,848,023	

Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs FY 2023/24	Donations in form of assets (KShs) FY 2023/24	Purchases/Additions in the Year (KShs) FY 2023/24	Disposals in the Year (KShs) FY 2023/24	Transfers in/(out) (KShs) FY 2023/24	Closing Cost (KShs) FY 2023/24
	(a)	(b)	(c)	(D)	(e')	(f)= (a)+ (b)+('c)-(d)+ (e')
Infrastructure assets (Roads)	4,225,384,616	-	6,187,409,349	-	-	10,412,793,965
Land Acquisitions	7,000,000	-	-	-	-	7,000,000
Total	4,232,384,616	-	6,187,409,349	-	-	10,419,793,965

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Annex 6: Proceeds from Domestic and Foreign Grants

No	Date	Payee	Currency of Payment	Payment Reference	Equivalent amount in reporting currency Kshs	Description
DISBURSEMENTS BY IDA						
1	31/07/2023	China State Construction Engineering Corp. Ltd	USD	PV 81979 WA 13	125,229,175	Isiolo-Kulamawe IPC 03 IDA USD
2	31/07/2023	China State Construction Engineering Corp. Ltd	USD	PV 81977 WA 12	141,083,193	Kulamawe-Modogashe IPC 3USD (IDA)
3	20/09/2023	China State Construction Engineering Corp. Ltd	USD	PV 84176 WA 15	314,012,754	Isiolo-Kulamawe IPC 04 IDA USD
4	20/09/2023	China State Construction Engineering Corp. Ltd	USD	PV 84179 WA 14	213,209,402	Kulamawe- Modogashe IPC 04 IDA USD
5	20/09/2023	China State Construction Engineering Corp. Ltd	KSH	PV 84178 WA 15	154,613,836	Kulamawe- Modogashe IPC 04 IDA KSHS
6	16/11/2023	China State Construction Engineering Corp. Ltd	USD	PV 85481 WA 18	320,460,098	Isiolo - Kulamawe IPC 05 IDA (USD)
7	16/11/2023	China State Construction Engineering Corp. Ltd	USD	PV 85483 WA 17	233,027,366	Kulamawe - Modogashe IPC 05 IDA (USD)
8	07/02/2024	China State Construction Engineering Corp. Ltd	USD	PV 87877 WA 19	318,677,312	Isiolo-Kulamawe IPC 06 IDA USD
9	07/02/2024	China State Construction Engineering Corp. Ltd	KSH	PV 87876 WA 20	136,575,991	Isiolo-Kulamawe IPC 06 IDA KSHS
10	07/02/2024	China State Construction Engineering Corp. Ltd	USD	PV 88055 WA 21	418,591,474	Kulamawe - Modogashe IPC 06 IDA (USD)
11	07/02/2024	China State Construction Engineering Corp. Ltd	KSH	PV 88056 WA 22	130,565,567	Kulamawe - Modogashe IPC 06 IDA (KSHS)
12	15/03/2024	China State Construction Engineering Corp. Ltd	USD	PV 88453 WA 23	137,993,276	Isiolo-Kulamawe IPC 07 IDA USD
13	21/05/2024	China State Construction Engineering Corp. Ltd	KSH	PV 90445 WA 31	87,558,864	Isiolo-Kulamawe IPC 08 IDA KSHS
14	21/05/2024	China State Construction Engineering Corp. Ltd	USD	PV 90446 WA 32	204,304,017	Isiolo-Kulamawe IPC 08 IDA USD
15	11/04/2024	China State Construction Engineering Corp. Ltd	USD	PV 88055 WA 25	223,651,478	Kulamawe - Modogashe IPC 07 IDA (USD) LOT : 2
16	11/04/2024	China State Construction Engineering Corp. Ltd	KSH	PV 89388 WA 26	120,427,719	Kulamawe - Modogashe IPC 07 IDA (KSHS) LOT : 2
17	06/05/2024	Longjian Road and Bridge	KSH	PV 89912	180,679,111	Tarbach Kotulo
18	06/05/2024	Longjian Road and Bridge	USD	PV 89913	722,716,445	Tarbach Kotulo
19	06/05/2024	Zhongmei Engeneering Group	KSH	PV 89914	113,679,389	Kotulo-Kobo
20	06/05/2024	Zhongmei Engeneering Group	USD	PV 89717	791,411,279	Kotulo-Kobo
Total Disbursements by IDA					5,088,467,745	

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Annex 7: DA Statement

Run Date: 02/07/2024 Run Time: 11:37:06 STATEMENT OF ACCOUNT PAGE NO : 1
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA ACCOUNT NUMBER : 1000474815
 P.O.BOX 60000-0200
 NAIROBI ACCOUNT TITLE : HOFGDP-KENHA
 STATEMENT PERIOD: From 01/07/2023 To 30/06/2024

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :			278,216.71			
NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
1	25/07/2023	FT232069X7MF	DFCC INWARDS		0.00 725,097.43	1003314.14
2	26/09/2023	FT23269KGB1S	PA 131628	-1,003,314.14	0.00	0
3	05/10/2023	FT232781QG9J	FUNDING		0.00 979,428.69	979428.69
4	29/11/2023	FT23333419SMY	PA133021	-979,428.69	0.00	0
5	21/12/2023	FT23355XHD5Y	FUNDING		0.00 2,684,049.98	2684049.98
6	18/03/2024	FT24078039P8	PA133092	-2,684,049.98	0.00	0
7	26/03/2024	FT24086BT1HWJ	FUNDING		0.00 3,241,732.94	3241732.94
8	25/04/2024	FT24116CJGFX	PA 133120	-3,241,732.94	0.00	0
9	26/06/2024	FT24178KGLKL	PROJECT FUNDING		0.00 1,473,168.78	1473168.78

CLOSING BALANCE : 1473168.78

END OF ACCOUNT STATEMENT

Favourites TAM.E.STMT.OF.ACCT.EPRM [More Options](#) [Find](#)
[Clear Selection](#)

Account equals ▼ 1000474815
 Statement From equals ▼ 20230701
 Statement To equals ▼ 20240630

TAM.E.STMT.OF.ACCT.EPRM