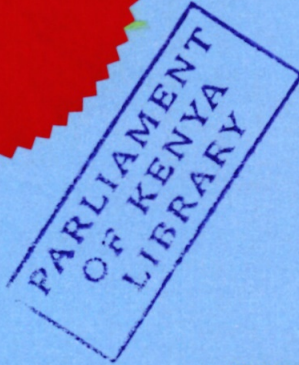


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

OF

DATE: 03 DEC 2024

DAY:

Tuesday

THE AUDITOR-GENERAL

TABLED

BY:

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Hon. Silvanus Osoro

Irene Nduku

ON

**KENYA OFF-GRID SOLAR ACCESS PROJECT
FOR UNDESERVED COUNTIES
(IDA CR.NO.6135-KE)**

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

**RURAL ELECTRIFICATION AND
RENEWABLE ENERGY CORPORATION**



**KENYA OFF-GRID SOLAR ACCESS PROJECT
FOR
UNDERSERVED COUNTIES
(KOSAP)**

RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

**PROJECT CREDIT NUMBER:
IDA CR NO.6135KE**

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)**

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1. Acronyms and Definition of Terms

| | |
|----------------|--|
| REREC | Rural Electrification and Renewable Energy Corporation |
| KOSAP | Kenya Off-grid Solar Access Project |
| CBK | Central Bank of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PSASB | Public Sector Accounting Standards Board |
| PFM | Public Finance Management |
| NT | National Treasury |
| WB | World Bank |
| KPLC | Kenya Power and Lighting Company Limited |
| CRA | Commission on Revenue Allocation |
| BER | Bid Evaluation Report |
| SBER | Standard Bid Evaluation Report |
| Comparative FY | Financial year preceding the current financial year |

2. Project Information and Overall Performance

2.1 Name and registered office

Name: Kenya Off-grid Solar Access Project for underserved Counties.

Objective:

The key objective of the project is to significantly enhance access to modern energy services in underserved counties across Kenya. By focusing on areas with limited or no electricity access, KOSAP aims to bridge the energy gap through the deployment of off-grid solar solutions. This initiative is designed to improve the quality of life for communities by providing reliable and sustainable energy sources, thereby fostering economic growth and development in these regions.

KOSAP's approach involves a comprehensive strategy that includes the installation of solar mini-grids, standalone solar systems, and solar water pumps. These interventions are expected to contribute to increased educational and economic opportunities, improved healthcare services, and better overall living conditions. By targeting underserved counties, KOSAP not only addresses immediate energy needs but also supports long-term sustainable development goals, ensuring that the benefits of modern energy reach those who need them most.

Address:

The project headquarters offices are in Nairobi, Kenya.

The address of its registered office is:

Kawi House, Off Red Cross Road, South C
P.O Box 34585 - 00100,
Telephone: (254) 709193000/3600
E-mail: info@rerec.co.ke,
Website: www.rerec.co.ke

Project Information and Overall Performance (Continued)

2.2 Project Information

| | |
|----------------------|--|
| Project Start Date: | The project start date is 5 th September, 2017 |
| Project End Date: | The project end date is 31 st May, 2025 |
| Project Coordinator: | The project coordinator is Mr. Edward Gakunju |
| Project Sponsor: | The project sponsor is International Development Association (IDA), which will contribute 100% of project costs. |

2.3 Project Overview

| | |
|--------------------------------|--|
| Line Ministry | The project is under the supervision of the Ministry of Energy and Petroleum. |
| Project number | IDA Credit Number 6135-KE |
| Strategic goals of the project | The strategic goals of the project are as follows: (i) Mini-grids for Community Facilities, Enterprises, and Household (Component 1) (ii) Standalone Solar System and Clean Cooking Solutions for Households (Component 2) (iii) Standalone Solar Systems and Solar Water Pumps for Community Facilities (Component 3) (iv) Implementation Support and Capacity Building (Component 4) |
| Achievement of strategic goals | The project management strategy involves several key agencies: the Ministry of Energy (MoE), KPLC, and REREC. KPLC and REREC are responsible for implementing Components 1 and 3. Component 2 is managed by the MoE with the help of a |

| | |
|--|---|
| | <p>competitively selected consortium of debt and grant facility managers. Additionally, the MoE will oversee the implementation of Component 4.</p> |
| <p>Other important background information of the project</p> | <p>The proposed project aims to support the Government of Kenya’s objective of providing energy services to all Kenyan consumers. It plans a comprehensive range of investments to deliver modern energy services to households, businesses, and community facilities. The project will use practical business models to attract private sector investment, ensure sustainable services, and enhance efficiency. A significant technical assistance (TA) component is proposed to support a broad consumer education campaign, establish a new Strategic Planning and Program Management (SPPM) unit to coordinate sector planning and National Electrification Strategy (NES) implementation, and initiate an inclusive county capacity-building program based on needs assessment.</p> <p>The project area is divided into six lots (referred to as ‘service territories’ hereon) based on county allocations. These allocations are determined by factors such as the scale of challenges (un-electrified population and community facilities), poverty index, and population density. This approach aims to (a) achieve the greatest impact with limited IDA resources, (b) address the areas with the most significant need, (c) account for additional costs due to low population density, and (d) ensure equitable benefits across counties. The division into lots enables economies of scale in procurement and encourages long-term private sector presence in these underserved counties. All procurements for the proposed project will follow this lot-</p> |

| | |
|--|--|
| | based approach. |
| Areas that the project was formed to intervene | The 14 underserved counties collectively account for 72 percent of the country’s total land area and 20 percent of its population, including historically nomadic societies that still rely on pastoralism. Their population is highly dispersed, with a density four times lower than the national average. These counties face severe infrastructure deficits, including a lack of access to roads, electricity, water, and social services. Additionally, significant insecurity in some areas has led to substantial numbers of displaced persons and livelihood adaptations, which further undermine economic prosperity. |
| Project duration | The project commenced on September 5, 2017, and is scheduled to run until May 31, 2025. (7) years, (8) months and (27) days |

2.4 Bankers

The project bank details are as below:

Co-operative Bank of Kenya
Mombasa Road Branch
Account No. 01141125016301
Nairobi - Kenya.

2.5 Auditors

The project is audited by the:

Auditor-General,
Office of the Auditor-General,
Anniversary Towers, University Way,
P. O. Box 30084-00100,
Nairobi - Kenya.

Project Information and Overall Performance (Continued)

2.6 Roles and Responsibilities

| No. | Names and contact details | Title designation | Key Qualifications | Responsibilities |
|-----|--|-------------------|--|--|
| 1. | Eng. Fred Tom Ishugah +254724368489 Fred.ishugah@rerec.co.ke | Project Manager | Master's Degree in Power Engineering and Engineering Thermal Physics | <ul style="list-style-type: none"> • Overall management of project activities • Coordinate and approve project implementation activities as per the work plan and reports • Coordinate the review of project designs • Attend project coordination and management meetings |

| No. | Names and contact details | Title designation | Key Qualifications | Responsibilities |
|-----|---|---------------------|---|---|
| 2. | Mr. Edward Gakunju +254722244879 Edward.gakunju@rerec.co.ke | Project Coordinator | Master's Degree in Economic Policy Management | <ul style="list-style-type: none"> • Support the Project Manager in coordinating project activities. • Support the coordination of project implementation activities according to the work plan • Support in the preparation of project implementation reports. • Participate in project coordination meetings. |
| 3. | CPA Walter Nduta +254707879796 Walter.nduta@rerec.co.ke | Project Accountant | BBM(Accounting), C.P.A (K) | <ul style="list-style-type: none"> • Preparation of the project's financial reports. • Process of project-related |

| No. | Names and contact details | Title designation | Key Qualifications | Responsibilities |
|-----|---|------------------------|---|--|
| | | | | payments. |
| 4. | Mr. Festus Kasonzo +254722138880 Festus.kasonzo@rerec.co.ke | Procurement Specialist | Master's Degree in Procurement and Supplies | <ul style="list-style-type: none"> • Preparation of projects procurement plans • Preparation of bid documents. • Coordinate tendering evaluation and award notifications. • Coordination of procurement activities of the project. |

2.7 Funding summary

The Project is for duration of 7 years, 8 months, and 27 days, from September 5, 2017, to May 31, 2025 with an approved budget of Euros €28 million, which is equivalent to Kshs. 3.5 billion, as detailed in the table below:

*Kenya Off-grid Solar Access Project for underserved Counties
Annual Report and Financial Statements for the financial year ended 30 June, 2024*

Project Information and Overall Performance (Continued)

Below is the funding summary:

A. Source of Funds

| Source of funds | Donor Commitment | | Amount received to date (30.06.2024) | | Undrawn balance to date (30.06.2024) | |
|---|-------------------|----------------------|---|--------------------|---|----------------------|
| | Euros (A) | Kshs (A') | Euros (B) | Kshs (B') | Euros (A)-(B) | Kshs (A')-(B') |
| (i) Loan | | | | | | |
| International Development Association (IDA) | 28,000,000 | 3,500,000,000 | 870,000 | 110,868,972 | 27,130,000 | 3,389,131,028 |
| (ii) Counterpart funds | | | | | | |
| Government of Kenya (GOK) | - | - | - | - | - | - |
| Total | 28,000,000 | 3,500,000,000 | 870,000 | 110,868,972 | 27,130,000 | 3,389,131,028 |

Kenya Off-grid Solar Access Project for underserved Counties
Annual Report and Financial Statements for the financial year ended 30 June, 2024

Project Information and Overall Performance (Continued)

B. Application of Funds

| Application of funds | Amount received to date (30th June 2024) | | Cumulative amount paid to date (30th June 2024) | | Unutilised balance to date (30th June 2024) | |
|---|---|--------------------|--|-------------------|--|-------------------|
| | Euros | Kshs | Euros | Kshs | Euros | Kshs |
| | (A) | (A') | (B) | (B') | (A)-(B) | (A')-(B') |
| (i) Loan | | | | | | |
| International Development Association (IDA) | 870,000 | 110,868,972 | 256,920 | 32,740,775 | 613,080 | 78,128,197 |
| (ii) Counterpart funds | | | | | | |
| Government of Kenya (GOK) | - | - | | - | - | - |
| Total | 870,000 | 110,868,972 | 256,920 | 32,740,775 | 613,080 | 78,128,197 |

Project Information and Overall Performance (Continued)

2.8 Summary of Overall Project Performance

- i) Budget performance against actual amounts for current year and for cumulative to-date.
- ii) Physical progress based on outputs, outcomes, and impacts since project commencement.
- iii) Comment on value-for-money achievements.
- iv) Indicate the absorption rate for each year since the commencement of the project.
- v) List the implementation challenges and recommended way forward.

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

During the year under review, the project did not receive any funding, with actual receipts totaling Kshs. 0.00 against a final budget of Kshs. 400,000,000. The project incurred expenditures of Kshs. 24,692,155, significantly below the budgeted amount, resulting in an underutilization of Kshs. 375,307,845, or 94% of the budget.

Cumulatively, the project's financial records reflect total receipts of Kshs. 110,868,972 and total payments of Kshs. 32,740,775. The low absorption rate is due to delays in project implementation, primarily related to lengthy land acquisition and procurement processes for both Mini-Grids for Community Facilities, Enterprises, and Households (Component 1) and Standalone Solar Systems and Solar Water Pumps for Community Facilities (Component 3). These factors have impacted the timely receipt and effective utilization of funds, influencing the overall progress of the project

Project Information and Overall Performance (Continued)

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

The project is scheduled to conclude on May 31, 2025. Currently, Component 4 is focused on preparatory work to support the implementation of Components 1 and 3. This includes essential activities to ensure the smooth implementation of these components. Detailed progress for each component is outlined below.

Mini-grids for Community facilities, Enterprises, and Households

The Mini-Grids for Community Facilities, Enterprises, and Households component is being implemented collaboratively by Kenya Power & Lighting Company (KPLC) and the Rural Electrification and Renewable Energy Corporation (REREC). This component encompasses the procurement, construction, operation, and maintenance of mini-grids across four underserved counties: Turkana, Marsabit, Samburu, and Isiolo. The initiative aims to deploy a total of 31 mini-grids, which are expected to benefit approximately 15,235 prospective users.

The implementation of this component is divided into two packages: KPLC will manage the delivery and installation of eight lots, while REREC will oversee six lots. Additionally, the project includes a seven-year operation and maintenance (O&M) period for the mini-grids, with the option for the client to renew the O&M contract as needed. This approach ensures long-term sustainability and reliability of the mini-grid infrastructure.

Key Achievements

The Rural Electrification and Renewable Energy Corporation (REREC) and Kenya Power & Lighting Company (KPLC) finalized and submitted the mini-grid bidding documents to the Bank, which issued a No objection to proceed. The bid advertisement was published on August 29, 2023, and the bidding period closed

Project Information and Overall Performance (Continued)

on December 8, 2023. The evaluation of bids commenced on December 17, 2023, and was completed by February 29, 2024.

On March 28, 2024, the Corporation submitted the bid evaluation report along with the post-evaluation due diligence report through STEP. The Bank provided initial feedback on April 12, 2024, requesting the inclusion of specific sections from each bid that justified reasons for disqualification at the preliminary and technical stages.

Following this, on June 4, 2024, the World Bank issued additional comments and required the bid evaluation report to be updated to a new template, which was shared on June 7, 2024. An appeal to submit the current report without adopting the new template was declined. The Evaluation Committee adhered to the new requirements, completing the updated report on July 7, 2024.

On July 14, 2024, the Corporation submitted the revised Standard Bid Evaluation Report (SBER), the post-evaluation due diligence report, and supporting evidence to the World Bank for final approval. Feedback from the World Bank to review the recommendation was issued on July 31, 2024 and correction on the recommendation resubmitted on August 9, 2024. Once the Bank provides its No objection and procurement procedures are finalized, the Corporation will award contracts to the successful bidders, and construction of the mini-grids will commence.

Additionally, community engagement efforts related to land acquisition have been successfully completed across all targeted counties. Compensation projects for land donated for the mini-grids have been identified and are underway, ensuring that community support and land use are effectively managed.

Project Information and Overall Performance (Continued)

A Stand-alone solar system for community facilities

Standalone Solar Systems and Solar Water Pumps for community facilities to be implemented by REREC and KPLC. This component has two subcomponents: Sub-component **3A**-Standalone Solar Systems for community facilities which will be implemented as one package with 11 lots and Sub-component **3B**-Solar Water Pumps for Community Facilities.

Key Achievements

The Ministry requested the Bank's approval to transfer procurement responsibilities to the Rural Electrification and Renewable Energy Corporation (REREC) and Kenya Power & Lighting Company (KPLC). The Bank granted this request, enabling REREC and KPLC to expedite the procurement process. The bidding and installation process for solar pumps in 14 counties was conducted, with submissions made and subsequently approved by the World Bank. The advertisement for bidders was also completed.

Bid evaluation was conducted in September 2022. Following this, a comprehensive due diligence process was undertaken and successfully completed. The due diligence report was submitted to the World Bank through STEP on June 29, 2023, for review and concurrence.

However, the procurement process faced a setback when the tender was terminated in July 2023. This termination occurred because the bid validity expired prior to the clearance of the Bid Evaluation Report by the World Bank.

In response, the Corporation prepared a new set of bid documents. These documents have been submitted and are currently under review by the World Bank. This review is being impacted by recent changes in the World Bank's Standard Procurement Documents (SPD) for international market approaches.

Project Information and Overall Performance (Continued)

iii) Comment on value-for-money achievements

Major consultancies have been completed during the preparatory stage. The delivery of bidding documents is complete, and their publication will pave the way for the implementation of Component 1. Component 2 is actively underway, with disbursements to Solar Service Providers and Clean Cooking Stove Service Providers currently in progress. Component 3 remains in the preparatory phase.

Activities in Component 4 are ongoing and are facilitating the progress of Components 1, 2, and 3. Measures are in place to ensure value for money through a project monitoring and evaluation strategy adopted by the Project Coordinating Unit (PCU).

iv) Absorption rate for each year since the commencement of the project.

The absorption rate for the World Bank's funding commitment stands at 3.1%. To date, the Bank has disbursed €870,000 (equivalent to Kshs. 110,868,972) against a total commitment of €28,000,000 (equivalent to approximately (Kshs. 3,500,000,000)).

The low absorption rate can be attributed to an extended procurement process, which has been significantly influenced by the complex requirements imposed by the Bank. These requirements pertain to various parameters and items necessary for the implementation of Mini-grids intended for Community facilities, Enterprises, and Households, as well as Stand-alone solar systems for community facilities. This intricate procurement framework has contributed to delays in the utilization of the committed funds.

v) Implementation challenges and recommended way forward.

a) Delay in Finalization of Land Valuation: The delay in the finalization of the land valuation for the mini-grids was primarily due to inadequate budgetary allocation for this essential exercise. The valuation was conducted by the

Project Information and Overall Performance (Continued)

National Land Commission, with coordination managed by the Ministry of Energy and Petroleum. Additional budgetary resources have since been allocated, and the valuation exercise has been successfully completed. Moving forward, it is crucial to ensure timely budget allocation for such critical activities to avoid similar delays in future projects.

- b) Ineffectiveness of the Bank's E&S Advisory: The Environmental and Social (E&S) experts from the Bank failed to provide timely and appropriate advice regarding acceptable methods for acquiring unregistered community land, a significant portion of which is utilized by the Mini-grid sites under the Kenya Off-Grid Solar Access Project (KOSAP). This shortfall in advisory support has led to delays in the bidding process for the mini-grids. It is recommended that the Bank improve its advisory services to offer more precise and timely guidance, especially for projects involving complex land acquisition scenarios.
- c) Ambiguity in Voluntary Land Donation Criteria: There has been a lack of clarity regarding the applicability of voluntary land donation criteria in the KOSAP context, particularly concerning unregistered community land. The Ministry of Lands and Physical Planning has since provided guidance, stipulating that land acquisition should be limited to areas designated for public purposes and that compensation in kind should be considered for unregistered community land. To prevent future confusion and delays, it is essential to incorporate these guidelines into project planning and execution processes.
- d) Insecurity Impacting Project Phases: Insecurity in certain areas poses a potential risk to the construction and installation phases of the project. To address this, the project has developed a comprehensive security plan, which has been submitted to the Bank for review and approval. Effective implementation of this security plan is crucial to ensure the safety of project

Project Information and Overall Performance (Continued)

personnel and assets, thereby mitigating risks associated with regional instability.

- e) Prolonged Procurement Process: The procurement process has experienced delays due to the complexity of bid evaluations and the numerous parameters and items required by the Bank. The corporation has adhered to the Bank's procurement process, submitting the Standard Bid Evaluation Report (SBER) for review and requesting a No Objection to proceed with the award to the proposed responsive bidders. To enhance efficiency, it is recommended that the Bank streamline the procurement process and reduce the complexity of evaluation criteria where feasible.

2.9 Summary of Project Compliance

The project demonstrated exemplary adherence to all relevant laws, regulations, and external financing agreements, including those with the World Bank. There were no significant instances of non-compliance, highlighting the project's commitment to legal and regulatory frameworks and ensuring that operations remained within the established legal parameters. This compliance not only mitigates legal risks but also strengthens the project's credibility and operational integrity.

Additionally, the project successfully met all requirements set forth in its external financing agreements, maintaining stringent financial management standards and fulfilling reporting obligations. By adhering to the covenants specified in these agreements, the project preserved its good standing with financiers, securing continued support and demonstrating robust accountability and effective management throughout its implementation.

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/county government entity's performance against predetermined objectives at the end of each financial year.

The key Development Objective of the project's agreement/ plan is to increase access to modern energy services in underserved counties in Kenya. This shall be achieved through the following: -

- i. Mini-grids for Community Facilities, Enterprises, and Households
- ii. Stand-alone Solar Systems and Clean Cooking Solutions for Households
- iii. Stand-alone Solar Systems and Solar Water Pumps for Community Facilities

Project Beneficiaries

The project is designed to benefit households, enterprises, and both community and public facilities across 14 target counties. These areas, characterized by marginalized and underserved populations, will gain access to modern, climate-friendly infrastructure services for the first time. The project aims to provide electricity, improved water solutions, and enhanced cooking technologies, replacing traditional fuels and outdated methods that are often inefficient and harmful to health.

The target counties are recognized as marginalized by the Commission on Revenue Allocation (CRA) and predominantly comprise cash-poor, remote, indigenous, and pastoralist communities. Many of these regions have faced substantial security challenges in recent years, further exacerbating their socio-economic hardships. By introducing critical infrastructure such as reliable energy and clean water, the project is poised to significantly improve the quality of life for these communities. The provision of these essential services is expected to foster economic development, enhance public health, and contribute to greater social stability, thereby having a transformative impact on the region's overall well-being.

Progress on attainment of strategic development objectives

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

| Objective | Indicator | Performance |
|--|--|--------------------|
| Mini-grids for Community Facilities, Enterprises and Households | No. of people provided with new or improved electricity service | On going |
| | No. of enterprises provided with new or improved electricity service | On going |
| | No. of enterprises provided with new or improved electricity service, of which headed by women | On going |
| Stand-alone Solar Systems and Clean Cooking Solutions for Households | Households provided with new or improved electricity service | On going |
| | Households provided with new or improved electricity service, of which headed by women | On going |
| Stand-alone Solar Systems and Solar Water Pumps for Community Facilities | Community facilities provided with new or improved electricity service | On going |

4. Environmental and Sustainability Reporting

The project's fundamental purpose is to transform lives, a mission that drives and shapes all our efforts and strategic direction. This commitment to transformative impact underpins every aspect of our operations, ensuring that our activities align with our sustainability goals. Our approach is guided by this core purpose, which motivates us to pursue innovative and effective solutions.

Our sustainability-focused activities are designed to deliver modern, climate-friendly infrastructure and services. These initiatives include developing clean energy solutions, improving water access, and enhancing public health through safer alternatives to traditional fuels. By addressing the needs of underserved and marginalized communities, we strive to promote economic empowerment, social equity, and overall well-being, reinforcing our dedication to achieving sustainable and meaningful change. Below is a brief highlight of our activities that drive towards sustainability.

i) Sustainability strategy and profile

The Corporation is dedicated to advancing sustainable environmental management and the responsible utilization of natural resources to yield socio-economic benefits. In the 2019/2020 period, several measures were introduced to enhance sustainable energy resource management. Key initiatives include the implementation of the Energy Act 2019, which involves the development and review of various regulations (currently in draft form) to guide the sustainable use of energy resources. Additionally, the formulation of the Kenya Energy Efficiency and Conservation Strategy and the Bio-energy Strategy aims to foster the development and sustainable utilization of bio-energy resources in Kenya.

Further strategies include the protection of riparian lands and the reforestation of hydro dam catchment areas. This involves both direct engagement in reforestation activities and the provision of seedlings to communities residing in project areas. These measures collectively reflect the Corporation's commitment to fostering sustainable environmental

practices and supporting local communities in achieving long-term socio-economic benefits.

ii) Environmental performance

The proposed project underwent screening by the World Bank and was classified as Environmental Category B Partial Assessment, based on the assumption that no major civil works or significant physical or economic displacement would occur. The project has triggered four World Bank safeguard policies: (a) OP/BP 4.01 (Environmental Assessment); (b) OP/BP 4.04 (Natural Habitats); (c) OP/BP 4.10 (Indigenous Peoples); and (d) OP/BP 4.12 (Involuntary Resettlement).

The Environmental Assessment Policy (OP/BP 4.01) was triggered due to the planned activities outlined in Components 1 through 3. Potential environmental impacts include civil works related to the construction of mini-grids in remote areas (Component 1), installation of stand-alone systems for households (Component 2), and Solar PV systems for water pumping (Component 3). Additionally, there are concerns regarding the environmental and health impacts associated with the recycling and disposal of spent batteries used in solar systems. These batteries, which may include nickel-cadmium (Ni-Cad), nickel-metal hydride (NiMH), lithium-ion (Li-ion), lead-acid (Pb-A), or lead-gel (Pb-gel), should not be disposed of in standard landfills due to their potential to cause long-term environmental and health issues. Heavy metals such as mercury, lead, cadmium, and nickel, as well as acids, can pose serious health risks, including headaches, skin irritation, respiratory problems, and even cancer. Effective management of these batteries—encompassing de-manufacturing, collection, storage, recycling, transport, and disposal—is crucial. Although these impacts are reversible, localized, and can be mitigated cost-effectively, they present significant environmental and social challenges.

The Natural Habitats Policy (OP/BP 4.04) has also been triggered, as project activities under Components 1 and 3 may affect natural habitats. This includes the erection of poles, construction of mini-grids, and installation of solar water pumping equipment, which could impact local ecosystems.

iii) Employee welfare

The Corporation's recruitment practices are governed by several key policies, ensuring a structured and equitable approach. These include the PSC Recruitment and Selection Policy, the Delegation of PSC HRM Functions to the Cabinet Secretary (July 2018), the Framework for Short-Term Employment in the Public Service (May 2019), and the Human Resources Policies and Procedures Manual for the Public Service (May 2016). These guidelines facilitate the promotion of common cadre positions under the delegated powers, with a focus on maintaining gender and regional balance.

For skills enhancement and career development, the Corporation adheres to the Human Resource Development Policy for the Public Service (June 2015) and the Guidelines on Managing Training in the Public Service. These policies support the Corporation's efforts to provide targeted training programs for career advancement and promotions, as well as group training initiatives tailored to various cadres.

In performance management, the Corporation has implemented a Performance Appraisal System (PAS), in alignment with the guidelines for Performance Reward and Sanctions in the Public Service and the Performance Rewards and Sanctions Framework. This system ensures that staff performance is regularly evaluated and rewarded appropriately.

Additionally, the Corporation has established its own Occupational Safety and Health (OSH) Policy, referencing the Occupational Safety and Health Act of 2007. An OSHA Committee is in place to oversee compliance with OSHA regulations, ensuring the safety and security of both staff and Corporation assets.

iv) Marketplace Practices

In reference to the World Bank, REREC (Rural Electrification and Renewable Energy Corporation) aligns its marketplace practices with the Bank's stringent standards for transparency, accountability, and sustainability. The Corporation adheres to World Bank policies to ensure ethical operations, effective stakeholder engagement, and responsible management of energy projects.

a) Responsible Supply chain and supplier relations

Procurement activities conducted in compliance with World Bank Procurement Regulations, as outlined in Section 3.7, include the following practices:

- i) **Timely Information:** Provide timely and sufficient information to bidders, proposers, and consultants, including notifications of intention to award and debriefings. This enables them to understand the basis of the Borrower's decision and make informed choices about lodging any complaints challenging that decision.
- ii) **Prompt Acknowledgment:** Acknowledge complaints received promptly to ensure that concerns are addressed without delay.
- iii) **Fair Resolution:** Resolve complaints promptly and fairly, while preserving the confidentiality and proprietary information of other applicants, bidders, proposers, and consultants. This includes safeguarding commercial, financial information, and trade secrets as specified in their bids or proposals.
- iv) **Complete Records:** Maintain comprehensive records of all debriefings and complaints, along with their resolutions, to ensure transparency and accountability.
- v) **Bank Notification:** For contracts subject to prior review, promptly inform the World Bank of any submitted complaints and provide a copy of all relevant documents and information.
- vi) **Consultation with the Bank:** For contracts subject to prior review, consult with the World Bank promptly and forthrightly throughout the complaint review and resolution process.

b) Responsible ethical practices

Strict adherence to financiers Regulations on Annex IV of World Bank Regulations on Anti-corruption guidelines.

The Corporation strictly adheres to the anti-corruption guidelines outlined in Annex IV of the World Bank's procurement regulations, ensuring all operations are conducted with integrity and transparency. This involves implementing robust internal controls and anti-corruption policies to prevent bribery, fraud, and unethical

behavior, while maintaining a culture of ethical conduct through regular training and awareness programs for staff.

To uphold ethical standards, the Corporation conducts regular audits and reviews to monitor compliance, addressing any breaches promptly with appropriate actions. Transparency and accountability are central to its practices, with full openness in all financial transactions and decision-making processes, thus fostering stakeholder confidence and ensuring that all activities align with the highest levels of integrity.

c) Regulatory impact assessment

Ensuring adherence to the National Environment Management Authority (NEMA) guidelines is critical for the successful implementation of the project, as it helps to align activities with environmental regulations and standards. This compliance involves conducting thorough environmental impact assessments to identify, mitigate, and manage potential adverse effects associated with the project. By integrating NEMA's requirements into the project's operational framework, the Corporation not only meets regulatory obligations but also promotes sustainable development practices.

Additionally, the Corporation is committed to pursuing "green procurement," which prioritizes environmental considerations in the selection and management of suppliers. This approach encourages the procurement of goods and services from suppliers who demonstrate a strong commitment to environmental stewardship. By favoring suppliers who adhere to eco-friendly practices, the Corporation supports the broader goal of reducing the environmental footprint of its projects and fostering a market that values sustainability. This dual focus on regulatory compliance and green procurement enhances the project's overall environmental performance and contributes to long-term ecological sustainability.

v) Community Engagement

To foster acceptance and support for its projects, the Corporation has implemented several measures designed to engage and involve local communities effectively. Central to this effort is the operationalization of Stakeholders Coordination Committees, which serve as a formal mechanism for ongoing dialogue between the Corporation, project stakeholders, and local residents. These committees play a crucial role in facilitating communication, addressing community concerns, and ensuring that local voices are heard throughout the project lifecycle.

The Corporation has also rolled out a comprehensive community engagement strategy and policy, aimed at systematically involving the community in project planning and implementation. This strategy includes regular community meetings, information dissemination, and feedback mechanisms to keep residents informed and actively involved in the project's progress.

Furthermore, the Corporation prioritizes local employment and involvement in project activities. During the implementation of energy projects, efforts are made to provide job opportunities to local residents, thus contributing to local economic development. Additionally, local communities are engaged in the land acquisition process, ensuring that their interests and rights are considered and respected. By integrating these practices, the Corporation not only enhances project acceptance but also promotes sustainable development and strengthens community relations.

5. Statement of Project Management Responsibilities

The Chief Executive Officer of Rural Electrification and Renewable Energy Corporation and the Project Manager 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 arrangement and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project;
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv) Safeguarding the assets of the project;
- v) Selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer and the Project Manager for KOSAP Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Chief Executive Officer and the Project Manager for KOSAP Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The Chief Executive Officer and the Project Manager for further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

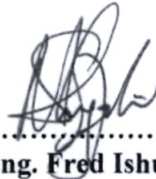
The Chief Executive Officer and the Project Manager for KOSAP Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements


The Project financial statements were approved by the Chief Executive Officer and the Project Manager for KOSAP on 26th Aug, 2024 and signed by them.



.....
CS Dr. Rose Mkalama
Chief Executive
Officer

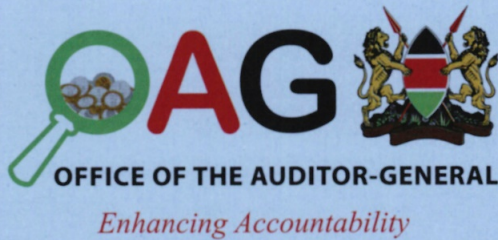


.....
Eng. Fred Ishugah
Project Manager



.....
CPA Walter Nduta
Project Accountant
ICPAK Member No:23665

REPUBLIC OF KENYA



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HEADQUARTERS
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Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA OFF-GRID SOLAR ACCESS PROJECT FOR UNDESERVED COUNTIES (IDA CR.NO.6135-KE) FOR THE YEAR ENDED 30 JUNE, 2024 – RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

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 the 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 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 Kenya Off-Grid Solar Access Project for Undeserved Counties set out on pages 1 to 51, 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 statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Off-Grid Solar Access Project for Underserved Counties 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 Financing Agreement for Kenya Off Grid Solar Access Project for Underserved Counties Credit number 6135-KE between Republic of Kenya and International Development Association dated 5 September, 2017 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Off-Grid Solar Access Project for Underserved Counties 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.400,000,000 and Kshs.24,692,155 respectively, resulting in an under-expenditure of Kshs.375,307,845 or 94% of the budget. The under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved prior year issues

In the audit of the previous year, several matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, although Management has indicated as having resolved several of those matters in annex 1 to the financial statements, no evidence was provided to support that status. In addition, no indication was given on when the matters indicated as pending will be resolved.

In the circumstances, Management was in breach of the law.

Other Information

Management is responsible for the other information set out on page v to xxxi which comprise of the 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.

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

In connection with my audit on the Kenya Off-Grid Solar Access Project for Undeserved Counties 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 and based on the audit procedures performed, except for the matter(s) described in the Basis for Conclusion, 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

1. Delay In acquisition of Land for Project Sites

Note 13.8 to the financial statements on other important disclosures on land ownership indicates that the Corporation was in the process of securing 31 project sites for development of mini-grids for the project. The Note further indicates that the responsibility

for land acquisition was placed under the Ministry of Energy and Petroleum, which had so far secured gazettelement of the project sites. However, with the project having been implemented for over seven years and set to expire within a year, in May, 2025, it was not clear how the Corporation intends to secure the sites and implement the project within the remaining period. In addition, Management did not provide a comprehensive progress report on land acquisition.

In the circumstances, successful implementation of the project as intended could not be ascertained.

2. Slow absorption of Project Funds

As disclosed under Paragraph 2.7 of the Project information, the Project was earmarked to close on 31 May, 2025. The paragraph, further in the funding summary indicates that the Donor had made commitment of EUR 28,000,000 equivalent to Kshs.3,500,000,000 as at 30 June, 2024. However, actual drawdowns during the project life amounted to EUR 870,000 equivalent to Kshs.27,130,000 leaving out Kshs.3,389,131,028 or 97% undrawn. The credit was set to lapse on 31 May, 2025, which was 11 months away. Management indicated that a request had been made to The National Treasury to request for an extension of the credit to 30 September, 2026. However, the response to the request was not provided for review.

In addition, Management indicated that the continued delay of the project implementation had necessitated downscaling of the envisaged project target of setting up fifty-seven (57) mini grids to thirty-one (31). The scaling down of mini grids implies that the targeted number of households and community amenities will not be achieved thus affecting service delivery to the public.

In the circumstances, the effectiveness in implementation of the project, and value for money obtained for financing project activities could not be confirmed.

3. Delays in Procurement Processes

Review of tenders issued during the year under review revealed delays in processes causing implementation as detailed below:

- i. Management advertised for a tender for design, supply, installation and maintenance of solar PV pumping systems for community facilities in Garissa, Mandera, Wajir, Lamu, Kilifi, Kwale, Isiolo, Samburu, West Pokot, Turkana, Tana River, Marsabit, Taita Taveta and Narok with 3 years after sales service. Review of the tender documents revealed that the approval for the procurement was granted on 28 June, 2022, advertisement done on 5 July, 2022, tenders opened on 31 August, 2022, followed by evaluation of bids in September, 2022 and due diligence process concluded on 29 June, 2023. However, the tender was terminated in July, 2023 due to expiry of bid validity period prior to the clearance of the evaluation report by the World Bank. Management did not provide a way forward on how the works were to be executed since a retender was likely to experience similar delays thus affecting implementation of the project.

- ii. A tender for design, supply, installation and commissioning of solar photovoltaic generation plants with associated power distribution network (mini-grids) in Turkana, Marsabit, Samburu and Isiolo Counties a seven (7) year operations and maintenance services were advertised on 29 August, 2023. Evaluation of bids was completed on 29 February, 2024 and a report submitted to the World Bank for comments and approval. The Bank gave feedback on 31 July, 2024 which was incorporated in the resubmitted report of 9 August, 2024. However, the prolonged procurement process extended beyond the tender validity period expiry and the tender was likely to be terminated.

In the circumstances, effective and timely implementation of contracts for the project could not be confirmed. Further, the value for money incurred on procurement processes and opportunity cost on timely procurement may not be achieved.

4. Commitment Fees on Undrawn Financing Amount

Paragraph 2.7 of the Project information discloses that the Project was earmarked to close on 30 December, 2025. In addition, it indicates the funding summary of which the Donor had made a loan commitment totalling EUR 28,000,000 equivalent to Kshs.3,500,000,000 as at 30 June, 2024. However, actual drawdowns during the project life of over seven and a half (7½) years amounted to EUR 870,000 equivalent to Kshs.27,130,000 leaving out Kshs.3,389,131,028 or 97% of committed funds undrawn with less than a year to closure of the project on 31 May, 2024. Management did not provide mitigation measures taken to absorb the remaining funds.

Further, the financing agreement provides that undrawn loan balance will attract a commitment charge of 0.5%. As at 30 June, 2024, an equivalent of Kshs.3,389,131,028 or 97% of the loan commitment was undrawn, attracting a minimum of Kshs.16,945,655 commitment fee on undrawn amount during the year.

In the circumstances, the value for money incurred on payment of the commitment charge could not be ascertained

The audit was conducted in accordance with ISSAI 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance 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 and 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.

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 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 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

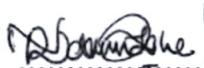
30 October, 2024


7. Statement of Receipts and Payments for the year ended 30th June 2024


| Description | Note | 2023-2024 | | | 2022-2023 | | | Cumulative to-date (From inception) |
|---|------|--|--------------------------------|---------------------|--|--------------------------------|--------------------|-------------------------------------|
| | | Receipts and payments controlled by the entity | Payments made by third parties | Total | Receipts and payments controlled by the entity | Payments made by third parties | Total | |
| | | KShs | KShs | KShs | KShs | KShs | KShs | KShs |
| Receipts | | | | | | | | |
| Transfer From Government Entities | 1 | - | - | - | - | - | - | - |
| Proceeds From Domestic And Foreign Grants | 2 | - | - | - | - | - | - | - |
| Loan From External Development Partners | 3 | - | - | - | - | - | - | 110,868,972 |
| Miscellaneous Receipts | 4 | - | - | - | - | - | - | - |
| Total Receipts | | - | - | - | - | - | - | 110,868,972 |
| Payments | | | | | | | | |
| Compensation Of Employees | 5 | - | - | - | - | - | - | - |
| Purchase Of Goods And Services | 6 | - | - | - | - | - | - | - |
| Social Security Benefits | 7 | - | - | - | - | - | - | - |
| Acquisition Of Non-Financial Assets | 8 | 24,690,860 | - | 24,690,860 | 8,048,500 | - | 8,048,500 | 32,739,360 |
| Transfers To Other Government Entities | 9 | - | - | - | - | - | - | - |
| Other Grants And Transfers And Payments | 10 | 1,295 | - | 1,295 | 120 | - | 120 | 1,415 |
| Total Payments | | 24,692,155 | - | 24,692,155 | 8,048,620 | - | 8,048,620 | 32,740,775 |
| Surplus/(Deficit) | | (24,692,155) | - | (24,692,155) | (8,048,620) | - | (8,048,620) | 78,128,197 |

*Kenya Off-grid Solar Access Project for underserved Counties
Annual Report and Financial Statements for the financial year ended 30 June, 2024*

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


.....
CS Dr Rose Mkalama
Chief Executive Officer

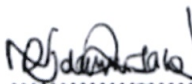

.....
Eng. Fred Ishugah
Project Manager


.....
CPA Walter Nduta
Project Accountant
ICPAK Member No:23665

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

| Description | Note | 2023-2024 | 2022-2023 |
|---|------|-------------------|--------------------|
| | | KShs | KShs |
| Financial Assets | | | |
| Cash And Cash Equivalents | | | |
| Bank Balances | 11.A | 78,128,197 | 102,811,952 |
| Cash Balances | 11.B | - | - |
| Cash Equivalents (Short Term Deposits) | 11.C | - | - |
| Total Cash And Cash Equivalents | | 78,128,197 | 102,811,952 |
| Accounts Receivables – Imprest And Advances | 12 | - | 8,400 |
| Total Financial Assets (A) | | 78,128,197 | 102,820,352 |
| Financial Liabilities | | | |
| Third Party Deposits And Retentions | 13 | - | - |
| Total Financial Liabilities (B) | | - | - |
| Net Financial Assets (A-B) | | 78,128,197 | 102,820,352 |
| Represented By | | | |
| Fund Balance B/Fwd | 14 | 102,820,352 | 110,868,972 |
| Prior Year Adjustments | 15 | - | - |
| Surplus/Deficit For The Year | | (24,692,155) | (8,048,620) |
| Net Financial Position | | 78,128,197 | 102,820,352 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 26th Aug. 2024 and signed by:


.....
CS Dr Rose Mkalama
Chief Executive officer


.....
Eng. Tom Ishugah
Project Manager

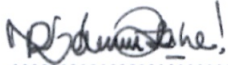

.....
CPA Walter Nduta
Project Accountant
ICPAK Member No:23665

9. Statement of Cash flow for the year ended 30th June, 2024

| Description | Note | 2023-2024 | 2022-2023 |
|--|-------------|---------------------|--------------------|
| | | KShs | KShs |
| Cashflows From Operating Activites | | | |
| Receipts | | | |
| Transfer From Government Entities | 1 | - | - |
| Proceeds From Domestic And Foreign Grants | 2 | - | - |
| Miscellaneous Receipts | 4 | - | - |
| Total Receipts | | | |
| Payments | | | |
| Compensation Of Employees | 5 | - | - |
| Purchase Of Goods And Services | 6 | - | - |
| Social Security Benefits | 7 | - | - |
| Transfers To Other Government Entities | 9 | - | - |
| Other Grants And Transfers | 10 | 1,295 | 120 |
| Total Payments | | | |
| Adjustments During The Year | | | |
| Prior Year Adjustments | 15 | | |
| Decrease/ (Increase) In Accounts Receivables | 16 | 8,400 | (8,400) |
| Increase/(Decrease) In Accounts Payable | 17 | | |
| Net Cash Flow From Operating Activities | | 7,105 | (8,520) |
| Cashflow From Investing Activities | | | |
| Acquisition Of Non-Financial Assets | 8 | (24,690,860) | (8,048,500) |
| Net Cash Flows From Investing Activities | | (24,690,860) | (8,048,500) |
| | | | |
| Cashflow From Financing Activities | | | |
| Proceeds From Foreign Borrowings | 3 | - | - |
| Net Cash Flow From Financing Activities | | - | - |
| | | | |
| Net Increase In Cash And Cash Equivalent | | (24,683,755) | (8,057,020) |
| Cash And Cash Equivalent At Beginning Of The Year | 11 | 102,811,952 | 110,868,972 |
| Cash And Cash Equivalent At End Of The Year | 11 | 78,128,197 | 102,811,952 |

***Kenya Off-grid Solar Access Project for underserved Counties
Annual Report and Financial Statements for the financial year ended 30 June, 2024***

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 26th Aug, 2024 and signed by:



.....
**CS Dr Rose Mkalama
Chief Executive Officer**



.....
**Eng. Fred Ishugah
Project Manager**



.....
**CPA Walter Nduta
Project Accountant
ICPAK Member No:23665**


*Kenya Off-grid Solar Access Project for underserved Counties
Annual Report and Financial Statements for the financial year ended June 30, 2024*


10. Statement of Comparison of Budget and Actual Amounts for year ended 30th June 2024

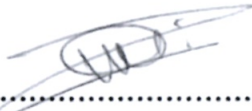
| Receipts/Payments Item | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget Utilisation Difference |
|---|----------------------|------------------------|--------------------|----------------------------|-------------------------------|
| | <i>a</i> | <i>b</i> | <i>c=a+b</i> | <i>d</i> | <i>e=c-d</i> |
| Receipts | | | | | |
| Transfer From Government Entities | - | | - | - | - |
| Proceeds From Domestic And Foreign Grants | - | | - | - | - |
| Proceeds From Borrowings | 1,780,000,000 | (1,380,000,000) | 400,000,000 | 24,692,155 | 375,307,845 |
| Miscellaneous Receipts | - | - | - | - | - |
| Total Receipts | 1,780,000,000 | (1,380,000,000) | 400,000,000 | 24,692,155 | 375,307,845 |
| Payments | | | | | |
| Compensation To Employees | - | | - | - | - |
| Purchase Of Goods And Services | - | | - | - | - |
| Social Security Benefits | - | | - | - | - |
| Acquisition Of Non-Financial Assets | 1,779,998,705 | (1,380,000,000) | 399,998,705 | 24,690,860 | 375,307,845 |
| Transfers To Other Government Entities | - | | - | - | - |
| Other Grants And Transfers | 1,295 | - | 1,295 | 1,295 | - |
| Total Payments | 1,780,000,000 | (1,380,000,000) | 400,000,000 | 24,692,155 | 375,307,845 |
| Surplus or (Deficit) | - | - | - | - | - |

***Kenya Off-grid Solar Access Project for underserved Counties
Annual Report and Financial Statements for the financial year ended 30 June, 2024***

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


.....
CS Dr Rose Mkalama
Chief Executive Officer


.....
Eng. Fred Ishugah
Project Manager


.....
CPA Walter Nduta
Project Accountant
ICPAK Member No:23665

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 the KOSAP Project under the National Government of Kenya. The financial statements are for the reporting entity Project KOSAP 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 recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) Transfers from the Exchequer

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

Significant Accounting Policies (Continued)

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

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.

Significant Accounting Policies (Continued)

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind

Significant Accounting Policies (Continued)

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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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 authorized 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.

Significant Accounting Policies (Continued)

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 the contingent liabilities in the year.

k) 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.

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

Significant Accounting Policies (Continued)

involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

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 recognized 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 are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, Kshs Nil being loan disbursements were received in form of direct payments from third parties.

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 the functional currency using the

Significant Accounting Policies (Continued)

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.

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). Explanations and details of these prior period adjustments are presented in note 15 of these financial statements

12. Notes to the Financial Statements

1. Transfers from Government entities

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

| Description | 2023-2024 | 2022-2023 | Cumulative to date (from inception) |
|--|------------------|------------------|--|
| | Kshs. | Kshs | Kshs |
| Counterpart funding through Ministry of Energy | - | - | - |
| Counterpart funds Quarter 1 | - | - | - |
| Counterpart funds Quarter 2 | - | - | - |
| Counterpart funds Quarter 3 | - | - | - |
| Counterpart funds Quarter 4 | - | - | - |
| Total (See Annex 3) | - | - | - |
| Ministry of Finance | - | - | - |
| Appropriations-in-Aid | - | - | - |
| Total | - | - | - |

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Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

| Name of Donor | Date received | Amount received in donor currency | 2023 - 2024 | | | | 2022 - 2023 | Cumulative to date |
|---|---------------|-----------------------------------|-------------------------|------------------------------------|-------------------------|--------------|----------------------|--------------------|
| | | | Grants Received in Cash | Grants received as direct payments | Grants Received in Kind | Total amount | Total amount in Kshs | |
| | | | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| Grants Received from Bilateral Donors (Foreign Governments) | | | | | | | | |
| World Bank | | - | - | - | - | - | - | - |
| Grants Received from Multilateral Donors (International Organisations) | | | | | | | | |
| International Development Association (IDA) | | - | - | - | - | - | - | - |
| Grants Received from Local Individuals and organisations | | | | | | | | |
| N/A | | - | - | - | - | - | - | - |
| Total | | - | - | - | - | - | - | - |

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Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

| Name of Donor | Date received | Amount in loan currency | Amount Received in Cash | Loan Received as Direct Payment | Total amount | | Cumulative to date |
|--|---------------|-------------------------|-------------------------|---------------------------------|--------------|-------------|--------------------|
| | | | | | 2023 - 2024 | 2022 - 2023 | |
| | | Euro | Kshs | Kshs | Kshs | Kshs | Kshs |
| Loans Received from Bilateral Donors (Foreign Governments) | | | | | | | |
| | | | - | - | | - | - |
| Loans Received from Multilateral Donors (International Organisations) | | | | | | | |
| International Development Association (IDA) Through Ministry of Energy and petroleum | | | - | - | | - | 110,868,972 |
| Total | | | - | - | | - | 110,868,972 |

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

| Description | 2023-2024 | | | 2022-2023 | Cumulative to date (from inception) |
|---|--------------------------------------|---|----------------|----------------|--|
| | Receipts controlled by the entity | Receipts controlled by third parties | Total Receipts | Total Receipts | |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Property income | - | - | - | - | - |
| Sales of goods and services | - | - | - | - | - |
| Administrative fees and charges | - | - | - | - | - |
| Fines, penalties and forfeitures | - | - | - | - | - |
| Voluntary transfers other than grants | - | - | - | - | - |
| Other receipts not classified elsewhere | - | - | - | - | - |
| Total | - | - | - | - | - |

*Kenya Off-grid Solar Access Project for underserved Counties
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Notes to the Financial Statements (Continued)

5. Compensation to Employees

| Description | 2023-2024 | | 2022-2023 | | Cumulative to date |
|---|-------------------------------------|--------------------------------|----------------|----------------|--------------------|
| | Payments made by the entity in cash | Payments made by third parties | Total Payments | Total Payments | |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Basic salaries of permanent employees | - | - | - | - | - |
| Basic wages of temporary employees | - | - | - | - | - |
| Personal allowances paid as part of salary | - | - | - | - | - |
| Personal allowances paid as reimbursements | - | - | - | - | - |
| Personal allowances provided in kind | - | - | - | - | - |
| Pension and other social security contributions | - | - | - | - | - |
| Compulsory national social security schemes | - | - | - | - | - |
| Compulsory national health insurance schemes | - | - | - | - | - |
| Social benefit schemes outside government | - | - | - | - | - |
| Other Personal Payments | - | - | - | - | - |
| Total | - | - | - | - | - |

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

| Description | 2023-2024 | | | 2022-2023 | Cumulative to date |
|--|-----------------------|--------------------------------|----------------|----------------|--------------------|
| | Payments made in cash | Payments made by third parties | Total Payments | Total Payments | |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Utilities, supplies and services | - | - | - | - | - |
| Communication, supplies and services | - | - | - | - | - |
| Domestic travel and subsistence | - | - | - | - | - |
| Foreign travel and subsistence | - | - | - | - | - |
| Printing, advertising and - information supplies & services | - | - | - | - | - |
| Rentals of produced assets | - | - | - | - | - |
| Training expenses | - | - | - | - | - |
| Hospitality supplies and services | - | - | - | - | - |
| Insurance costs | - | - | - | - | - |
| Specialized materials and services | - | - | - | - | - |
| Other operating payments | - | - | - | - | - |
| Routine maintenance - vehicles and other transport equipment | - | - | - | - | - |
| Routine maintenance - other assets | - | - | - | - | - |
| Exchange rate losses/gains (net) | - | - | - | - | - |
| Total | - | - | - | - | - |

Notes to the Financial Statements (Continued)

7. Social Security Benefits

| Description | 2023-2024 | | | 2022-2023 | Cumulative to date |
|--|-------------------------------------|--------------------------------|----------------|----------------|--------------------|
| | Payments made by the Entity in cash | Payments made by third parties | Total Payments | Total Payments | |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Government pension and retirement benefits | - | - | - | - | - |
| Social security benefits in cash and in kind | - | - | - | - | - |
| Employer social benefits in cash and in kind | - | - | - | - | - |
| Total | - | - | - | - | - |

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Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

| Description | Payments made by the Entity in cash | Payments made by third parties | Total Payments | Total Payments | Cumulative to date |
|---|-------------------------------------|--------------------------------|-------------------|------------------|--------------------|
| | | | | | |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Project preparation, design & supervision | 24,690,860 | - | 24,690,860 | 8,048,500 | 32,739,360 |
| Rehabilitation of civil works | - | - | - | - | - |
| Acquisition of other intangible assets | - | - | - | - | - |
| Total | 24,690,860 | - | 24,690,860 | 8,048,500 | 32,739,360 |

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Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2024, we transferred funds to reporting government entities as shown below:

| Description | Payments made by the Entity in cash | Payments made by third parties | Total Payments | Total Payments | Cumulative to date |
|--|-------------------------------------|--------------------------------|----------------|----------------|--------------------|
| | | | | | |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Transfers to National Government entities | | | | | |
| Ministry of Energy | - | - | - | - | - |
| N/A | | | | | |
| Transfers to County Government | - | - | - | - | - |
| N/A | | | | | |
| Total | - | - | - | - | - |

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Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

| Description | Payments made by the Entity in cash | Payments made by third parties | Total Payments | Cumulative to date | |
|---|-------------------------------------|--------------------------------|----------------|--------------------|--------------|
| | | | | 2023-2024 | 2022-2023 |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Transfers to lower levels of Government | - | - | - | - | - |
| Bank Charges | 1,295 | - | 1,295 | 120 | 1,415 |
| Total | 1,295 | - | 1,295 | 120 | 1,415 |

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

| Description | 2023-2024 | 2022-2023 |
|--|-------------------|--------------------|
| | Kshs | Kshs |
| Bank accounts (Note 11.A) | 78,128,197 | 102,811,952 |
| Cash in hand (Note 11.B) | | |
| Cash equivalents (short-term deposits) (Note 11.C) | | |
| Total | 78,128,197 | 102,811,952 |

11. A Bank Accounts

Project Bank Accounts

| Description | 2023-2024 | 2022-2023 |
|--|-------------------|--------------------|
| | Kshs | Kshs |
| Foreign Currency Accounts | | |
| Total foreign currency Balances (A) | - | - |
| Local Currency Accounts | | |
| Co-operative Bank of Kenya [A/c No.01141125016301] | 78,128,197 | 102,811,952 |
| Total local currency balances (B) | 78,128,197 | 102,811,952 |
| Total bank account balances C=A+B) | 78,128,197 | 102,811,952 |

Special Deposit Accounts

The project component under REREC does not have a special deposit account. Instead, the entire project is overseen by the Ministry of Energy, which manages the Special Account. All accounting and reconciliations for this account are conducted within the Ministry.

11 B Cash in hand

| Description | 2023-2024 | 2022-2023 |
|------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Location 1 | - | - |
| Other locations (<i>specify</i>) | - | - |
| Total cash in hand balances | - | - |

Notes to the Financial Statements (Continued)

11 C Cash equivalents (short-term deposits)

| Description | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Kenya Commercial Bank [A/C No.....] | - | - |
| Co-Operative Bank of Kenya [A/C No.....] | - | - |
| Others (<i>Specify</i>) | - | - |
| Total | -- | - |

12. Imprests and Advances

| Description | 2023-2024 | 2022-2023 |
|---|-----------|--------------|
| | Kshs | Kshs |
| Government Imprests | - | - |
| Refund from REREC KCB A/C to Project A/c c/o Jacinta Pkania | | 8,400 |
| Total | | 8,400 |

12A: Breakdown of Imprests and Advances

| Name of Officer or Institution | Amount Taken | Due Date of Surrender | Amount Surrendered | Balance 2024 | Balance 2023 |
|--------------------------------|--------------|-----------------------|--------------------|--------------|--------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Officer 1 | - | - | - | - | - |
| Officer 2 | - | - | - | - | - |
| Officer 3 | - | - | - | - | - |
| Programme 1 | - | - | - | - | - |
| Total | - | - | - | - | - |

13. Deposits and Retention Monies

| Description | 2023-2024 | | 2022-2023 | |
|-----------------------|------------|----------------|----------------|----------------|
| | Kshs | | Kshs | |
| Retention | | - | | - |
| Deposits | | - | | - |
| Total | | - | | - |
| Ageing analysis | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | - | - | - | - |
| 1-2 years | | | | |
| 2 -3 years | - | - | - | - |
| Over 3 years | - | - | - | - |
| Total | - | - | - | - |

Notes to the Financial Statements (Continued)

14. Fund Balance Brought Forward

| Description | 2023-2024 | 2022-2023 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Bank accounts | 102,820,352 | 110,868,972 |
| Cash in hand | - | - |
| Cash equivalents (short-term deposits) | - | - |
| Outstanding imprests and advances | - | - |
| Total | 102,820,352 | 110,868,972 |

15. Prior Year Adjustment

| Description of the error | Balance b/f 2022/2023 (audited financial statements) | Adjustments | Adjusted balance b/f 2022/2023 |
|---------------------------|---|-------------|-----------------------------------|
| | Kshs | Kshs | Kshs |
| Bank account Balances | - | - | - |
| Cash in hand | - | - | - |
| Accounts Payables | - | - | - |
| Receivables | - | - | - |
| Others (<i>specify</i>) | - | - | - |
| Total | - | - | - |

16. Changes in Imprests and Advances

| Description | 2022-2023 | 2021-2022 |
|--|--------------|--------------|
| | Kshs | Kshs |
| Opening Receivables as at 1 st July 2023 | 8,400 | - |
| Closing account receivables as at 30 th June 2024 | - | 8,400 |
| Change in Imprests and advances | 8,400 | 8,400 |

17. Changes in Accounts Deposits and Retention

| Description | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Deposit and Retentions as at 1 st July 2023 | - | - |
| Closing accounts payables as at 30 th June 2024 | - | - |
| Change in deposit and retention | - | - |

13. Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

| Description | Balance b/f from 2022/2023 | Additions for the period | Paid during the year | Balance c/f For 2023/2024 |
|-----------------------------|----------------------------------|-----------------------------|-------------------------|---------------------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Construction of buildings | | | | |
| Construction of civil works | - | - | - | - |
| Supply of goods | - | - | - | - |
| Supply of services | - | - | - | - |
| Total | - | - | - | - |

2. Pending Staff Payables (See Annex 4b)

| Description | Balance b/f from 2022-2023 | Additions for the period | Paid during the year | Balance c/f for 2023/2024 |
|-------------------|----------------------------------|-----------------------------|-------------------------|---------------------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Senior management | | | | |
| Middle management | - | - | - | - |
| Union employees | - | - | - | - |
| Others | - | - | - | - |
| Total | - | - | - | - |

3. Other Pending Payables (See Annex 4c)

| | Balance b/f FY 2022/2023 | Additions for the period | Paid during the year | Balance c/f FY 2023/2024 |
|---|-----------------------------|-----------------------------|-------------------------|-----------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Amounts due to National Government entities | - | - | - | - |
| Amounts due to County Government entities | - | - | - | - |
| Amounts due to third parties | - | - | - | - |
| Total | - | - | - | - |

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Other Important Disclosures (Continued)

4. External Assistance

| Description | 2023-2024 | 2022-2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| External assistance received as grants | - | - |
| External assistance received as loans | - | - |
| External assistance received in kind- as payment by third parties | | |
| Total | - | - |

a) External assistance relating loans and grants

| Description | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| External assistance received as loans | - | - |
| External assistance received as grants | - | - |
| Total | - | - |

b) Undrawn external assistance

| Description | Purpose for which the undrawn external assistance may be used | 2023/2024 | 2022/2023 |
|--------------------------------------|---|----------------------|----------------------|
| | | Kshs | Kshs |
| Undrawn external assistance - loans | Project Implementation | 3,389,131,028 | 3,389,131,028 |
| Undrawn external assistance - grants | Not Applicable | - | - |
| Total | | 3,389,131,028 | 3,389,131,028 |

c) Classes of providers of external assistance

| Description | 2023-2024 | 2022-2023 |
|---------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Multilateral donors | - | - |
| Bilateral donors | - | - |
| International assistance organization | - | - |
| NGOs | - | - |
| National Assistance Organization | - | - |
| Total | - | - |

Other Important Disclosures (Continued)

d) Non-monetary external assistance

| | 2023-2024 | 2022-2023 |
|--------------|-----------|-----------|
| Description | Kshs | Kshs |
| Goods | - | - |
| Services | - | - |
| Total | - | - |

e) Purpose and use of external assistance

| Payments made by third parties | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Compensation to employees | - | - |
| Use of goods and services | - | - |
| Subsidies | - | - |
| Transfers to other Government entities | - | - |
| Other grants and transfers | - | - |
| Social Security benefits | - | - |
| Acquisition of assets | - | - |
| Other payments | - | - |
| Total | - | - |

f) External Assistance paid by third parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity.

| Description | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| International assistance organization- IDA | - | - |
| Total | - | - |

5. Payments By Third Party on Behalf of The Project

This relates to payments done directly to supplier on behalf of the project such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given activity.

Other Important Disclosures (Continued)

5.1 Classification by Source

| | 2023-2024 | 2022-2023 |
|---------------------------------------|-----------|-----------|
| Description | Kshs | Kshs |
| National government | - | - |
| Multilateral donors | - | - |
| Bilateral donors | - | - |
| International assistance organization | - | - |
| NGOs | - | - |
| National Assistance Organization | - | - |
| Total | - | - |

5.2 Classification of payments made by Third Parties by Nature of expenses

| Payments made by third parties | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| Description | Kshs | Kshs |
| Compensation of employees | - | - |
| Use of goods and services | - | - |
| Subsidies | - | - |
| Transfers to other government units | - | - |
| Other grants and transfers | - | - |
| Social security benefits | - | - |
| Acquisition of assets | - | - |
| Finance costs, including loan interest | - | - |
| Other payments | - | - |
| Total | - | - |

N/B The above sub classification will be adopted based on the appropriate county's operations.

6. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

Other Important Disclosures (Continued)

Related party transactions:

| Description | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Compensation to Key Management | | |
| Compensation to the program manager/ director | - | - |
| Key Management Compensation others (specify) | - | - |
| Total Compensation to Key Management | - | - |
| <u>Transfers to related parties</u> | - | - |
| Transfers to other government entities | - | - |
| Total Transfers to related parties | - | - |
| <u>Transfers from related parties</u> | - | - |
| Transfers from the Ministry/ department | - | - |
| Payments made on behalf of the project by other govt. entities | - | - |
| (Insert any other transfers received) | - | - |
| Total Transfers from related parties | - | - |

7. Contingent Liabilities

| Contingent liabilities | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Court case against the project | - | - |
| Bank guarantees in favour of other govt. entities | - | - |
| Contingent liabilities arising from PPPs/ donor agreements | - | - |
| Total | - | - |

(Give details- Update Annex 6 - Contingent liabilities register)

8. Land Ownership

The Corporation is in the process of securing the 31 project sites for development of the Mini-Grids under the KOSAP project being financed by the World Bank. The responsibility for the land acquisition was placed with the Ministry of Energy & Petroleum with the support from the implementing agency. To date, the MoEP has secured the gazettelement of the project sites, a

Other Important Disclosures (Continued)

process that was done by the National Land Commission. The valuation of all the development sites has been carried out, followed by the public inquiry from the communities to be affected.

The MoEP has secured the Early Entries for each of the development sites and as such, the development activities can be initiated accordingly. The MoEP is waiting for the report on public inquiry from the NLC for onward purposes of facilitating the compensation in kind to the communities. The preparation of the registrable documents including, finalizing the part development plans (PDP's) for all the project sites, carrying out the site surveys and production of survey plans for all the project sites, and further delivery of these critical documents to the NLC for onward registration of the respective properties is to follow in earnest.

Below is a summary of Land Acquisition Status:

| No. | County | No's of Project Sites | NLC Valuation / Public Inquiry | Early Entry Notices | PDP's for each Site | Survey of Lands | Submission of Registrable documents to NLC for Registration |
|-----|----------|-----------------------|--------------------------------|----------------------|------------------------|-----------------|---|
| 1. | Turkana | 12 | Completed | Issued for all sites | Pending | Pending | Pending |
| 2. | Marsabit | 10 | Completed | Issued for all sites | Pending | Pending | Pending |
| 3. | Isiolo | 5 | Completed | Issued for all sites | Approved for all sites | Pending | Pending |
| 4. | Samburu | 4 | Completed | Issued for all sites | Pending | Pending | Pending |

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14. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

| Reference No.on the external audit Report | Issue / Observations from Auditor | Detailed Management comments | Status: (Resolved / Not Resolved) | Timeframe |
|--|--|---|--|---------------------------|
| No. 1 | <p>Low Project Performance and Non -implementation of project activities</p> <p>Review of the Project Financing Agreement and the Project supporting documentation revealed that Kenya Off-Grid Solar Access Project for the Underserved Counties had a total funding of Kshs.3,500,000,000 and was to be implemented within six (6) years from July 2017 to 30 June, 2022. This has, however, been revised to 31st May 2025 through unreferenced letter dated 26th June 2023 from the financier.</p> <p>Additionally, total of Kshs.110,868,972 which represents 3.17% of the total funds committed for the project was drawn in November, 2020. These funds have remained unutilized since then until the current financial year</p> | <p>The Kenya Off-Grid Solar Access Project (KOSAP) is a flagship initiative of the Ministry of Energy, financed by the World Bank, aimed at providing modern electricity services and clean cooking solutions in underserved areas. The project is jointly implemented by the Ministry of Energy, the Kenya Power and Lighting Company Ltd (KPLC), and the Rural Electrification and Renewable Energy Corporation (REREC).</p> <p>The project consists of four main components:</p> | Ongoing | 30 th May,2025 |

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|---|---|---|--|-----------|
| | <p>2022/2023 when Kshs.8,048,620 was spent on facilitation during survey and design in four (4) counties namely Turkana, Marsabit, Samburu and Isiolo.</p> <p>No project activities were reported in the balance of the ten (10) counties, yet the extended project completion date is less than two years from now. It is imperative to note that this unutilized money has not earned any interest to date yet the financier continues to charge interest on the drawn amount which now amounts at Kshs. 102,811,952.</p> <p>The Continued delay of the project implementation has since led to downscaling of the envisaged project outputs. On inception, the project funds under REREC Component were to finance 59 No. minigrids but this number has since been reduced to 31 No. as at 30 June</p> | <ol style="list-style-type: none"> 1. Mini-grids for Community Facilities, Enterprises, and Households to be implemented by KPLC and REREC. 2. Standalone Solar Systems and Clean Cooking Solutions for Households to be implemented by the Ministry of Energy through a Facility Manager acting as a financial intermediary (FI). 3. Standalone Solar Systems and Solar Water Pumps for Community Facilities to be implemented by KPLC and REREC. | | |

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|---|--|---|--|-----------|
| | <p>2023 due to rise in installation costs and the reluctance by the financier to provide extra funds beyond the agreed USD 20 million.</p> <p>In the circumstances, the Project performance against the loan advanced may not achieve the targeted benefits that were planned.</p> | <p>4. Implementation Support and Capacity Building.</p> <p>Implementation of the project experienced delays due to a lengthy land acquisition process. However, the National Land Commission (NLC) advised implementing agencies to compensate for unregistered community land for the mini-grids. The NLC is currently conducting the valuation of the land to determine the in-kind compensation required. Despite these challenges, the project is progressing and is expected to be completed by 31st May 2025.</p> <p>Discussions led by the Ministry of</p> | | |

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|---|-----------------------------------|--|--|-----------|
| | | <p>Energy and Petroleum, in collaboration with the World Bank, are underway to extend the project implementation period to compensate for the time lost.</p> <p>Solar Water Pumps: The bid evaluation for the solar water pumps was completed on 30th September 2022, and the evaluation report was submitted to the World Bank's consultant for concurrence. However, the bank's response was delayed, leading the Corporation to request a No Objection to revoke the tender award due to the expiration of bid securities. The World Bank granted this request. New tender document has been</p> | | |

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|---|-----------------------------------|--|--|-----------|
| | | <p>prepared following the new World Bank Standard Procurement Document. The Document is under review for a No Objection by the World Bank to carry out tender advertisement.</p> <p>Solar Minigrids: Initially, 159 mini-grids were planned, with REREC responsible for 59 and KPLC for the remaining. However, delays in bidding document approval led to increased installation costs and a subsequent reduction to 31 mini-grids.</p> <p>The Ministry of Energy contracted Norken International Limited in joint venture with Centric Africa Consultancy Services to conduct</p> | | |

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|---|-----------------------------------|--|-----------------------------------|-----------|
| | | <p>Environmental & Social Impact Assessments (ESIA), Social Assessments, and Vulnerable & Marginalized Groups studies on behalf of REREC and KPLC, while the Ministry of Energy provides overall coordination of the KOSAP project.</p> <p>The ESIA reports for all KOSAP mini-grid sites were developed by the consultant and have been under constant review by the consultant, the Ministry of Energy, the implementing agencies (IAs), and World Bank Environment and Social Specialists. ESIA reports can only be submitted to NEMA and disclosed once the World Bank gives a ‘No Objection’/clearance.</p> | | |

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|---|-----------------------------------|---|--|-----------|
| | | <p>A conditional clearance was granted by the World Bank on 5th October 2023, subject to the IAs and the consultant incorporating final comments on environmental aspects into the final version of each report.</p> <p>Upon finalization, only 120 ESIA reports will be disclosed on the IAs' websites, and the final versions will be shared for disclosure by the World Bank. The incorporation of comments is scheduled from 16th to 23rd October 2023. Thereafter, the reports will be printed by the consultant and submitted to NEMA county offices for the issuance of EIA licenses. The remaining ESIA reports, for mini-grids</p> | | |

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|---|-----------------------------------|---|--|-----------|
| | | <p>that have been dropped from the initial list, will still be cleared by the World Bank once the review process is completed.</p> <p>Management Measures to Ensure Project Goals are Met</p> <p>Solar Minigrids</p> <ul style="list-style-type: none"> • The tender for the 31 mini-grids closed on December 8, 2023. Bid evaluation began on December 17, 2023, with the final SBER submitted in August 09, 2024 following several reviews as guided by the Bank • Once the Bank provides it's No | | |

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|---|-----------------------------------|--|--|-----------|
| | | <p>objection and procurement procedures are finalized, the Corporation will award contracts to the successful bidders, and construction of the mini-grids will commence.</p> <p>Solar Water Pumps</p> <ul style="list-style-type: none"> To ensure the bid document included only unsolarized boreholes, the Corporation rescreened 380 boreholes across various counties and updated the bid document to reflect 316 boreholes available for solarization A new bid document was | | |

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|---|-----------------------------------|---|--|-----------|
| | | <p>prepared and submitted, which is currently under review by the World Bank, affected by changes in the World Bank's Standard Procurement Document (SPD) for international market approach.</p> <p>The Corporation has prioritized finalizing ESIA reports, enhanced coordination with the World Bank for timely approvals, and meticulously managed tender processes to prevent delays and cost escalations. It is also continuously engaging stakeholders to ensure smooth project implementation and achieve KOSAP's goal of improving energy access and quality of</p> | | |

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|---|--|--|--|---------------------------|
| | | life in underserved regions of Kenya. | | |
| No.2 | <p>Lack of Environmental Impact Assessment of the Project Sites</p> <p>Review of the documents provided for audit, It was noted that the REREC components of the KOSAP projects were yet to receive or apply to National Environment Management Authority (NEMA) for an Environmental Impact Assessment License and conduct the Procedures required for obtaining of the License.</p> <p>In addition, in this project, it was noted that on one hand there is public interest where the community needs protection against potential harm to the environment through contamination or pollution, and on the other, there is the Government interests which are environmental and economic but may also have an</p> | <p>The Ministry of Energy (MoE) engaged Norken International Limited in partnership with Centric Africa Consultancy Services to conduct Environmental and Social Impact Assessments (ESIA), Social Assessments, and evaluations of Vulnerable and Marginalized Groups on behalf of the Rural Electrification and Renewable Energy Corporation (REREC) and Kenya Power and Lighting Company (KPLC). MoE oversees the overall coordination of the Kenya Off-Grid Solar Access Project (KOSAP).</p> | Ongoing | 30 th May,2025 |

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|---|--|---|--|-----------|
| | <p>element of private commercial interest.</p> <p>Also, even though Management indicated that Environmental Social Impact Reports were developed by a consultant on behalf of the implementing agencies in accordance with the Environmental Management and Coordination Act and its revisions and the World Bank's Environmental and Social Operational Policy, no evidence was provided for the reports of the sites being targeted for implementation.</p> <p>Further, the consultant may have been paid for the initial sites targeted but since these have been downscaled, public funds may not have been prudently used on environmental social impact reports of sites that will not be constructed.</p> <p>In the circumstance, the project management was in</p> | <p>The ESIA reports for all KOSAP mini-grid sites were prepared by the consultant and have been under continuous review by the consultant, MoE, the implementing agencies (IAs), and the World Bank's Environment and Social Specialists. These reports can only be submitted to the National Environment Management Authority (NEMA) and disclosed upon receiving a 'No Objection' or clearance from the World Bank. A conditional clearance was granted by the Bank on October 5, 2023, contingent upon the IAs and consultant addressing final comments on environmental aspects in each report's final version.</p> | | |

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|---|-----------------------------------|---|--|-----------|
| | breach of the law. | <p>Upon finalization, 120 ESIA reports will be disclosed on the IAs' websites, with the final versions subsequently shared for disclosure by the World Bank. The incorporation of comments was scheduled from October 16 to October 23, 2023. Following this, the consultant will print the reports for submission to NEMA county offices for the issuance of EIA licenses. The remaining ESIA reports, associated with mini-grids removed from the initial list, will also receive clearance from the World Bank once the review process is concluded.</p> <p>To ensure the successful completion of</p> | | |

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|---|--|---|--|---------------------------|
| | | this process, management has been actively collaborating with MoE, KPLC, and the World Bank. Currently, the reports have been submitted to NEMA county offices to obtain the necessary permits for EIA. | | |
| No.3 | <p>Non - Acquisition of Project Land</p> <p>It was noted that there may be an issue with compulsory land acquisition on the sites where REREC is to construct the mini grids as the Ministry of Energy does not have adequate funding to complete the payments for the lands required for the projects. Premised on that disclosure in the quarterly report together with the fact that REREC also does not have a budget line for acquisition of land for Projects purposes there may be an inordinate delay in the process of acquisition.</p> | <p>The Kenya Off-Grid Solar Access Project (KOSAP) has encountered delays in its initiation primarily due to challenges related to land ownership. The successful launch of the project hinges on securing and formalizing land tenure, a process that has faced hurdles. However, with the dedicated support of the National Land Commission (NLC) and the Ministry of</p> | Ongoing | 30 th May,2025 |

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|---|---|---|--|-----------|
| | <p>In the circumstance, the management is in breach of the law.</p> | <p>Energy, significant progress has been made towards resolving these issues, and the process of land acquisition is now nearing completion.</p> <p>The NLC has played a crucial role in facilitating the acquisition of land parcels required for the project. Their assistance included not only securing the land but also gazetteing the parcels, which is an official procedure to recognize and register the land for public purposes. Initially, the gazette notice encompassed all the KOSAP sites that had been identified.</p> <p>Nevertheless, the notice required re-gazetteing due to a reduction in the number of minigrids included in the</p> | | |

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|---|---|--|--|-----------|
| | | project scope. This adjustment necessitated an update to the gazetted information to reflect the revised project parameters accurately. | | |
| No.4 | <p>Ineffective Project Management</p> <p>It has been observed that the Donor funded projects that are currently under implementation by REREC are woefully behind schedule putting to risk the donor commitments that have been advanced as they may lapse before the monies are fully drawn for the benefit of the project beneficiaries. The Business Development manager who currently oversees the management of the projects may not be adequately facilitated in terms of staffing and resourcing to carry out the project supervision. There is need to create a dedicated project team to manage and supervise the project from the departments involved in project implementation. This</p> | <p>To ensure successful project implementation, the Corporation established a Project Implementation Unit (PIU) comprised of a diverse team of professionals with requisite skills. This expanded PIU was officially constituted and shared with the Ministry of Energy for concurrence, ensuring alignment with national standards and expectations.</p> <p>Furthermore, management has developed a comprehensive project</p> | Resolved | N/A |

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|---|--|--|--|-----------|
| | <p>project team also needs to comply with the Public Procurement and Assets Disposal Act, 2015 section 151 on Complex and specialized contract implementation team to avoid duplicity.</p> <p>At the current pace there is a risk that the Withdrawal period may lapse without full implementation of the Project.</p> | <p>charter, which serves as the formal authorization for project commencement. This charter details the scope, objectives, and requisite resources for the project, thereby providing a clear framework for achieving successful outcomes.</p> <p>The PIU team, appointed by management, plays a critical role in executing and overseeing project activities. Their responsibilities include tracking project progress, assessing performance, and delivering regular progress reports to management. This structured approach aims to address any inefficiencies and enhance overall</p> | | |

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|---|-----------------------------------|--|--|-----------|
| | | <p>project management effectiveness.</p> <p>These measures are integral to ensuring that projects are managed effectively, and any challenges are promptly identified and addressed to achieve desired project outcomes.</p> | | |

Signed by:


.....
CS Dr Rose Mkalama
Chief Executive Officer


.....
Eng. Fred Ishugah
Project Manager

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Annex 2: Variance Explanations - Comparative Budget and Actual Amounts for FY 2023-2024

| Receipts/Payments Item | Final Budget | Actual on comparable basis | Budget Utilisation Difference | % of Utilisation | Comments on Variance (Below 90% and over 100%) |
|---|--------------------|----------------------------|-------------------------------|------------------|--|
| | <i>a</i> | <i>b</i> | <i>c=a-b</i> | <i>d=b/a %</i> | |
| Receipts | | | | | |
| Transfer from Government entities | - | - | - | 0% | |
| Proceeds from domestic and foreign grants | - | - | - | 0% | |
| Proceeds from borrowings | 400,000,000 | 24,692,155 | 375,307,845 | 6% | See below note |
| Miscellaneous receipts | - | - | - | 0% | |
| Total Receipts | 400,000,000 | 24,692,155 | 375,307,845 | 6% | |
| Payments | | | | | |
| Compensation to employees | - | - | - | 0% | |
| Purchase of goods and services | - | - | - | 0% | |
| Social security benefits | - | - | - | 0% | |
| Acquisition of non-financial assets | 399,998,705 | 24,690,860 | 375,307,845 | 6% | See below note |
| Transfers to other government entities | - | - | - | 0% | |
| Other grants and transfers | 1,295 | 1,295 | - | 100% | |
| Total Payments | 400,000,000 | 24,692,155 | 375,307,845 | 6% | |
| Surplus or Deficit | - | - | | | |

Note:

The low absorption rate is due to delays in project implementation, primarily related to lengthy land acquisition and procurement processes. These factors have impacted the timely receipt and effective utilization of funds, influencing the overall progress of the project.

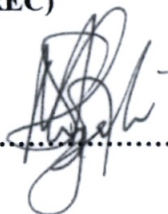
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Annex 3: Reconciliation of Inter-Entity Transfers

| Project Name: Kenya Off-Grid Solar Access Project | | | |
|--|----------------------------|----------------------|---|
| Break down of transfers from the State Department of Energy | | | |
| A. Government Counterpart funding | | | |
| | <u>Bank Statement Date</u> | <u>Amount (Kshs)</u> | Indicate the FY to which the amounts relate |
| | | 0.00 | Not Applicable |
| | Total | 0.00 | Not Applicable |
| B. Direct payments | | | |
| | <u>Bank Statement Date</u> | <u>Amount (Kshs)</u> | Indicate the FY to which the amounts relate |
| | | 0.00 | Not Applicable |
| | Total | 0.00 | Not Applicable |
| C. Others | | | |
| | <u>Bank Statement Date</u> | <u>Amount (Kshs)</u> | Indicate the FY to which the amounts relate |
| | Total | 0.00 | Not Applicable |
| | Total (A+B+C) | 0.00 | Not Applicable |

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

**Project Manager
(REREC)**

Sign: 

**Head of Accounting Unit
(Ministry Of Energy)**

Sign: 

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Annex 4a: Analysis of Pending Bills

| Supplier of Goods or Services | Date Contracted/ invoiced | Original Amount | Amount Paid To-Date | Outstanding Balance 2023/2024 | Outstanding Balance 2022/2023 | Comments |
|-------------------------------|------------------------------|-----------------|---------------------|-------------------------------|-------------------------------|----------|
| | | <i>a</i> | <i>b</i> | <i>c=a-b</i> | | |
| Construction of buildings | | | | | | |
| 1. | - | - | - | - | - | - |
| Sub-Total | - | - | - | - | - | - |
| Construction of civil works | | | | | | |
| 2. | - | - | - | - | - | - |
| Sub-Total | - | - | - | - | - | - |
| Supply of goods | | | | | | |
| 3. | - | - | - | - | - | - |
| Sub-Total | - | - | - | - | - | - |
| Supply of services | | | | | | |
| 4. | - | - | - | - | - | - |
| Sub-Total | - | - | - | - | - | - |
| Grand Total | - | - | - | - | - | - |

Note:

As of 30th June 2024, there were no pending bills. This indicates that all financial obligations related to the projects have been settled, and there are no outstanding payments or liabilities at the end of the financial period. This reflects effective financial management and timely processing of expenses, ensuring that the Corporation maintains a current and accurate financial status.

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Annex 4b: Analysis of Pending Staff bills

| Name of Staff | Job Group | Date Payable Contracted | Original Amount | Amount Paid To-Date | Outstanding Balance 2023-2024 | Outstanding Balance 2022-2023 | Comments |
|---|------------------|--------------------------------|------------------------|----------------------------|--------------------------------------|--------------------------------------|-----------------|
| Permanent Employees - Management | | | | | | | |
| 1. | | | | | | | |
| <i>Sub-Total</i> | | | | | | | |
| Permanent Employees - Others | | | | | | | |
| 2. | | | | | | | |
| <i>Sub-Total</i> | | | | | | | |
| Temporary employees | | | | | | | |
| 3. | | | | | | | |
| <i>Sub-Total</i> | | | | | | | |
| Others (specify) | | | | | | | |
| 4. | | | | | | | |
| <i>Sub-Total</i> | | | | | | | |
| Grand Total | | | | | | | |

Note: As of 30th June 2024, there were no pending staff bills

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Annex 4c: Analysis of Other Pending Payables

| Name | Brief Transaction Description | Date Payable Contracted | Original Amount | Amount Paid To-Date | Outstanding Balance 2023-2024 | Outstanding Balance 2022-2023 | Comments |
|--|--------------------------------------|--------------------------------|------------------------|----------------------------|--------------------------------------|--------------------------------------|-----------------|
| Amounts due to National Govt Entities | | | | | | | |
| 1. | | | | | | | |
| <i>Sub-Total</i> | | | | | | | |
| Amounts due to County Govt Entities | | | | | | | |
| 2. | | | | | | | |
| <i>Sub-Total</i> | | | | | | | |
| Amounts due to Third Parties | | | | | | | |
| 3. | | | | | | | |
| <i>Sub-Total</i> | | | | | | | |
| Others (specify) | | | | | | | |
| 4. | | | | | | | |
| <i>Sub-Total</i> | | | | | | | |
| Grand Total | | | | | | | |

Note: As of 30th June 2024, there were no other pending payables.

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Annex 5: Summary of Fixed Assets Register

| Asset class | Opening Cost (KShs) 2023/2024 | Donations in form of assets (KShs) 2023/2024 | Purchases/ Additions in the Year (KShs) 2023/2024 | Disposals in the Year (KShs) 2023/2024 | Transfers in/(out) Kshs 2023/2024 | Closing Cost (KShs) 2024 |
|--------------------|--|---|--|---|--|----------------------------------|
| | (a) | (b) | (c) | (d) | (d) | (e)= (a)+ (b)+c)-(d)+(-)d |
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| Work in Progress | 8,048,500 | - | 24,690,860 | - | - | 32,739,360 |
| Intangible assets | - | - | - | - | - | - |
| Total | 8,048,500 | - | 24,690,860 | - | - | 32,739,360 |

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Annex 6: Contingent Liabilities Register

| No | Nature of contingent liability | Remarks |
|----|--------------------------------|---------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |

Note : As of 30th June 2024, there was no information to report on the Contingent Liabilities Register.

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Annex 7: Reporting Of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Note: As of 30th June 2024, there was no information to report on Climate Relevant Expenditures.



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Annex 8: Reporting Disaster Management Expenditure

| Column I | Column II | Column III | Column IV | Column V | Column VI | Column VII |
|-----------|---------------|---------------|--|------------------|----------------|------------|
| Programme | Sub-programme | Disaster Type | Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Note: As of 30th June 2024, there was no information to report on Disaster Management Expenditure.

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Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2024
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance