

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 04 DEC 2024 WEDNESDAY

OF

TABLED BY: HON. SILVANUS OSORO
MAJORITY PARTY WHIP

THE AUDITOR-GENERAL
HUSSEIN

ON

**NAIROBI RIVERS BASIN REHABILITATION
AND RESTORATION PROGRAM P-KE-EBO-010:
SEWERAGE IMPROVEMENT
PROJECT PHASE II**

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

**ATHI WATER WORKS
DEVELOPMENT AGENCY**



PROJECT NAME:
**NAIROBI RIVERS BASIN REHABILITATION AND RESTORATION PROGRAM: SEWERAGE IMPROVEMENT PROJECT
PHASE II**
AfDB LOAN NO. 2000200003407 AND
AfDB LOAN NO. 2100150040550

Implementing Entity:
Athi Water Works Development Agency

PROJECT CREDIT NUMBER:P-KE-EB0-010

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)**

Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II (P-KE-EB0-010)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II (P-KE-EB0-010)

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1. Acronyms and Glossary of Terms

<u>ACRONYMS</u>	<u>DEFINITION</u>
ADF	African Development Fund
ADB	African Development Bank
Gok	Government of Kenya
RAP	Resettlement Action Plan
DESTP	Dandora Estate Sewage Treatment Plant
AWWDA	Athi Water Works Development Agency
NCWSC	Nairobi City Water and Sewerage Company
SDA	Special Deposit Account
NCBA	National Commercial Bank of Africa
NaRSIP	Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
IEK	Institution of Engineers of Kenya
CPA	Certified Public Accountants
MBA	Master of Business Administration
CBD	Central Business district
STW	Sewer treatment works
FY	Financial Year
ICT	Information and communications technology
OS	Operating safeguards
OP	Operating Policies
IPSAS	International Public Sector Accounting Standards
PSASB	Public Sector Accounting Standards Board
PFM	Public Financial Management
MDA	Ministries, Departments and Agencies.
IFMIS	Integrated financial management information systems
MSc	Master of Sciences
BSc	Bachelor of Science

2. Project Information and Overall Performance

2.1 Name and registered office

Name: The project's official name is: Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II (P-KE-EB0-010).

Objective: The objective of the Nairobi Rivers Rehabilitation and Restoration Program: Sewerage Improvement Project phase II is to improve the access, quality, availability and sustainability of wastewater services in Nairobi City with a view to contribute to the restoration of Nairobi Rivers Basin.

Address: The project's implementing Agency's headquarters offices are in Nairobi (City), Nairobi County, Kenya.

The address of its registered office is:

Athi Water Works Development Agency
P.O. Box 45283-00100 GPO
Athi Water Plaza
Muthaiga North Road
NAIROBI.

Contacts: The following are the project contacts

Telephone: (254) 0202724292/3
E-mail: info@awwda.go.ke
Website: www.awwda.go.ke

2.2 Project Information

Project Start Date:	The project start date is November 2018
Project End Date:	The initial project end date was 31 May 2023, it was extended to 31 December 2024 and later to 31 December 2025
Project Manager:	The project manager is Eng. Bonnie Nyandwaro
Project Sponsor:	The project sponsor is the African Development Fund (ADF) and African Development Bank (ADB)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Water, Sanitation and Irrigation
Project number	P-KE-EB0-010
Strategic goals of the project	The strategic goals of the project is to improve the access, quality, availability and sustainability of wastewater services in Nairobi City with a view to contribute to the restoration of Nairobi Rivers Basin
Achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none">• Sanitation Infrastructure• Institutional Development Support• Project Management

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Other important background information of the project	<p>The proposed project supports sanitation infrastructure investments including institutional capacity development funded through a combination of an ADB loan and GoK counterpart contribution. The funding instrument for the proposed intervention is sector investment and the project investments are to be complemented by AFD through parallel financing amounting to EUR 20 million (USD 24.645 million). AFD support focuses on reticulation sewers including last mile connections.</p> <p>The total cost of the Bank supported project components is estimated at EUR 70.841 million, net of taxes and duties. Of this, EUR 51.806 million or 73.1% is in foreign currency and EUR 19.035 million is in local currency. The GoK counterpart - funding requirement for the project is 11.2% for implementation of RAP and land acquisition, payment of taxes and any other operational costs that will be incurred during project implementation</p>
Current situation that the project was formed to intervene	<ul style="list-style-type: none"> • Construct approximately 440 km of sewer reticulation network including last mile connections with a view to provide sewer connection to approximately 1,000,000 people. • 40,000 people will benefit from 100 new and rehabilitated ablution blocks • Rehabilitation and upgrade Dandora Estate Sewage Treatment Plant (DESTP) will significantly improve effluent discharge from the largest wastewater treatment plant in Nairobi. • As part of the effort to deliver inclusive sanitation service, faecal sludge discharge points will be constructed within the sewerage network and 100 ablution blocks will be constructed in informal • AWWDA and NCWSC will benefit from capacity development support to strengthen the institution for the better planning, operational and management of sanitation services.
Project duration	The project started on November 2018 and is expected to run until December 2024

2.4 Bankers

The donor funding is partially direct payment and project account payment. The project account being used is for Narsip I held at NCBA bank. Gok funds received are transferred to the project account to pay for taxes and other implementation costs. NCBA Bank details are as follows;

NCBA Bank Kenya Plc
NIC House Branch
NAIROBI

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

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2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Eng. Joseph Kamau	Chief Executive Officer	Msc. Environmental Planning and Management, Bsc. Civil Engineering, IEK	Accounting Officer
Eng. Bonnie Nyandwaro	Director, Infrastructure Development	Bsc. Civil Engineering, IEK	Project Manager
Eng. James Muturi	Deputy Director -Sewer & Sanitation Infrastructure Development	Msc. Civil Engineering, Bsc. Civil Engineering	Project Coordinator
Loise Kamau	Manager-Environment and Safeguards	BA Social studies	Project sociologist
CPA, John Njoroge Ndegwa	Assistant Director-Finance and Accounts	MBA, BA, CPA-K	Project accountant
Ann Gacheri	Assistant Director- Supply Chain Management	MBA, BA	Project procurement officer

2.7 Funding summary

The project duration is for six years from November 2018 to December 2024 with an approved budget of donor financing totalling to Euro 70,841,000 broken down into: comprised of ADB loan (Euro 59,407,000) equivalent to Kshs 6,942,658,462, ADF loan (Euro 3,507,000) equivalent to Kshs 409,849,062, and GOK counterpart of Euro 7,927,000 equivalent to Kshs 926,396,782.

The table below gives the funding summary of the project

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date		Undrawn balance to date	
			6/30/2024		6/30/2024	
	Donor currency(Euro)	KShs	Donor currency Euro	KShs	Donor currency Euro	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant						
(ii) Loan						
African Development Fund (ADF)	3,507,000	409,849,062	1,852,092	216,446,581	1,654,908	193,402,481
African Development Bank (ADB)	59,407,000	6,942,658,462	36,392,759	4,253,076,220	23,014,241	2,689,582,242
Total	62,914,000	7,352,507,524	38,244,851	4,469,522,801	24,669,149	2,882,984,723
(iii) Counterpart funds						
Government of Kenya	7,927,000	926,396,782	3,605,529	421,363,774	4,321,471	505,033,008
Interest from bank deposit	-	-	21,975	2,568,079	- 21,975	- 2,568,079
Total	7,927,000	926,396,782	3,627,504	423,931,853	4,299,496	502,464,929
Grand Total	70,841,000	8,278,904,306	41,872,355	4,893,454,654	28,968,645	3,385,449,652

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B. Application of funds

Application of funds	Amount received to date 6/30/2024		Cumulative Amount paid to date 6/30/2024		Unutilized balance to date 6/30/2024	
	<i>Euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
(i) Loan						
African Development Fund (ADF)	1,852,092	216,446,581	1,301,839	174,337,234	550,253	42,109,347
African Development Bank (ADB)	36,392,759	4,253,076,220	31,759,260	4,253,076,220	36,392,759	-
Total	38,244,851	4,469,522,801	33,061,099	4,427,413,454	36,943,012	42,109,347
(ii) Counterpart funds					-	-
Government of Kenya	3,605,529	421,363,774	3,136,086	419,972,439	469,443	1,391,335
Interest from Bank Deposit	21,975	2,568,079	7,444	996,881	14,530	1,571,198
Total	3,627,504	423,931,853	3,143,530	420,969,321	483,973	2,962,532
Grand Total	41,872,355	4,893,454,654	36,204,629	4,848,382,775	37,426,986	45,071,879

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2.8 Summary of Overall Project Performance:

Works

Contracts under AWWDA			
Project Name	Project Scope	Progress to date	Challenges
Construction Of Kahawa West, Githurai 44 & 45 And Kahawa Sukari Reticulation Sewers	<p>Scope Construction of Precast Concrete and uPVC Reticulation Sewers of approximate total length of 190km within the Project Area covering Kahawa West, Githurai 44 & 45, Kahawa Sukari, Membley, Ruiru CBD, Mugutha / Murera and areas along the Eastern Bypass Road (Diameters varying from 600mm to 160mm).</p> <p>Construction of 2Nr. Modern Faecal Exhauster Discharge Points and 8,000 Nr Household Sewer Connections</p> <p>Improvements at Ruiru Sewage Treatment Works comprising of Construction of Grit Removal Channel at the Phase I Inlet Works and 750mm diameter Interconnection Pipeline, length 515m, between the Phase I and Phase II Works</p> <p>Cost of Contract Kshs. 2,154,077,997.67 (Inclusive of 16% VAT)</p>	The contract is on course, with the overall progress of works being 89%	<p>Delays in VAT payments due to insufficient GoK counterpart</p> <p>Delayed payment of IPC 9 and 10 of the donor component</p>
Construction of Mwiki and Clay works Reticulation Sewers	<p>Scope Construction of 40km reticulation sewers for Mwiki area Construction of 26.369km reticulation sewers for Clay Works areas Construction of 53.148km reticulation sewers for kasarani and Gatina areas Construction of 4.4km DN900mm Dandora Dumpsite Trunk Sewer Construction of 10.835km sewers for Embakasi North areas Construction of 18.9km reticulation sewers for Southern Nairobi areas Construction of an administration building for Embakasi North areas Identification and connection of 4,000Nr. Households. Construction of 2Nr. sludge disposal facility Drilling, testing and equipping of ten (10Nr.) 300m deep boreholes, construction of ten (10Nr.) 18m high 24m³ elevated steel water tanks, ten (10Nr.) standard water kiosks and 10km connection water pipelines.</p> <p>Cost of Contract Kshs. 1,794,140,605.68</p>	The contract is on course, with the overall progress of works being 93.94%	<ul style="list-style-type: none"> • Delays in VAT payments due to insufficient GoK counterpart • Delay in site handover for FSDPs

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Contracts under AWWDA			
Project Name	Project Scope	Progress to date	Challenges
Construction of East and West of Nairobi Reticulation sewers	<p>Scope The Chairman described the scope of works as follows;</p> <p>a) Laying of 130 km Reticulation sewers in various areas of East and West of Nairobi, including, Karen, Uthiru, Kangemi 1 Ruaka, Mountain View, Westlands, Kilimani, Kileleshwa, Ngara, Eastleigh, Huruma, Mathare North and Utawala</p> <p>b) Securing of Karen wastewater treatment plant and site ancillary works</p> <p>c) 3000 Household sewer connections in East and West of Nairobi areas. The specific components of works include:</p> <ol style="list-style-type: none"> 1. Karen Sewer Project; Karen Trunk Sewer, Karen Reticulation Sewers, Karen STW Fencing1 Site Ancillary Works 2. Western Nairobi Sewerage Project: Western Reticulation Sewers, Kangemi, Uthiru, and Mountain View Reticulation Sewers, Kileleshwa Reticulation Sewers, Kilimani Reticulation Sewers, Kirichwa Dogo Trunk Sewer Extension 3. Eastern Nairobi Sewerage Project: Ngara Reticulation Sewers, Eastleigh Reticulation Sewers, Huruma and Mathare North Reticulation Sewers, Utawala Sewers 4. Ruaka Intensification Sewer: Ruaka Reticulation Sewers 5. Household Connections: 3,000 Nr. Household Connections 6. Drilling and equipping of boreholes. <p>Cost of Contract Kshs 1,278,465,431.18</p>	The contract overall progress of works is 50%	<p>Delay in obtaining wayleaves in the Ngong Road Forest.</p> <p>Theft of manhole covers for the installed manholes necessitating need to change the construction method for the manholes</p>
Construction of Nairobi Informal settlements water and sanitation lot 5	<p>Scope The Works consist of Rain water harvesting activities, including;</p> <p>a) Ablution Blocks in the selected areas in selected informal settlements.</p> <p>b) Sewerage Networks and last mile household connections.</p> <p>c) Development of community Borehole based water supply projects with associated infrastructure</p> <p>Cost of Contract Kshs 298,935,863.38</p>	The Contractor's overall progress is about 78% completion	Delays in VAT payments due to insufficient GoK counterpart

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Contracts under AWWDA			
Project Name	Project Scope	Progress to date	Challenges
Construction of Dandora Estate waste water treatment plant rehabilitation and duplication plant inlet works	<p>Scope</p> <ul style="list-style-type: none"> •Rehabilitation of the existing DEWWTP Inlet Works, •Expansion of the DEWWTP Inlet Works next to the existing one, •Desludging of the DEWWTP Anaerobic Ponds •Ancillary Works including: <ul style="list-style-type: none"> -Rehabilitation of Access Roads -Stormwater drain between Phase II and Phase III ponds -Boundary wall on western edge of the DESTP -Fencing of the edge along the Nairobi River -Rehabilitation of the Effluent Outlet Channels -Desilting for Nairobi Trunk Sewer (for 3.7km) <p>Cost of Contract Kshs 1,531,934,111.57</p>	The overall progress of works is at 61.89%	Delays in payments Review of desludging and desilting methodology by the bank

Goods

Project Name	Project Scope	Progress to date	Challenges
Supply and delivery of Operational Vehicles for Nairobi City Water and Sewerage Company	The contract was signed at a contract sum of Kshs 62,977,234.04 inclusive of taxes. It was for supply of vehicles for Nairobi city water and sewerage	The contract is completed	None
Upgrade of ICT Systems for Nairobi City Water and Sewerage Company	The contract was awarded on 14 th Oct 2020 at a contract sum of USD 1,627,303.36 inclusive of VAT	The contract is on course. It is currently at 90%	None
Supply and Delivery of 11 No. Trucks (4 TON & 7 TON)	The contract was awarded on 14 th Oct 2020 at a contract sum of Kshs 59,434,347.6 Exclusive of VAT	The contract is completed	None
Supply and Delivery of 4 no. Exhausters (2 big and 2 small)	The contract was awarded on 14 th Oct 2020 at a contract sum of Euro 596,338	The contract is completed	None
Supply and Delivery of 2 no. Sewer Flushing Vehicles	The contract was awarded on 14 th Oct 2020 at a contract sum of Euro 670,304	The contract is completed	None
Supply and Delivery of 2 No. Generators for Kariobangi Waste Water Treatment Plant	The contract was awarded on 14 th July 2021 at a contract sum of Kshs 63,672,473.88	Contract has been terminated. In the process of submitting SPN to the bank for reprocurement	Variation in prices
Supply, Delivery, Installation and Commissioning Laboratory Equipment	The contract was awarded on 14 th Oct 2020 at a contract sum of Kshs 26,666,300 Exclusive of VAT	The contract is completed	None
Rain Water Harvesting Activities: Supply and Installation of Water Tanks	The contract was awarded on 14 th April 2022 at a contract sum of Kshs 24,558,534.00 inclusive of VAT	The contract is ongoing, 150 out of 250 tanks already installed	Delay in the payment process

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Consultancies

Project Name	Consultancy Scope	Progress to date	Challenges
Consultancy Services for Design Review and Construction Supervision of Kahawa West, Githurai 44 & 45 and Kahawa Sukari Reticulation Sewers	Design review, tender documentation connections inventory and assistance in procurement of works contractor. Construction supervision and RAP/ESIA Implementation Cost of Contract USD 283,600 Kshs 2,472,500 exclusive of indirect taxes	The consultancy is on course	None
Consultancy Services for Design Review and Construction Supervision of Mwiki, Clayworks, Eastern and Western Nairobi Reticulation Sewers	Design review tender documentation and construction supervision of Mwiki, Clayworks, Eastern and Western Nairobi Reticulation Sewers Cost of Contract Kshs 83,620,000 exclusive of indirect taxes	The consultancy is on course	None
Consultancy Services for Detailed Design and Construction Supervision for Rehabilitation and Expansion of Dandora Estate Sewerage Treatment Plant (DESTP) Inlet Works	Design and construction supervision for rehabilitation and expansion of Dandora Estate sewerage treatment plant Cost of Contract Kshs 65,716,130.00 exclusive of indirect taxes	The consultancy is on course	None
Consultancy services for design review and construction supervision of water and sanitation services for Nairobi Informal settlements	Design review and construction supervision of water and sanitation services for Nairobi Informal settlements Cost of Contract Kshs 59,854,550 inclusive of indirect taxes	The consultancy is on course	None
Consultancy Services for Water Quality Monitoring and assessment of Nairobi River	Water Quality Monitoring and assessment of Nairobi River Cost of Contract Kshs 24,802,940 exclusive of indirect taxes	The consultancy is on course	None
Communication Consultancy	This is a consultant meant to document the project activities and impact Cost of contract Kshs. 37,777,720 inclusive of taxes	The contract is on course	None

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Project Name	Consultancy Scope	Progress to date	Challenges
Consultancy Services for Detailed Design and Preparation of Tender Documents on Energy Generation at DEWWTP	Detailed design, tender documents for energy generation Cost of Contract USD 1,716,571.05 Kshs 6,105,263.15 inclusive of taxes	Contract on course	None
Feasibility Study, Detailed Design and Preparation of Tender Documents on Operation and Mechanization of Waste Water Treatment Plant at Karen WWTP	Feasibility study, detailed design and tender documents Cost of Contract Kshs 20,500,000 exclusive of taxes	Contract on course	None

2.9 Summary of Project Compliance:

The project performed all its activities ensuring compliance with applicable laws and regulations, and essential external financing agreements/covenants.

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3. Statement of Performance Against Project's Predetermined Objectives

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the *project* is to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns in the Athi cluster's areas of jurisdiction.

Progress on attainment of Strategic development objectives

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

Project	Objective	Outcome	Indicator	Performance
Nairobi Rivers Rehabilitation and Restoration Programme Sewerage Improvement Project Phase II.	To improve the access, quality, availability and sustainability of wastewater services in Nairobi City with a view to contribute to the restoration of Nairobi Rivers Basin.	574.2km	Length of Trunk and Reticulation sewers installed	394.09km
		160,000m3/day	Wastewater treatment capacity added	0
		30	No of gender sensitive ablution blocks constructed	18
		10,000	Tree planted along rivers	7,000
		Completed	Study on methane capturing conducted	0
		1	No of Laboratories Constructed and equipped	0
		1	No. of Business Plans updated	0
		20(50% female)	No. staff trained	80
		10	No. of sensitisation campaigns in health & hygiene practices	0
		60% (2.2million- 50% female)	% & No. of people in Nairobi with access to improved sanitation services (50% women)	22,000
		30mg/l	BOD ₅ of wastewater discharged into Nairobi Rivers	0

4. Environmental and Sustainability Reporting

4.1 Introduction

Environmental and Social Sustainability refers to concerted efforts to mitigate against environmental degradation and social impacts. It is the maintenance of the factors and practices that contribute to the quality of the environment on a long-term basis as well as acceptable social norms over the long term. It is also defined as the ethical obligation of companies/organizations to protect natural resources, reduce pollution and other forms of environmental harm.

It involves making decisions and taking actions that are in the interest of protecting the natural and social environment, with particular emphasis on preserving the capability of the environment to support human life and social wellbeing of communities.

As such, Athi Water Works Development Agency (AWWDA) a state corporation with key functions of Planning, development, rehabilitation and expansion of water and sanitation services infrastructure is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment.

It is committed to environmental conservation and protection as well as safeguarding the health and safety of workers within its premises, projects and project areas. Through the integrated Environment, Health and Safety policy statement, the organization commits to protecting the environment, preserving the health and safety of employees and communities, and ensuring safe development of water and sanitation infrastructure within the Institution's area of jurisdiction.

AWWDA has a structured way of managing the environmental and social aspects associated with its operations through the existing Environmental and Social Safeguards division with a total of 7 permanent staff.

The following elements underpin AWWDA environmental sustainability.

- Pollution prevention and resource efficiency;
- Regulatory compliance;
- Assessment and management of environmental and social risks;
- Community and impacts stakeholder engagement;
- Public consultation and
- Biodiversity conservation and sustainable management of the natural resources.

The objective of the AWWDA's environmental sustainability is therefore to promote sustainable social and economic development within the Agency's area of jurisdiction by ensuring environmental protection, social equity, and economic development. Also, to support the wellbeing of the current and future generations.

4.2 Approach

AWWDA's environmental sustainability is guided by the Environmental Management and Coordination (Amendment) Act of 2015 which is the principal legislation governing the conduct of environmental management in Kenya and the Constitution of Kenya, 2010. Other legislation related to natural resources such as Water Act, forest Act, Land planning Act, National land policy etc. as well as the Occupational Health and Safety Act, 2010 are also used as guidelines.

AWWDA also complies with the other environmental requirements of International Funding Institutions such as World Bank, Africa Development Bank, French Development Bank among others.

The environmental and social safeguards standards generally include considerations for:

- Assessment and Management of Environmental and Social Risks and Impacts
- Labor and Working Conditions
- Resource Efficiency and Pollution Prevention and Management
- Community Health and Safety

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- Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
- Cultural Heritage
- Stakeholder Engagement and Information Disclosure.

4.3 Environmental and Sustainability activities

AWWDA developed and operationalized the integrated workplace environment health and safety policy statement which states the organization's commitment to protect the environment, preserve the health and safety of AWWDA employees and communities, and ensure safe development of water and sanitation infrastructure. This policy statement provides a framework for developing environmental objectives, targets and programs.

The organizational service charter also includes the environmental considerations such as the enforcement of water quality monitoring.

AWWDA subjects all the new water and sanitation infrastructure projects to environmental and social impact assessment process in line with the Environmental Management and Coordination (Amendment) Act of 2015. This is done in order to identify both potential positive and negative impacts. The process allows for provision of enhancement, mitigation, restoration and compensation measures to ensure that the projects are environmentally and socially sustainable. The reports are submitted to NEMA for review and licensing and also to funding agencies (where applicable) for approval based on international standards.

Some of the environmental and social impact assessment reports prepared, approved and licensed by NEMA within the financial year include:

- Murang'a Water Supply Project
- Murang'a Sanitation Project
- Kiambu Water and Sanitation Project

AWWDA has in place an operational Environmental and social safeguards division within the Water and Sanitation department responsible for Environmental and Social compliance and Management. The team comprises of both sociologists and environmentalists. They are tasked with managing the Environmental and social aspects of the organization and community.

4.4 Pollution Prevention and Abatement

AWWDA Complies with various legislations related to prevention and abatement of pollution such as EMCA (waste management) regulations, EMCA (water quality) regulations) EMCA (noise reduction) regulations, Water Act (water rules). Programmes are in place to ensure that all operations are in compliance with these regulations. For instance, water abstraction permitting, effluent discharge planning and licensing, and workplace certification among others. The following are some of the measures employed by the organization to mitigate pollution

- All sewerage treatment plants are designed to improve quality of final discharge into the receiving surface waters. These facilities are issued with effluent discharge permits based on effluent discharge and control plan.
- All ongoing construction projects are supervised and monitored to ensure proper implementation of project specific environmental management plans and environmental conservation.
- All motor vehicles are being regularly serviced as per manufacturer's recommendations.
- Compliance to the Occupational, Health and Safety Act, 2007
- Conformance to EMCA(Air quality regulations), 2014
- Compliance to EMCA (Noise and Vibrations pollution control), 2009
- Compliance to the national environmental Action Plan, 2009-2013
- The penal code chapter 63.

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4.5 Climate Change Mitigation and adaptation

Climate change poses a significant challenge to the water sector impacting both water quality and availability. To mitigate climate change, AWWDA advocates for environmental sustainability and maintaining the natural ecosystem services of the environment. AWWDA has also liaised with various stakeholders to ensure that all projects within its jurisdiction comply with environmental legislations, regulations and Acts. The following are some of the measures taken by the Agency to mitigate climate change:

- I. Projects such as the Rehabilitation of Dandora sewerage treatment plant is aimed at improving efficiency by reducing the amount of GHG emission into the atmosphere. Efforts are also being directed towards exploring the possibility of trapping methane gas generated from the sewerage treatment plants for energy use.
- II. Oloitoktok Water Supply project is another project that aims at mitigating climate change by utilizing solar energy in its day to day operations, therefore complying with the renewable energy Act, 2019.
- III. AWWDA is also implementing large and medium dams to provide water storage thereby providing adaptation measures to water scarcity resulting from climate change.
- IV. Water conservation through the use of water storage tanks- The organization has donated plenty of water tanks to community projects and schools.
- V. Waste water reuse and recycling-This involves treating of waste water and directing it to rivers. Community members are able to use the water for various purposes such as irrigation.
- VI. Flood management- Projects such as NCT have been constructed to collect flood water. Therefore, increasing the availability and quantity of clean drinking water.
- VII. Tree planting- The agency has carried out various tree planting exercises as a climate change adaption measure to act as carbon sinks.

4.6 Promoting Environmental protection and conservation through partnerships with stakeholders

Kenya has experienced prolonged droughts and as a result, livestock, nature and biodiversity loss has been witnessed to a higher magnitude as compared to other decades. In response to this, the government has initiated a national tree planting and restoration campaign to raise the forest cover by 2032.

AWWDA in association with other stakeholders such as County governments, community members, WRA, NEMA, WRUA, NGOs, private sector, local administrations etc have teamed up to carry out afforestation activities within its area of jurisdiction.

Table 1: Tree planting exercise FY 2023-2024

S/NO	PROJECT	NO. OF TREES	AFFORESTATION AREA	STAKEHOLDERS
I.	Karimenu II Dam 7 th December, 2023	7,500	Within the project sites. Spoil Area No.04; Administration Block, Camp 04 site, Quarry AB	Forester Nation Gatundu North & South University Students & Alumni (GUSA) Fit Nation RODI KENYA
II.	Kigoro Water Treatment Plant 7 th December, 2023	500	Water treatment site	AWWDA, Local community

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S/NO	PROJECT	NO. OF TREES	AFFORESTATION AREA	STAKEHOLDERS
III.	Lot 1 – Construction Works for Eastern Nairobi Water and Sewer Intensification Project 17 th November, 2023	200	Project site	Project teams, local community
IV.	Karimenu II Dam 12 th April, 2024	3,500	Spillway sites	TAI SACCO and local community
V.	Kamiti River Riparian Restoration 19 th April, 2024	5,000	WRA defined riparian areas	Kamiti Local Water Resource Users Association (WRUA) NCBA Bank, KCB Bank, Muchemi & Co. Advocates, RODI Kenya, and DANCO Capital Ltd
VI.	Kimakia Forest, Murang'a County 3 rd May, 2024	10,000	KFS Designated rehabilitation block	Kenya Forestry Services, Gatanga Sub-County, Murang'a County CO-OPERATIVE Bank, NORKEN International, RODI Kenya
VII.	Kinale Forest 17 th May, 2024	20,000	KFS Designated rehabilitation block	Kenya Forestry Services, Local community, local primary and secondary schools
VIII.	Kimana Wetlands, Kajiado County 12 th June, 2024	2,000	Kimana Girls Secondary School	Kimana Girls Secondary School, Oloitoktok Water Service Provider and local community
TOTAL		48,700 (in the period FY 2023/2024)		

4.7 Social economic activities

SOCIO-ECONOMIC IMPACT ASSESSMENT

It is the systematic analysis used during EIA to identify and evaluate the potential socio-economic and cultural impacts of a proposed development on the lives and circumstances of people, their families and their communities. If such potential impacts are significant and adverse, SEIA can assist the developer, and other parties to the EIA process, find ways to reduce, remove or prevent these impacts from happening. It also contributes to the ongoing management of social issues throughout the whole project development cycle, from conception to post-closure.

AWWDA focuses on social impact assessment to enhance the benefits of projects to impacted communities. This is also necessary for the project to earn its 'social license to operate'.

Enhancing benefits covers a range of issues, including: modifying project infrastructure to ensure it can also service local community needs; providing social investment funding to support local social sustainable development and community visioning processes to establish strategic community development plans; a genuine commitment to maximizing opportunities for local content (i.e. jobs for local people and local procurement) by removing barriers to entry to make it possible for local enterprises to supply goods and services; and by providing training and support to local people.

Where people's assets and properties are affected, AWWDA ensures that there is prior and informed consent from the project affected persons; that there is prompt and adequate compensation for any loss; and where people are resettled to enable a project to proceed, the Agency ensures that their post-resettlement livelihoods are restored and enhanced.

Other social sustainability activities include:

- i. Stakeholder engagement and public participation
- ii. Livelihood restoration
- iii. Community benefits/ projects
- iv. Economic development through initiatives such as ablution blocks that are handed over to CBOs

4.8 Environmental monitoring and reporting

AWWDA has established various mechanisms of tracking the performance of Environment, Health and Safety (EHS) for the various projects under implementation. Project implementation units are at the fore front of ensuring compliance to EHS. Monthly/quarterly and annual reports, site inspections, EHS monthly meetings, EHS committees and audits form part of EHS monitoring and reporting.

4.9 EHS committees, inspections and audits

The environment and social safeguard unit has established an EHS committee for each project whose main objective is to carry out routine inspections on specific sites with a view to check the contractor's level of EHS compliancy. This includes conformity to Occupational Health and Safety guidelines and the Environmental Management and Coordination (Amendment) Act of 2015. The EHS committee also carries out periodic environmental audits which informs the contractor on his level of compliance and the improvements that need to be done in order to maintain a safe workplace and promote environmental and social sustainability of the project.

The EHS Committees also holds monthly EHS meeting on site. These meetings are informed by the cumulative inspections carried out during that month. The output of the meetings is a monthly EHS performance and monitoring report that enables AWWDA to keep track of the project's EHS performance.

4.10 Environmental and social sustainability management systems

AWWDA aims at managing the various environmental and social aspects associated with different projects under implementation by developing and implementing project specific management and monitoring plans.

4.10.1 Environmental and Social Management Plans

An Environmental and Social Management Plan (ESMP) provides the remedial measures to be taken, the responsible person(s) for execution, and the monitoring activities to be undertaken during the construction, operational and decommissioning phases.

An indication of the timing for implementation and the cost involved is also provided. It is a practical and achievable plan of management to ensure that any environmental impacts during the design, planning and construction phase are minimized. All contractors working with AWWDA submits an ESMP for their respective projects to AWWDA for review. AWWDA ensures that the ESMP is implemented at each phase of the project in order to minimize harmful occurrences to the environment, community members and the employees.

4.10.2 Health and Safety Management Plans

In accordance with the requirements of the Occupational Safety and Health Act 2007, a Health and Safety Management Plan (HESMP) is prepared for each project being implemented by AWWDA. The objective of a HESMP is to establish safe working practices and standards, which are employed on site and to detail the organizational requirements and obligations of the contractor.

4.10.3 Grievance redress mechanism

AWWDA recognizes the need for a Grievance Redress mechanism (GRM) throughout the project implementation period to

identify disputes in good time and allow for them to be resolved in a transparent and accountable manner. Compensation based disputes are issues likely to occur during and after project implementation period, hence the need for GRM system. The need for a GRM is obligated by the Land Act 2012 which recognizes the right of the affected persons to refer their disputes to the Land and Environment Court, while the Land Policy advocates for negotiation, mediation and arbitration to reduce the number of cases that end up in the court system and delayed justice. Similarly, project financing institutions guidelines and policies also call for appropriate and accessible grievance handling mechanisms for project affected persons.

4.10.4 Gender Mainstreaming

Gender mainstreaming involves the integration of gender perspective into the preparation, design, implementation, monitoring and evaluation of policies, regulatory measures and programmes, with a view to promoting equality between women and men, and combating discrimination.

AWWDA and its many projects have both male and female employees. The organization has identified the following measures to enhance gender mainstreaming

- Both male and female employees are involved in decision making
- Equal access to and utilisation of services
- Use of gender sensitive information
- Equal treatment is integrated for both men and women is practised

4.10.5 Prevention of gender-based violence

AWWDA is integrating GBV trainings within the work sites to ensure that cases of sexual harassment and sexual exploitation and abuse within the work places are mitigated against. AWWDA has a GBV committee which is championing this together with a number of consultants who undertake sensitization activities. This will ensure that cases of sexual harassment are reported and that women/men will not fear reporting such cases due to fear of victimization.

The following table summarises the climate relevant expenditure FY 2023-2024.

4.11 Conclusion

AWWDA is committed to Environmental Conservation and safeguard of the Health and Safety of employees as well as communities within the organization's areas of operation. The Agency continuously works towards compliance with the national laws as well as international best practices relevant to the environmental and social safeguards to ensure sustainability.

4.1 Employee welfare

The project management is by AWWDA staff and therefore the entity's employee welfare policies and guidelines applies as detailed below:

AWWDA has developed an approved Human Resource Instruments in which one of the guidelines is a comprehensive Human Resource Policy and Procedures Manual which is the primary document in the management of the Human Resources at the Agency. The document contains provisions for managing the entire scope of Human Resource Management and Development cycle.

It generally guides the implementation of the policies and decision making at various levels within the Agency on matters human capital. The policy provision covers the entire recruitment process, pay and benefits, employee relations, performance management, training & development and the health and safety issues. In consideration of the affirmative actions, the policy addresses issues related to gender balance, persons with disability and consideration of the marginalized communities in all aspects of human resources dynamics.

Under the career development, AWWDA has a comprehensive career progression document that outlines employee succession plans including requirements for internal promotions and the external engagements where talents may be required within its establishment. This is an instrument that outlines job descriptions for each cadre of employee. Together with the annual departmental work plans and the Government's performance contracting tool enables employees set their targets and eventually evaluated through annual appraisals. The evaluation enables employees of the Agency to be up skilled, helped or otherwise redeployed and up scaled.

The Agency also recognizes and commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, it implements policies and programmes that assure their protection from such hazards and disasters. The policies and programmes are implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

4.2 Market place practices-

AWWDA has ensured that responsible competition practices within the Agency are practised by promoting ethical behaviour, transparency, and compliance with relevant laws and regulations i.e., PPADA ACT 2015 and its Attendant Regulations, Multilateral and Bilateral Rules and Procedures governing Procurement of Goods Works and Services, The Executive Orders and Circulars issued from time to time by the NT, and Regulator PPRA. To address issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors, the Agency has implemented several key measures:

a) Responsible Supply chain and supplier relations-

Client and Employer alliance is key towards delivery of projects, AWWDA has overtime honored contracts and respected payment practices as a good business practice and treating suppliers responsibly as an essential aspect of building strong, sustainable, and ethical business relationships: Some of the practices include:

1. **Contract Negotiation:** The Agency engages in fair and transparent contract negotiations with its suppliers with a view of having a win-win position. Contracts clearly outline the terms and conditions, including the scope of work, pricing, delivery schedules, quality requirements, and any other relevant details that favor and are sustainable to both parties.
2. **Compliance with Contract Terms:** Once contracts are entered into, the Agency adheres to the agreed-upon terms. This includes fulfilling its obligations on timely payments by ensuring prompt and timely payment to suppliers, consultants and contractors to maintain a good relationship. Delays in payments can cause financial strain on these service providers, impacting their ability to implement projects efficiently.
3. **Clear Payment Policies:** In compliance with the Agency's service charter, there are clear payment policies that specify payment terms, methods, and timelines which are agreed upon during contract negotiations.
4. **Automated Payment Systems:** The agency has Implemented automated payment systems ERP that streamline the payment process, reducing the chances of errors and delays.
5. **Communication and Transparency:** Maintaining open and transparent communication with suppliers. If any payment delays are anticipated, the organization informs the suppliers in advance and works together to find a mutually acceptable solution.
6. **Early Payment Programs:** The agency offers early advance payments to suppliers who may benefit from

faster access to funds upon the provision of an advance payment guarantee. YWPLD are major beneficiaries to this program as part of mainstreaming in public procurement.

7. **Supplier Diversity and Inclusion:** The agency practices supplier diversity and inclusion by providing opportunities to small and minority-owned businesses. (YAGPO Groups) by allocating 30% of its procurement budget annually.

8. **Supplier Performance Evaluation:** Regularly evaluating supplier performance to ensure that they meet the agreed-upon standards. Feedback on performance helps suppliers improve their processes, ultimately benefiting both parties.

9. **Conflict Resolution Mechanism:** The agency has in place a conflict resolution mechanism to address any disputes or disagreements with suppliers and contractors promptly and fairly.

10. By implementing these measures, the Agency has created a strong foundation for responsible competition practices, fostering trust among stakeholders and contributing to a sustainable and ethical business environment.

b) Responsible ethical practices

To address issues like anti-corruption, responsible political involvement, fair competition, and respect for competition, the Agency has implemented several key measures:

1. **Code of Conduct and Ethics:** The Agency has established a comprehensive code of conduct that clearly outlines the expected behaviour of all staff in the institution and for Supply Chain Management staff the practising license issued by KISM explicitly prohibits corrupt practices, bribery, and unethical behaviour and ensures compliance by all stakeholders. The license also ensures that the supply chain staff are in good standing prior to renewal.

2. **Compliance Reports:** The Agency Prepares statutory compliance reports to the Various Regulatory Bodies i.e., PPRA, NT, and EACC and reports all the awarded contracts through the PPIP Portal (Public Procurement and Information Portal) which is accessible by the public with disclosures of Beneficial Ownership Information for all awarded contracts.

3. **Anti-Corruption Policies:** The Agency implements policies to prevent corruption, such as anti-bribery and anti-money laundering policies. These programs include training on anti-corruption measures and responsible political involvement which is a continuous exercise.

4. **Fair Competition Practices:** The Agency promotes fair competition and adheres to antitrust laws to prevent monopolistic behaviour, price-fixing, bid-rigging, or other practices that harm competition by issuing Requests for Quotations to multiple suppliers in its registered list. For large complex and large contracts, competition is promoted through open competitive bidding for both National and International bidders based on the threshold.

5. **Internal Controls and Audits:** The Agency implements internal controls and conducts regular Internal Audits, External Audits and ISO audits to monitor compliance with policies and identify any potential violations. Observations and recommendations from these audits are implemented to improve and ensure best practices within internal processes.

c) Regulatory impact assessment

AWWDA has ensured that responsible engagement with its stakeholders is practised within the Agency as well as with our external stakeholders by promoting transparency and compliance with relevant laws and regulations

through various measures as follows:

1. **Supplier Appraisals and Sensitization Workshops:** The Agency conducts annual Sensitization workshops and due diligence on suppliers and business partners to ensure that they adhere to responsible business practices these safeguards both parties' interests as it keeps the public informed on the programs and projects undertaken by the Agency as well as the expectation of the potential suppliers in order to qualify for the available opportunities.
2. **Training and Awareness on the PPADA ACT 2015 and Ethics:** For the purpose of keeping staff, Board Members and Suppliers informed of the most recent ethical standards, compliance requirements and best practices, the Agency undertakes training and awareness on PPADA Act and ethical and integrity practices.
3. **Implementation of a Robust Service Charter -** that attends to the needs of both internal and external customers prudently to avert any delays in responses to queries and clarifications that may arise during the bidding period for procurement of goods, works and services by the Agency thus ensuring its stakeholders are properly informed at all times.
4. **Clear and Comprehensive Advertisements -** The Agency places its adverts for opportunities in the print media and its websites as well as the Public Procurement website (www.tenders.go.ke) which are based on accurate and verifiable information about the projects being implemented by the Agency, this is line with provisions of section 74 of the PPAD Act and its attendant regulations. The Adverts are also detailed and clearly indicate the contact details for purposes of clarification and the mode of submission of tenders by specifying whether the submission shall be done electronically or manually. Adverts relating to preference and reservations scheme state that such tenders are reserved specifically for small and micro enterprises and for disadvantaged groups registered with the National Treasury or regions, as appropriate.

By publishing most opportunities this enhances competition and ensures value for money in the procurement processes.

5. **Disclosure of Awarded Contracts in the PPIP (Public Procurement Information Portal)**

The Public Procurement Information Portal is an online platform provided by Public Procurement Regulatory Authority (PPRA) for publication of contract awards and tender notices by Procuring Entities. This enhances transparency and accountability to Stakeholders.

By following these principles and practices, AWWDA has built trust with their target audience, demonstrated ethical conduct, and contributed to a more responsible and sustainable marketing and advertising landscape through the advertisement of all tender opportunities either in the print media, website or its social media platforms hence safeguarding citizen and stakeholder's rights through regular and comprehensive engagements.

4.3 Community Engagements

During the 2023/2024FY AWWDA continued to ensure enhanced access to water across our area of jurisdiction.

5. Statement of Project Management Responsibilities

The Chief Executive Officer Athi Water Works Development Agency (AWWDA) and the Project Coordinator for Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year 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 (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer AWWDA and the Project Coordinator for Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Executive Officer AWWDA and the Project Coordinator for Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II 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 period ended June 30, 2024, and of the Project's financial position as at that date. The Chief Executive Officer AWWDA and the Project Coordinator for Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II 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 AWWDA and the Project Coordinator for Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II 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 period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial statements

The Project financial statements were approved by the Chief Executive Officer Athi Water Works Development Agency and the Project Coordinator for Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II on 13th September 2024 and signed by them.

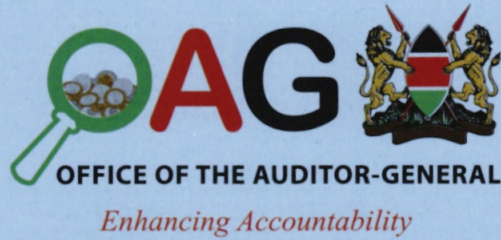
Chief Executive Officer
Name: Eng. Joseph Mungai Kamau

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REPORT OF THE AUDITOR-GENERAL ON NAIROBI RIVERS BASIN REHABILITATION AND RESTORATION PROGRAM P-KE-EBO-010: SEWERAGE IMPROVEMENT PROJECT PHASE II FOR THE YEAR ENDED 30 JUNE, 2024 – ATHI WATER WORKS DEVELOPMENT AGENCY

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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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 control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

Report of the Auditor-General on Nairobi Rivers Basin Rehabilitation and Restoration Program P-KE-EBO-010: Sewerage Improvement Project Phase II for the year ended 30 June, 2024 – Athi Water Works Development Agency

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II set out on pages 1 to 22 which comprise the statement of financial assets 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 the Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the African Development Bank (AfDB) Loan Agreement No. 2000200003407 and African Development Fund (ADF) Loan Agreement No. 2100150040550 and the Public Finance Management Act, 2012.

In addition, the special accounts statements present fairly, the special accounts transactions and the closing balance has been reconciled with book balances.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project, Phase II Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Long Outstanding Pending Accounts Payables

Note 18 on other important disclosures reflects pending accounts payable balance of Kshs.866,317,400 carried forward for financial year ending 30 June, 2024. The amount includes payables totalling Kshs.171,351,830 brought forward from prior years.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provision of the subsequent year as they should form a first charge.

Report of the Auditor-General on Nairobi Rivers Basin Rehabilitation and Restoration Program P-KE-EBO-010: Sewerage Improvement Project Phase II for the year ended 30 June, 2024 – Athi Water Works Development Agency

2. Delayed Disbursement of Government Counterpart Funding

The statement of receipts and payments reflects a loan amount from the African Development Bank of Kshs.1,489,022,177 and Kshs.25,000,000 as counterpart funding from the Government of Kenya. The total cumulative counterpart funding from the Government of Kenya as at 30 June, 2024 stood at Kshs.421,363,774. This represents 43% of the total counterpart financing projection of Kshs.926,396,782 as disclosed in Paragraph 2.7 on funding summary of the financial statements. The expected closing date of the project is set on December 2025 and it is doubtful that the counterpart financing balance of Kshs.505,033,008 representing 57% will be disbursed to the project activities before the closure date.

My Opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unpaid Value Added Tax

The financial statements under Note 18 makes disclosure of pending accounts payables balance of Kshs.866,317,400. A schedule of the payables provided for audit review revealed pending accounts payables in respect to unpaid VAT amounting to Kshs.399,165,508. The amount is payable to a contractor by the Government of Kenya. The Athi Water Works Development Agency has not been able honor the payment and this has led to delay in various projects because of cashflow challenges.

Other Information

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

In connection with my audit on the Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project 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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Delay in Completion of Projects

The statement of receipts and payments for the year ended 30 June, 2024 reflects total payments of Kshs.1,490,610,593. Included in the payments is acquisition of non-financial assets of Kshs.1,452,445,493. As is further explained under Note 8 to the financial statement, the amount is in respect to payments for consultancies and construction services for ten (10) projects. Review of the payments revealed delays in project completion due to various reasons as explained below. Delay in project completion is contrary to Section 151(2a) of the Public Procurement and Assets Disposal Act, 2015, which provides that for the purpose of managing complex and specialized procurement contracts, the contract implementation team shall be responsible for monitoring the performance of the contractor to ensure that all delivery or performance obligations are met or appropriate action taken by the procuring entity in the event of obligations not being met.

1.1 Construction of Dandora Estate Waste Water Treatment Plant Rehabilitation and Duplication Plant Inlet Works

The contract for construction of Dandora Estate Waste Water Treatment Plant Rehabilitation and Duplication Plant inlet works was awarded at a contract sum of Kshs.1,531,934,112. The commencement date for the works was 21 February, 2023 and was envisaged to be complete on 21 August, 2024. The following was noted in respect to implementation of the works:

a. Slow Progress of Works on Desilting and Desludging of Ponds

A site visit at Ruai revealed works on desludging of ponds and desilting of the 3.7km of the trunk sewer were yet to start. The works delayed due to reasons of pending approvals of the methodology and machinery to be used and handling of the sludge material. Delay in the works is likely to cause the implementing agency to extend the project completion date.

b. Vandalism

It was also observed that a section of the perimeter wall was vandalized by the community hence encroaching the project. This is likely to escalate the project cost since the contractor would be required to redo the vandalized walls.

c. Diversion of funds

Review of payment documents in respect of the expenditure revealed that on 7 August, 2023, the implementing agency instructed consultants for the project to make payments amounting to Kshs.507,085 for supply and installation of a sliding gate at the Athi Water Works Plaza. This expenditure is not part of the Dandora Estate water treatment plant scope of works and was charged to the item of expenditure on Dandora Estate waste water treatment plant irregularly.

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

1.2 Lot 2 - Construction of Kahawa West, Githurai 44 & 45 and Kahawa Sukari Reticulation Sewers- Contract No. AWWDA/NARSIP II/W-02/2020

The Agency entered into a contract on 3 February, 2021 for construction of Kahawa West, Githurai 44 & 45 and Kahawa Sukari reticulation Sewers at a contract sum/price of Kshs.2,154,077,998 (inclusive of VAT). The completion date was to be 14 September, 2022. The contract was, however, extended through Extension of Time No.1-Addendum No. 1 to 29 September, 2023 and later extended through Extension of Time No. 2 to 11 July, 2024. Records available show that the contractor was further granted an extension of time for a period of 158 days to complete outstanding contract deliverables and ensure targets are met at no additional costs to the contractor. This revised the contract completion date from 11 July, 2024 to 16 December, 2024.

Project verification done in October, 2024, revealed the project works completion was at 89%. The contract had utilized 39.5 months or 98.7% of the contract period. The project works are incomplete as some work components such as Kamiti Prison, Ruiru WWTP, 4,519 Household connections and Githurai 45 manholes construction are still pending. In the monthly and quarterly progress reports for the year, the contractor was accused of delay in execution of works and showed no commitment to meet the set deadlines. No action was however taken by Management to sanction the contractor as per the terms of the contract.

In the circumstances, Management was in breach of the contract provisions/agreement.

1.3 Construction of Mwiki & Clayworks Reticulation sewers

The contract was signed on 19 March, 2021 at a contract sum of Kshs.1,794,140,606 (inclusive of VAT). The original completion date was 21 October, 2022 which was later extended to 22 December, 2023 and again extended to 23 August, 2024. Project

verification done in October, 2024 revealed the Project works were at 89% completion. The works were behind schedule by two (2) months.

It was unclear when the project would be completed as some work components such as theta river trunk sewer, construction of 4,000 Nr. household sewer connections, drilling and equipping of 10Nr. boreholes, construction of 10Nr. 24m³ elevated water tank and reticulation, construction of 10Nr. standard water kiosk as per WASREB standards complete with plumbing and 3 Nr. water drawing points, construction of 2Nr. sludge disposal facilities and ancillary each point including administration building, staff houses (2Nr. one-bedroom houses), ablution block and gate house, Embakasi North Sewers-administration building, sludge disposal and Dandora dumpsite TS were still pending.

In the circumstances, Management was in breach of the contract provisions/agreements.

1.4 Variation of Contract Sum Due to Proposed Sewer Line Passing Through a Forest Reserve for Lot 4: Construction of East and West of Nairobi Reticulation Sewers

The contract for Lot 4 for construction of East and West of Nairobi Reticulation Sewers was agreed at a contract sum of Kshs.1,278,465,431 with commencement date of 3 September, 2021 and completion date of 3 March, 2023. The projection completion date was later extended to 3 December, 2023. A second extension was granted to 3 March, 2024 while a third extension was granted to 3 December, 2024.

Records available show that Athi Water Works Agency undertook an environmental impact assessment of the project as part of the preliminary requirements before implementation of the project. However, project implementation could not proceed as planned following objection by community environment activists that the proposed sewer line project passed through a forest reserve. The Bank advised during supervision mission that an alternative route be considered away from the forest reserve. Additional costs incurred due to the change of route of the sewer line amounted to Kshs.133,407,256 after the original cost of the project of Kshs.1,278,465,431 was revised to a contract sum of Kshs.1,411,872,687.

1.5. Payment of Kenya Forest Service (KFS) for Special User License

The Agency paid Kshs.12,405,380 to Kenya Forest Service (KFS) in IPC 8 for a special User License to allow the passage of the 8.78km Motoine Trunk sewer line through Ngong forest. The license was granted but due to complaints from stakeholder's, works were halted and alternative routes proposed to African Development Bank for approval. The Agency has not claimed for refund of the amount of Kshs.12,405,380.

1.6 Failure to Claim Refundable Deposit for Micro-Tunneling of Kangundo Road

The Agency deposited refundable deposit with KeNHA of Kshs.480,000 for micro-tunneling across Kangundo road. The said amount had not been claimed and evidence

of refund was not provided during the audit. In addition, the Agency also approved payment of Kshs.560,000 to be paid to KeNHA to undertake works across southern by-pass and Kangundo road. The amount was refundable thirty (30) days after completion and reinstatement of the works. The Kangundo road works were completed but the Agency had not claimed the amount of Kshs.560,000.

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

REPORT ON 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by African Development Fund, I report based on my audit that:

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion:
- ii. Information given in the project management's report on pages xiii to xxiii is consistent with the financial statements; and
- iii. The Project's financial statements agree with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the 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 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

08 November, 2024

**Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
Phase II (P-KE-EB0-010)
Annual Report and Financial Statements for the financial year ended June 30, 2024**

7. Statement of Receipts and Payments for The Year Ended 30th June 2024

	Note	2023/24			2022/23 Restated			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
RECEIPTS								
Transfer from Government entities	1	25,000,000	-	25,000,000	157,000,000	-	157,000,000	421,363,774
Proceeds from domestic and foreign grants	2	-	-	-	-	-	-	-
Loan from external development partners	3	41,787,844	1,447,231,923	1,489,019,767	32,945,771	1,453,243,823	1,486,189,594	4,469,522,801
Miscellaneous receipts	4	190,908		190,908	544,325		544,325	2,568,079
TOTAL RECEIPTS		66,978,752	1,447,231,923	1,514,210,674	190,490,096	1,453,243,823	1,643,733,920	4,893,454,654
PAYMENTS								
Compensation of employees	5	-	-	-	-	-	-	-
Purchase of goods and services	6	18,794,671	19,370,430	38,165,101	20,563,548	-	20,563,548	59,313,311
Social security benefits	7	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	24,584,000	1,427,861,493	1,452,445,493	151,712,506	1,453,243,823	1,604,956,330	4,789,069,464
Transfers to other government entities	9	-	-	-	-	-	-	-
Other grants and transfers and payments	10	-	-	-	-	-	-	-
TOTAL PAYMENTS		43,378,671	1,447,231,923	1,490,610,594	172,276,054	1,453,243,823	1,625,519,878	4,848,382,775
SURPLUS/DEFICIT		23,600,081	-	23,600,081	18,214,042	-	18,214,042	45,071,879

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



Chief Executive Officer
Name: Eng. Joseph Mungai Kamau

Date: 31/10/2024



Project Manager
Name: Eng. Bonnie Nyandwaro

Date: 31/10/2024



Director Finance
Name: CPA, Michael Kihungi Kimotho
ICPAK Member Number: 6490

Date: 31/10/2024

*Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
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8. Statement of Financial Assets as at 30th June 2024

	Note	2023-2024	2022-2023 Restated
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.A	45,071,879	21,471,798
Cash Balances	11. B		-
Cash Equivalents (short-term deposits)	11.C		-
Total Cash and Cash Equivalents		45,071,879	21,471,798
Accounts Receivables	12		-
TOTAL FINANCIAL ASSETS		45,071,879	21,471,798
FINANCIAL LIABILITIES			
Payables- Deposits and Retentions	13	-	-
NET ASSETS		45,071,879	21,471,798
REPRESENTED BY			
Fund balance b/fwd	14	21,471,798	3,257,757
Prior year adjustments	15		-
Surplus/(Deficit) for the year		23,600,081	18,214,042
NET FINANCIAL POSITION		45,071,879	21,471,798

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 13th September 2024 and signed by:



Chief Executive Officer
Name: Eng. Joseph Mungai Kamau



Project Manager
Name: Eng. Bonnie Nyandwaro



Director Finance
Name: CPA, Michael Kihungi Kimotho
ICPAK Member Number: 6490

*Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
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9. Statement of Cashflow for The Year Ended 30th June 2024

		2023-2024	2022-2023 Restated
	Note	KShs	KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Transfer from Government entities	1	25,000,000	157,000,000
Proceeds from domestic and foreign grants	2		-
Miscellaneous receipts	4	190,908	544,325
		25,190,908	157,544,325
Payments from operating activities			
Purchase of goods and services	6	38,165,101	20,563,548
Adjustments during the year			
Prior Year Adjustments	15	-	-
Decrease/(Increase) in Accounts Receivable	16	-	-
Increase/(Decrease) in Accounts Payable:	17	-	-
Total adjustments during the year		38,165,101	20,563,548
Net cash flow from operating activities		- 12,974,193	136,980,777
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	1,452,445,493	1,604,956,330
Net cash flows from Investing Activities		1,452,445,493	1,604,956,330
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	1,489,019,767	1,486,189,594
Net cash flow from financing activities		1,489,019,767	1,486,189,594
NET INCREASE IN CASH AND CASH EQUIVALENTS		23,600,081	18,214,041
Cash and cash equivalent at BEGINNING of the year	11	21,471,798	3,257,756
Cash and cash equivalent at END of the year		45,071,879	21,471,798

*Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
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10. Statement of Comparative Budget and Actual Amounts

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	100,000,000	45,000,000	145,000,000	25,000,000	120,000,000	17%
Proceeds from domestic and foreign grants	-		-		-	
Proceeds from borrowings	4,115,000,000	- 2,625,000,000	1,490,000,000	1,489,019,767	980,233	100%
Miscellaneous receipts	190,908		190,908	190,908	-	100%
Fund balance B/F	-	21,471,798	21,471,798	21,471,798	-	100%
Total Receipts	4,215,190,908	- 2,558,528,202	1,656,662,706	1,535,682,472	120,980,233	93%
Payments						
Compensation of employees				-	-	
Purchase of goods and services	40,000,000	-	40,000,000	38,165,101	1,834,899	95%
Social security benefits				-	-	
Acquisition of non-financial assets	4,175,190,908	- 2,558,528,202	1,616,662,706	1,452,445,493	164,217,213	90%
Transfers to other government entities				-	-	
Other grants and transfers				-	-	
Total Payments	4,215,190,908	- 2,558,528,202	1,656,662,706	1,490,610,594	166,052,112	90%
Surplus or Deficit	-	-	-	45,071,879	- 45,071,879	

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.

***Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
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Annual Report and Financial Statements for the financial year ended June 30, 2024***

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 Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II under Athi Water Works Development Agency. The financial statements are for the Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II as required by Section 81/ Section 164 of the PFM Act, 2012.

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

The Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II recognizes all receipts from various sources when an event occurs, and the related cash is received.

i) Transfers from the Exchequer

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

ii) External Assistance

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

*Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
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Significant Accounting Policies (continued)

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

e) Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

***Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
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Significant Accounting Policies (continued)

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)

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

v) Acquisition of fixed assets

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

f) In-kind donations

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

g) Cash and cash equivalents

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

***Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
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Significant Accounting Policies (Continued)

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

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

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

AWWDA 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 6** of this financial statement is a register of the contingent liabilities in the year.

***Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
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Significant Accounting Policies (Continued)

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

m) Budget

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

n) Third-party payments

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

***Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project
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Significant Accounting Policies (Continued)

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into functional currency using the contract exchange rates and in instances where the contracts are in foreign currency the exchange rates prevailing at the dates of the transactions are used. 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*.

***Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement
Project Phase II (P-KE-EB0-010)
Annual Report and Financial Statements for the financial year ended June 30, 2024***

12. Notes To the Financial Statements

1. Transfers from Government entities

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

	2023/24	2022/23	
	KShs	KShs	Cumulative to-date(from inception)
Counterpart funding through Ministry of Water and Sanitation			
Counterpart funds Quarter 1		100,000,000	239,363,774
Counterpart funds Quarter 2			50,000,000
Counterpart funds Quarter 3	25,000,000		50,000,000
Counterpart funds Quarter 4		57,000,000	82,000,000
Appropriations-in-Aid			
Total	25,000,000	157,000,000	421,363,774

2. Proceeds From Domestic and Foreign Grants

The project is fully loan financed and had no domestic and foreign grants

*Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement Project Phase II (P-KE-EB0-010)
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Notes To The Financial Statements (Continued)

3. Loan From External Development Partners

Description	2023/2024					2022/2023	Cumulative to date
	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs	Total amount in Kshs	
		(Insert currency)	Kshs	Kshs	Kshs	Kshs	
Loans received from Multilateral Donors (International Organizations)							
African Development Fund (ADF)-UAC	Various	302,239	41,787,844	0	41,787,844	32,945,771	216,446,581
African Development Bank (ADB)-EURO	Various	10,070,461		1,447,231,923	1,447,231,923	1,453,243,823	4,253,076,219
Total		10,372,700	41,787,844	1,447,231,923	1,489,019,767	1,486,189,594	4,469,522,801

*Nairobi Rivers Basin Rehabilitation and Restoration Program: Sewerage Improvement
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Notes To the Financial Statements (Continued)

4. Miscellaneous Receipts

	2023/24			2022/23	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts	Total Receipts	
	KShs	KShs	KShs	KShs	KShs
Interest from bank deposit	190,908	0	190,908	544,325	2,568,079
Total	190,908	0	190,908	544,325	2,568,079

5. Compensation to Employees

The project is implemented by AWWDA staff and therefore no staff compensation was drawn from the proceeds of the loan

6. Purchase of Goods and Services

	2023/24			2022/23 Restated	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to-date
	KShs	KShs	KShs	KShs	KShs
Bank charges	162,415		162,415	123,284	581,393
Workshops	72,960		72,960	40,000	401,928
Other Expenses	2,333,297	19,370,430	21,703,727	1,620,372	23,324,099
ADB Training	13,844,376		13,844,376	18,779,892	32,624,268
Land/wayleave compensation	2,381,623		2,381,623	-	2,381,623
Total	18,794,671	19,370,430	38,165,101	20,563,548	59,313,311

7. Social Security Benefits

There was no social security benefit cost relating to the project in the reporting period

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Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

	2023/2024			2022/23	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total payments	
	KShs	KShs	KShs	KShs	KShs
Upgrade of ICT Systems for Nairobi City Water and Sewerage Company- Next Tech	-	-	-	35,372,791	158,218,074
Supply, Delivery, Installation and Commissioning of Laboratory Equipment for Nairobi City Water and sewerage Company - F & S	-	-	-	-	31,906,206
Supply and delivery of 11NO. Trucks for Nairobi Citywater and sewerage company- Isuzu	-	-	-	-	67,755,156
Supply and delivery of Operational Vehicles for Nairobi City Water and Sewerage Company Isuzu	-	-	-	-	61,891,420
Consultancy Services for Design Review and Construction Supervision of Kahawa West, Githurai 44 & 45 and Kahawa Sukari Reticulation Sewers- Mangat	4,394,565	30,432,454	34,827,019	27,849,640	113,096,287
Construction of east and west of Nairobi reticulation- CRBC	-	100,778,859	100,778,859	326,812,648	840,370,182
Lot 2 - Construction of Kahawa West, Githurai 44 & 45 and Kahawa Sukari Reticulation Sewers- Shaanxi	7,397,477	343,070,729	350,468,206	306,649,592	1,259,904,468
Consultancy Services for Design Review and Construction Supervision of Mwiki, Clayworks, Eastern and Western Nairobi Reticulation Sewers- Hankuk	6,989,696	6,199,900	13,189,596	38,869,444	68,101,822
Construction of Mwiki & Clayworks Reticulation sewers- Jiangxi	-	299,655,725	299,655,725	601,975,948	1,224,872,086
Consultancy Services for Detailed Design and Construction Supervision for Rehabilitation and Expansion of Dandora Estate Sewerage Treatment Plant (DESTP) Inlet Works- Frame	2,653,665	9,701,059	12,354,724	8,261,202	31,097,326
Supply delivery of 4 No. Vacuum Exhauster Trucks for NCWSC- Joh Achelis	-	-	-	102,414,378	102,414,378
Supply delivery of 2 No. Vehicle Mounted sewer Flushing Units Joh Achelis	-	-	-	100,933,652	100,933,652
Consultancy Services for Water Quality Monitoring and assessment of Nairobi River- CSI	1,368,439	4,276,369	5,644,808	4,276,369	9,921,177
Construction of Nairobi Informal settlements water and sanitation lot 5- Elvi	-	107,842,992	107,842,992	51,540,666	159,383,658
Consultancy services for design review and construction supervision of water and sanitation services for Nairobi Informal settlements- Finix	1,780,158	14,963,638	16,743,795	-	16,743,795
Construction of Dandora Estate waste water treatment plant rehabilitation and duplication plant inlet works- Zhongmei Engineering Group Ltd	-	510,939,768	510,939,768	-	510,939,768
Taxes	-	-	-	-	31,520,008
Total	24,584,000	1,427,861,493	1,452,445,493	1,604,956,330	4,789,069,464

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Notes To The Financial Statements (Continued)

9. Transfers to other Government Entities

During the 12 months to 30 June 2024, there were no transfers made to other agencies.

10. Other Grants and Transfers and Payments

The project did not make transfers to any other entity in the period under review

11. Cash and Cash Equivalents Carried Forward

	2023/24	2022/23 Restated
	KShs	KShs
Bank accounts (Note 8.13A)	45,071,879	21,471,798
Cash in hand (Note 8. 13B)	-	-
Cash equivalents (short-term deposits) (Note 8.13C)	-	-
Total	45,071,879	21,471,798

11. A Bank Accounts

Project Bank Accounts

	2023/24	2022/23 Restated
	KShs	KShs
Foreign Currency Accounts		
Central Bank of Kenya [A/c No1000504161]	0	2,410
Total Foreign Currency balances	0	2,410
Local Currency Accounts		
NCBA [A/c No. 1386190016]	45,071,879	21,469,388
Total local currency balances	45,071,879	21,469,388
Total bank account balances	45,071,879	21,471,798

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Notes To The Financial Statements (Continued)

Special Deposit Accounts

	2023/24	2022/23
	KShs	KShs
(i) A/c Name: ADB: NRB River Improvement Phase II [A/c No1000504161]		
Opening balance	2,410	-
Total amount deposited in the account	41,787,844	32,945,771
Total amount withdrawn (as per Statement of Receipts & Payments)	41,790,254	32,943,361
Closing balance (as per SDA bank account reconciliation attached)	-	2,410
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)		-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	2,410

11B Cash in Hand

There was no cash in hand relating to the project as at 30th June 2024

11C Cash equivalents (short-term deposits)

There was no cash in hand relating to the project as at 30th June 2024

12. Imprests and Advances

There were no account receivables relating to the project as at 30th June 2024

12b: Breakdown of Imprests and Advances

All the Imprests relating to the project had been surrendered by 30th June 2024

13. Deposits and Retention Monies

There were no deposits and retention monies relating to the project as at 30th June 2024

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Notes To The Financial Statements (Continued)

14. Fund Balance Brought Forward

	2023/24 Restated	2022/23
	KShs	KShs
Bank accounts	21,471,798	3,257,757
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	21,471,798	3,257,757

15. Prior Year Adjustment

	Balance b/f Previous FY (audited financial statements)	Adjustments	Adjusted balance b/f Previous
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	20,491,998	979,800	21,471,798
Cash in hand	-	-	-
Imprests and advances	-	-	-
Deposits and retentions	-	-	-
Others (<i>specify</i>)	-	-	-
Total	20,491,998	979,800	21,471,798

The prior year adjustment relates to an error noted in the prior year whereby a cheque which had been cancelled was reported as an expenditure for the year. The adjustment reduced the training expenses and increased the bank balances by the same amount.

16. Changes In Receivable

The project did not have any changes in receivables during the 2023/2024FY

17. Changes In Accounts Payable

The project did not have any changes in accounts payable during the 2023/2024FY

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Other Important Disclosures

18. Pending Accounts Payable (See Annex 4a)

	Balance b/f from Comparative FY Restated	Additions for the year	Paid during the year	Balance c/f For Current FY
Description	Kshs	Kshs	Kshs	Kshs
Construction of civil works	835,771,482	1,384,658,945	1,420,766,926	799,663,501
Supply of goods	5,296,500	26,370,784	5,296,500	26,370,784
Supply of services	53,957,941	69,783,086	83,457,912	40,283,115
Total	895,025,923	1,480,812,816	1,509,521,338	866,317,400

The pending bill brought forward has been restated to include the earlier invoice from the Government Advertising Agency received on 29th June 2023 and was wholly paid during 2023/24FY. The note has also been restated to reflect the pending bill B/F as detailed in the in the detailed annex of the audited financial report including the omitted invoice as explained above. The same has been rectified in this disclosure note.

19. Pending Staff Payables (See Annex 2b)

The project did not have any payables relating to staff costs

20. Other Pending Payables (See Annex 2c)

During the year under review the project did not have other pending payables

21. External Assistance

Description	2023/24	2022/23
	KShs	KShs
External assistance received as grants		
External assistance received as loans	1,489,019,767	1,486,189,594
External assistance received in kind- as payment by third parties		
Total	1,489,019,767	1,486,189,594

a). External assistance relating loans and grants

Description	2023/24	2022/23
	KShs	KShs
External assistance received as loans	1,489,019,767	1,486,189,594
External assistance received as grants		
Total	1,489,019,767	1,486,189,594

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Other Important Disclosures (Continued)

b). Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2023/24	2022/23
Description		KShs	KShs
Undrawn external assistance - loans	Development of waste water assets	2,882,984,723	4,372,004,490
Undrawn external assistance - grants			
Total		2,882,984,723	4,372,004,490

c) Classes of providers of external assistance

	2023/24	2022/23
Description	Kshs	Kshs
Multilateral donors	1,489,019,767	1,486,189,594
Total	1,489,019,767	1,486,189,594

All the external assistance for the project is meant for economic development majorly by ensuring sewerage connectivity. It all relates to loans from AfDB which falls under multilateral donors.

d) non-monetary external assistance

The project did not have non-monetary external assistance during the year 2023/24

e) Purpose and use of external assistance

Payments made by third parties	2023/24	2022/23 Restated
Description	KShs	KShs
Compensation to employees		
Use of goods and services	38,165,101	20,563,548
Subsidies		
Transfers to other Government entities		
Other grants and transfers		
Social Security benefits		
Acquisition of assets	1,452,445,493	1,604,956,330
Finance Costs including loan interest		
Repayment of principal on domestic and foreign borrowing		
Other payments		
Total	1,490,610,594	1,625,519,878

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Other Important Disclosures (Continued)

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

There was no external assistance paid by third parties on behalf of AWWDA by source in the project during the year 2023/24

22. Payments By Third Party on Behalf of The Project

22.1 Classification by Source

	2023/24	2022/23
Description	Kshs	Kshs
Multilateral donors- AfDB	1,447,231,923	1,453,243,823
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	1,447,231,923	1,453,243,823

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

Payments made by third parties	2023/24	2022/23
Description	Kshs	Kshs
Compensation of employees	-	-
Use of goods and services	19,370,430	-
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	1,427,861,493	1,453,243,823
Finance costs, including loan interest	-	-
Other payments	-	-
Total	1,447,231,923	1,453,243,823

23. Related Party Disclosures

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

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

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Other Important Disclosures (Continued)

Related party transactions:

	2023/24	2022/23
	Kshs	Kshs
Compensation to Key Management		
Compensation to the program manager/ director	-	-
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management	-	-
Transfers to related parties		
Transfers to other government entities	-	-
Total Transfers to related parties	-	-
Transfers from related parties		
Transfers from the Ministry Water Sanitation and Irrigation	25,000,000	157,000,000
Payments made on behalf of the project by other govt. entities	-	-
Total Transfers from related parties	25,000,000	157,000,000

24. Contingent Liabilities

The project did not have any contingent liabilities arising from court cases, bank guarantees or donor agreements

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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Other Matter Budgetary Control and Performance	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,760,802,082 and Kshs.1,646,991,676 respectively resulting in underfunding of Kshs.113,810,406 or 6% of the budget. Similarly, the statement reflects budgeted expenditure of Kshs.1,760,802,082 against actual expenditure of Kshs.1,626,499,677 resulting to an under expenditure of Kshs.134,302,404 or 8% of the budget.</p> <p>The underfunding and under expenditure affected implementation of the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>The underfunding and under expenditure of the budget mainly related to the revenue component which was made to finance staff trainings. The reason for underutilization of the budget was occasioned by the fact that the first advance was received in the project account in the 3rd quarter of the financial year which subsequently delayed the implementation of the component.</p> <p>We however observe that the project was able to receive up to 94% and absorb up to 93% of allocated budget at a global perspective while utilizing 100% of the direct payments and closing with pending bills on account of budget exhaustion.</p>	Resolved	N/A
Delayed Payments	<p>The contract for construction of Nairobi Informal Settlements Water and Sanitation Intensification Works was signed on 7 September, 2022 at a contract sum of Kshs.298,935,863 with a commencement date of 31 October, 2022 and completion date of 30 April, 2024. The works involved construction of twenty-five (25) ablution blocks in selected areas and ten (10) pilot fresh life toilets in Mukuru estate.</p> <p>Clause 14.2 of the General conditions to the contract provides for advance payment of up to twenty percent (20%) of the total accepted</p>	<p>The delays in payments were occasioned by budget exhaustion and the rejection of the Agency's request for additional allocation under supplementary I and II. AWWDA through its transparent and constant engagement with the contractor, ensured that the delays did not attract interest. The request for advance payment to the contractor formed the first charge in the 2023/24 budget and was paid on 18th July 2023 hence there is no risk of interest charge on the same.</p> <p>Additionally, and to avoid such scenarios in, adequate budget for the project was allocated for the 2023/24FY to take care of the pending bills as well to fund the value certified work and services</p>	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>amount upon request by the contractor to facilitate smooth implementation of works. Further, the advance payment facility should be paid to the contractor within twenty-eight (28) days upon request in accordance with clause 14.8 of the contract. However, advance payment of Kshs.59,787,172 requested on 11 November, 2022 by the contractor was not paid as at 30 June, 2023, more than seven (7) months after the request was made.</p> <p>Delay in processing of the advance payment to the contractor exposes the Government to additional interest and penalties of Kshs.8,370,204 at the rate of two percent (2%) per month charged on the unpaid amount of Kshs.59,787,172 for the seven months (7) period in which the payment has been outstanding.</p> <p>In the circumstances, the Management was in breach of contractual obligations and the delayed payment will continue to attract unnecessary interest charge leading to lack of value for money.</p>	for the year.		
Avoidable Interest Charges	The statement of receipts and payments reflects acquisition of non-financial assets amounting to Kshs.1,604,956,330 which as disclosed in Note 8 to the financial statements reflects Kshs.326,812,648 in respect of measured works on construction of East and West of Nairobi Reticulation Sewers component. Records provided	The interest charges resulted from the delays in payments which were occasioned by budget exhaustion and the rejection of the Agency's request for additional allocation under supplementary II. The related invoices were paid as first charge in the 2023/24 budget and the payment was effected on 1st August 2023.	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>for audit indicate that the contract was awarded to an engineering firm on 29 July, 2021 at a contract sum of Kshs.1,278,465,431.</p> <p>However, additional interest accumulation on late or non-payment charges amounting to Kshs.20,052,643 in excess of the contract value have been occasioned by failure to pay the contractor in accordance with contract terms and conditions that require payments to made within fifty six (56) days upon presentation of Interim Payment Certificates (IPCs) and concurrence to pay. No reasons were given why these avoidable expenditures were incurred given that the Donor, AfDB, pays the contractors promptly after the payment request is submitted.</p> <p>The payment of interest as a result of delayed payments leads to loss of Government funds which could have been avoided.</p>			



Name: Eng. Joseph Mungai Kamau
Chief Executive Officer



Name: Eng. Bonnie Nyandwaro
Project Manager

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Annex 2: Variance explanations - Comparative Budget and Actual Amounts for Current FY

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	145,000,000	25,000,000	120,000,000	17%	Delayed receipt of GoK counterpart funds
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings	1,490,000,000	1,489,019,767	980,233	100%	Within Budget
Miscellaneous receipts	190,908	190,908	-	100%	Within Budget
Fund balance B/F	21,471,798	21,471,798	-	100%	Within Budget
Total Receipts	1,656,662,706	1,535,682,472	120,980,233	93%	Within Budget
Payments					
Compensation of employees	-	-	-	-	
Purchase of goods and services	40,000,000	38,165,101	1,834,899	95%	Within the budget
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	1,616,662,706	1,452,445,493	164,217,213	90%	Within Budget
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Total payments	1,656,662,706	1,490,610,594	166,052,112	90%	Within Budget
Surplus or Deficit	-	45,071,879	- 45,071,879		

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Annex 3: Reconciliation of inter-entity transfers

Project Name:				
Breakdown of transfers from the State Department of Water and Sanitation				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		1-Mar-24	25,000,000	2023/24
		Total	25,000,000	
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Various	1,447,231,923	2023/24
		Total	1,447,231,923	
C.	Others			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	AfDB	5-Jul-24	41,790,254	2023/24
		Total	41,790,254	
		Total (A+B+C)	1,514,022,177	

Project Manager

Sign

Director Finance

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 Current FY	Outstanding Balance Previous FY Restated	Comments
		a	b	c=a-b		
Construction of civil works						
Construction of Mwiki & Clayworks Reticulation sewers	Various	1,337,943,205	1,230,631,286	107,311,919	169,794,445	Insufficient GoK counterpart
Construction of Kahawa West, Githurai 44 & 45 and Kahawa Sukari Reticulation Sewers	Various	1,526,350,587	1,271,046,566	255,304,021	170,752,207	Insufficient GoK counterpart and cert 9 & 10 was yet to reach AfDB for payment
Construction of east and west of Nairobi reticulation	Various	882,808,958	847,782,364	35,026,594	108,956,343	Insufficient GoK counterpart
Construction of Nairobi Informal settlements water and sanitation lot 5	Various	231,104,307	159,383,658	71,720,649	79,871,321	Insufficient GoK counterpart and cert 7 was yet to reach AfDB for payment
Construction of Dandora Estate waste water treatment plant rehabilitation and duplication plant inlet works	Various	892,321,462	562,021,144	330,300,318	306,397,166	Insufficient GoK counterpart and cert 5 was yet to reach AfDB for payment
Sub-Total	-	4,870,528,519	4,070,865,018	799,663,501	835,771,482	
Supply of goods						
Upgrade of ICT Systems for Nairobi City Water and Sewerage Company	16-May-24	181,652,539	160,420,509	21,232,030	384,793	Cert 4 was yet to reach AfDB for payment and Insufficient GoK counterpart
Supply and delivery of Operational Vehicles for Nairobi City Water and Sewerage Company		62,977,234	62,977,234	-	-	Contract closed
Supply, Delivery, Installation and Commissioning of Laboratory Equipment for Nairobi City Water and sewerage Company		32,465,964	32,465,964	-	-	Contract closed
Supply and delivery of 11NO. Trucks for Nairobi Citywaterand seweragecompany		68,943,843	68,943,843	-	-	Contract closed

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Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To- Date	Outstanding Balance Current FY	Outstanding Balance Previous FY Restated	Comments
		a	b	c=a-b		
Rain Water Harvesting Activities: Supply and Installation of Water Tanks	17-Apr-24	10,050,462	4,911,707	5,138,755	4,911,707	Cert 2 was yet to reach AfDB for payment and Insufficient GoK counterpart.
Supply delivery of 4 No. Vacuum Exhauster Trucks for NCWSC		101,114,662	101,114,662	-	-	Contract closed
Supply delivery of 2 No. Vehicle Mounted sewer Flushing Units		92,187,284	92,187,284	-	-	Contract closed
				-		
Sub-Total		549,391,987	523,021,203	26,370,784	5,296,500	
Supply of services						
Consultancy Services for Detailed Design and Construction Supervision for Rehabilitation and Expansion of Dandora Estate Sewerage Treatment Plant (DESTP) Inlet Works	Various	48,097,641	31,217,799	16,879,842	826,118	Cert 2 & 3 of phase II was yet to reach AfDB for payment & insufficient GoK counterpart
Consultancy Services for Design Review and Construction Supervision of Mwiki, Clayworks, Eastern and Western Nairobi Reticulation Sewers	Various	71,827,490	68,231,548	3,595,942	6,963,307	cert 7 was yet to reach AfDB for payment and insufficient GoK counterpart
Consultancy Services for Design Review and Construction Supervision of Kahawa West, Githurai 44 & 45 and Kahawa Sukari Reticulation Sewers		114,481,699	114,481,699	-	30,442,576	All the invoices were paid within the year
Consultancy services for design review and construction supervision of water and sanitation services for Nairobi Informal settlements	Various	29,628,002	16,779,914	12,848,089	8,978,183	Cert 5,6&7 was yet to reach AfDB for payment and insufficient GoK counterpart
Consultancy Services for Water Quality Monitoring and assessment of Nairobi River		9,921,176	9,921,176	-	5,644,807	All the invoices were paid within the year

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Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To- Date	Outstanding Balance Current FY	Outstanding Balance Previous FY Restated	Comments
		a	b	c=a-b		
Consultancy Services for annual Environmental & social Compliance Audit for NARSIP II Project	9-Feb-24	3,923,584	2,232,384	1,691,200		Cert 2 was yet to reach AfDB for payment
Project Communication Consultancy	Various	5,268,042		5,268,042		Certificate 1 & 2 was yet to reach AfDB for payment
Publicity and advertising	22-11-2022	1,102,950	1,102,950	-	1,102,950	Activity completed
				-		
Sub-Total		284,250,584	243,967,469	40,283,115	53,957,941	
Grand Total		5,704,171,090	4,837,853,690	866,317,400	895,025,923	

Annex 4b - Analysis of Pending: Staff Bills

The project did not have any pending staff bills because the project team comprises AWWDA staff and all their costs are paid by the institution.

Annex 4c - Analysis of other Pending Payables

The project did not have any other pending payable

Annex 5 – Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023/24	Donations in form of assets (KShs) 2023/24	*Purchases/ Additions in the Year (KShs) 2023/24	**Disposals in the Year (KShs) 2023/24	Transfers in/(out) Kshs 2023/24	Closing Cost (KShs) 2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)-(d)+(-)d
Goods	528,102,508	-	-	-	-	528,102,508
Works	2,651,186,905	-	1,369,685,550	-	-	4,020,872,455
services	157,334,559	-	82,759,942			240,094,501
Total	3,336,623,972	-	1,452,445,493	-	-	4,789,069,464

Annex 6 – Contingent Liabilities Register

The project did not have any contingent liabilities at the end of the year

Annex 7 – Reporting of Climate Relevant Expenditures

There was no climate relevant expenditures specific to the project.

Annex 8: Reporting Disaster Management Expenditure

The project did not have disaster management expenditures.

APPENDICES

- i. Bank Reconciliations statement as at 30th June 2024
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)