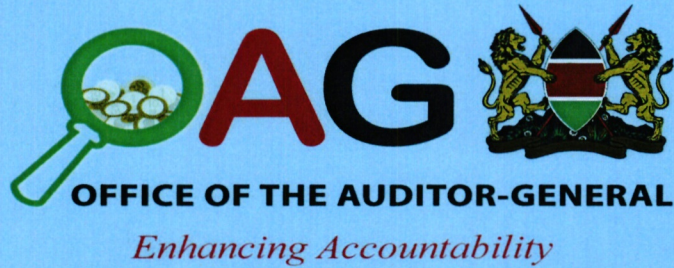


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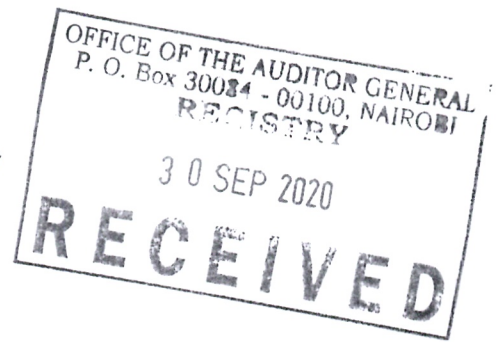
**THE AUDITOR-GENERAL**

**ON**

**INFRASTRUCTURE FINANCE AND PUBLIC  
PRIVATE PARTNERSHIP PROJECT - IDA  
CREDIT NO. 5157-KE**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

**THE NATIONAL TREASURY**



**REPUBLIC OF KENYA**

**THE NATIONAL TREASURY AND PLANNING**

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS (IFPPP) PROJECT**

**IDA CREDIT NUMBER 51570 - KE**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED JUNE 30, 2020**

**ISSUED ON: SEPTEMBER 30, 2020**

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

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
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**LEGAL BACKDROP**

As set out in Section 81 of the Public Finance Management Act, 2012, an Accounting Officer is required to prepare Annual Reports for National Government Entity as follows;

(1) At the end of each Financial Year, the Accounting Officer for the National Government Entity shall prepare Financial Statements in respect of the Entity.

(2) The Accounting Officer shall include in the Financial Statements-

- (a) Appropriation Accounts;
- (b) Statement of the Entity's debt which is outstanding at the end of the Financial Year;
- (c) A Statement of Entity's debt guaranteed by the National Government as at the end of the Financial Year;
- (d) A Statement of the Entity's Assets and Liabilities as at the end of the Financial Year in respect of the recurrent vote, development vote and funds and deposits;
- (e) A Statement of the Accounting Policies followed in preparing the Financial Statements;
- (f) A Statement of the National Government Entity's performance against predetermined objectives.

(3) The Accounting Officer shall prepare the Financial Statements in a form that complies with the relevant Accounting Standards prescribed and published by the Accounting Standards Board from time to time;

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**1) PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

The official name of the project is **Infrastructure Finance and Public Private Partnerships (IFPPP) Project**. The project is located at:

Reinsurance Plaza  
6<sup>th</sup> Floor,  
Taifa Road  
**NAIROBI**

**Objective**

The main objective of the project is to improve the enabling environment to generate a pipeline of bankable Public Private Partnership (PPP) Projects.

**Address:**

Reinsurance Plaza  
6<sup>th</sup> Floor,  
Taifa Road  
**Nairobi**  
**KENYA.**

The address of its registered office is:

P.O.BOX 30007-00100

NAIROBI

Tel: 020 -2732080

Email: [info@pppunit.go.ke](mailto:info@pppunit.go.ke)

**Contacts:**

Telephone: (254) 020-2732080

E-mail: [info@pppunit.go.ke](mailto:info@pppunit.go.ke)

Website: [www.pppu.go.ke](http://www.pppu.go.ke)

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**1.2 Project Information**

Project Start Date:	The project start date is 11 <sup>th</sup> February, 2013
Project End Date:	The Project end date is 31 <sup>st</sup> October, 2022
Project Coordinator:	The Project Coordinator is Veronica Okoth (Mrs), Director/PPPU
Project Sponsor:	The project sponsor is International Development Association (IDA)

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the National Treasury and Planning
Project number	51570 –KE
Strategic goals of the project	<p><b>Overall Objective-</b> to increase private investment in the Kenya infrastructure market across sectors and to sustain this participation over an extended period of time. This involves three key areas of development: (i) enabling environment (ii) pipeline of potential transactions and (iii) financing.</p> <p><b>Specific Objective-</b> to improve the enabling environment to generate a pipeline of bankable PPP projects.</p>
Achievement of strategic goals	<p>The project is in YR7 and the following achievements are in reference to the end of project targets as documented in the project results framework (in the Project Appraisal Document) and as amended during the mid-term review of the project.</p> <p><b>Project development objectives</b></p> <p>(i) <b>Indicator 1-</b> Expression of Interests (EOIs)<sup>1</sup> issued to prospective sponsors for three targeted PPP transactions.</p> <p><i>End Target-</i> 6 EOIs by end of project.</p> <p><i>Achievement-</i> 9 EOIs were issued by end 2016. The EOIs were for the following projects; Phase 1-Roads 10,000 Annuity programme, Mombasa Port Development Project (MPDP)-2<sup>nd</sup> Container Terminal, 800 MW LNG Power Plant Dongo Kundu, 105 MW Menengai Phase 1(3 EOIs), Kenyatta University Student Hostels, Civil Servants Housing project, Multi-level Car park in Nairobi CBD.</p> <p>(ii) <b>Indicator 2-</b> PPP Regulations associated with the new Law agreed to with the National Treasury.</p> <p><i>End Target-</i> Yes</p>

<sup>1</sup> The base year/baseline year for IFPPP-AF was December 2016, the GOK and the World Bank agreed that for indicators that are in both the IFPPP and IFPPP-AF, project achievements from January 2017 be reported in IFPPP-AF reports. Thus, the number of EOIs reported here are those that had been issued as at December 2016. The EOIs issued between January-June 2018 and subsequent ones are reported in the IFPPP-AF reports.

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	<p><i>Achievement- Yes</i></p> <p>The National PPP Regulations- these were gazetted in December 2014 and submitted to the Parliamentary Committee.</p> <p>(iii) <b>Indicator 3-</b> PPP Fiscal Commitment and Contingent Liability Framework operationalized as measured by: upstream Debt Management Department (DMD) due diligence on prospective (feasibility stage) transactions completed in line with Law.</p> <p><i>End Target- Yes</i></p> <p><i>Achievement- Yes</i></p> <p>The FCCL framework was approved by the PPP Committee on 6<sup>th</sup> June 2018. FCCL assessments had been done for 14 projects (includes 5 mover projects) by end 2016.</p> <p>(iv) <b>Indicator 4 Regular</b> issuance of Government benchmark bonds in medium and long-term maturities up to 7/10-year tenures.</p> <p><i>End Target- At least one issue by maturity bucket per year and minimum size of benchmark issue.</i></p> <p><i>Achievement- The Government issued the following bonds during the period 2014-2017; Two 1yr bonds, Six 2yr bonds, Three 5yr, One 7yr, Two 9yr, Six 10yr, Three 12yr, Two 15yr.</i></p>
<p>Intermediate Results Indicators</p>	<p><b>COMPONENT 1<sup>2</sup></b></p> <p><b>COMPONENT 2</b></p> <p>(i) <b>Indicator 1-</b> Ten Feasibility Studies<sup>3</sup> completed and submission by contracting authorities to the PPPSC (PPP Committee) acceptable to the Association, including Safeguards</p> <p><i>End Target- 10</i></p> <p><i>Achievement- 11</i></p> <p>The PPP Committee approved had approved a total of 11 Feasibility Studies as at end FY 2016. The approved feasibility studies were for the following projects; Kenyatta University Student Hostels, Road Annuity (phase 1), Nairobi-Nakuru Mau Summit Highway, O&amp;M of Nairobi Southern By Pass, O&amp;M of Nairobi-Thika Road, Dualling of Nairobi-Mombasa Highway, 460MW Menengai Phase I, Mombasa Port Development Project (MPDP)-2nd Container Terminal Phase II &amp; III, Civil Servants Housing Project, Multi-Storey Car Park and Commercial Facility in Nairobi CBD.</p>

<sup>2</sup> The Intermediate Results (IR) indicators under component 1 were dropped at the project restructuring done in 2018. The indicators are: (i) Capital Markets Authority Bill 2011 approved by Cabinet for submission to Parliament (ii) Securities and Investments Bill 2011 approved by Cabinet for submission to Parliament.

<sup>3</sup> The base year/baseline year for IFPPP-AF was December 2016, the GOK and the World Bank agreed that project achievements starting January 2017 be documented under IFPPP-AF. Thus, the Feasibility Study (FS) reports reported here are those approved as at December 2016. The FS reports approved starting January 2017 onwards are documented/reported under IFPPP-AF.

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	<p>(ii) <b>Indicator 2-</b> Line Ministries and Agencies “Nodes” for First Mover Transactions established and operational</p> <p><i>End Target- 2</i></p> <p><i>Achievement- Yes</i></p> <p>A total of <b>67</b> PPP Nodes have been established and operational in various government Ministries and Agencies.</p> <p><b>COMPONENT 3</b></p> <p>(i) <b>Indicator 1-</b> PPP Fiscal Commitment and Contingent Liability Framework, including Disclosure Procedures approved by Cabinet Secretary, National Treasury.</p> <p><i>End Target- Yes</i></p> <p><i>Achievement- The PPP Committee approved the FCCL framework in June 2018. The Disclosure Framework was approved by the PPPC on 17<sup>th</sup> May,2018. The FCCLs are disclosed by the annual debt report prepared by the PDMO. This report is also part of annual budget policy statement.</i></p>
<p>Other important background information of the project</p>	<p>By helping to strengthen the PPP enabling environment framework, the IFPPP APL 1 will assist the GoK to develop a solid foundation to systematically prepare PPPs and realize the benefits of PPPs more effectively. This would foster increased private investments in infrastructure, increased employment opportunities, improved service delivery to enterprises and the population in general, improved fiscal impact on government from better project preparation, more balanced risk allocation, increased transparency, wider quality control, greater efficiency, and enhanced financial sector support. This framework will enable an increase in the availability and quality of infrastructure in different sectors to boost enterprise growth and productivity and improve the well-being of Kenyans. The current IFPPP APL1 project period was extended to October 2022. The GOK requested for USD 50 million World Bank funding for IFPPP-Additional Financing (FPPP-AF) project. The funding is for the period 2017-2022. The funding for IFPPP-AF was signed on 7<sup>th</sup> August, 2017 and the project became effective from 21<sup>st</sup> December, 2017.</p>
<p>Current situation that the project was formed to intervene</p>	<p><b>COMPONENT 1: INSTITUTIONAL SUPPORT AND REGULATORY REFORM</b></p> <p><b>a) Subcomponent 1A – Support to PPP Institutions</b></p> <p>The objectives of this sub-component are to support the establishment and functioning of the PPP Unit at the National Treasury and PPP Nodes in selected line Ministries and to build the capacity of GoK stakeholders to implement the PPP program through training, experience exchange, technical assistance, awareness and communication programs.</p> <p><b>Progress;</b></p> <p>•As part of institutional support and regulatory reform; most of the PPPU experts and specialists are in post except for two positions that fell vacant i.e. Financial Expert</p>

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	<p>and Technical Expert. Recruitment for these positions is ongoing. Also, recruitment is underway for new Expert positions i.e. Social Safeguards Expert, Environmental Safeguards Expert and 3 Transaction Experts. The new positions shall however be funded under the IFPPP-AF.</p> <p>The approved PPP Unit GoK staff establishment is 29 technical officers but only 5 of these staff are in post.</p> <ul style="list-style-type: none"> <li>• PPP draft manual is in place. The manual shall be updated and finalised once the PPP Amendment Bill 2018 is enacted into Law.</li> <li>• Consultant was hired with support of funding from PPIAF to support develop the PPP Disclosure Framework and Portal. Both the PPP Disclosure Framework and PPP Disclosure Portal were finalised and approved by the PPP Committee. The Disclosure Portal was officially launched on 19<sup>th</sup> June 2018 and is operational.</li> <li>• A consulting firm called Castalia was hired with support from PPIAF. The consultant undertook the following; screening of PPP projects (both those that were at proposal stage in PPP pipeline and new project concepts that were submitted by some of the CAs), developed a projects screening tool, revised PPP proposal template, developed short list of 15 potential priority projects for project preparation support under IFPPP-AF. The consultant completed the assignment in April 2018.</li> <li>• Contract for renovation and equipping of PPPU's new offices (located at the Reinsurance building) was awarded to AKA Studio. The consultant finalized the drawings, bills of quantities and specifications for equipment. Following completion and approval of these, tender for contractor for the office-fit-out was awarded. The partitioning was completed for the 5<sup>th</sup> (wing A), 6<sup>th</sup> and 7<sup>th</sup> Floors. The PPPU is now using 5<sup>th</sup> and 6<sup>th</sup> floors of the re-insurance plaza offices. The assignment completed in June 2018.</li> <li>• Since the commencement of the IFPPP project, a number of public officers have been supported to undertake various trainings. These include ninety (90No.) supported to undertake international PPP related individual trainings, 8 who undertook online courses and 37 who undertook trainings locally. Of the 90 officers stated above, twenty-four (24No.) were trained during last FY 18/19. The public officers who attended these trainings were drawn from the PPP Committee, Petition Committee, PPP Unit, National Treasury and other MDAs.</li> </ul> <p>Trainings on PPP Projects Screening were also held for public officers drawn from select National and County Governments. These were held in February &amp; March, 2018 and sixty-two (62No) public officers were trained.</p> <ul style="list-style-type: none"> <li>• During FY 17/18, the Southern African Development Community(SADC) was contracted and provided the following PPP Courses: training on Advanced Project Finance where 25 public officers were trained during the period 13<sup>th</sup> -17<sup>th</sup> November 2017, training on Investment Appraisal &amp; Risk Analysis during the period 20<sup>th</sup> -24<sup>th</sup> November 2017 where 25 public officers were trained, training on Introduction to</li> </ul>
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	<p>Financial Modeling during the period 20th -24th November 2017 where 25 public officers were trained.</p> <ul style="list-style-type: none"> <li>• During the FY 16/17, a number of training institutions were contracted and provided various PPP course. The International Law Institute (ILI) was contracted and facilitated training in December 13-16, 2016 where <b>21</b> public officers were trained on Project Preparation, Analysis and Finance as it relates to PPPs. ILI also facilitated training in May 24-28, 2017 where <b>20</b> public officers were trained on Project Finance in PPPs. IP3 was contracted and facilitated training locally in June 12-14, 2017 where <b>20</b> public officers were trained on Effective Management of PPPs. IP3 also facilitated training locally in June 26-30, 2017 where <b>20</b> public officers were trained on PPP Project Monitoring and Evaluation.</li> <li>• During the FY 2015/16, IP3 was contracted and facilitated seven (7) modular trainings between June 2015 and May 2016. The number of public officers trained is as follows; (i) Module 1- Foundations of PPPs– <b>73</b> Public Officers (ii) Module 2- Project Selection – <b>32</b> Public Officers (iii) Module 3- Financial Modelling- <b>42</b> Public Officers (iv) Module 4- Fiscal Risk Management- <b>31</b> Public Officers (v) Module 5- Legal Agreements– <b>47</b> Public Officers (vi) Module 6- PPP Procurement- <b>35</b> Public Officers (vii) Module 7- PPP Contract Management- <b>41</b> Public Officers. In addition, 9 public officers were trained locally on PPP Contract negotiations. The training was facilitated by Crown Agents (UK) on 13<sup>th</sup>-17<sup>th</sup> June 2016.</li> <li>• During past FYs, 19 PPP related articles (10 of which were initiated by the PPPU) appeared in various local print media. 8 PPP related media articles were broadcast in various local electronic media, PPPU participated in interviews hosted by 2 national TV channels. PPPU spoke at LSK, ICPAK and ISK Workshops. PPPU participated at the CMA exhibition. 4 public notices were issued.</li> <li>• The following PPP awareness/promotional workshops were held as at end December 2017. The number of participants is indicated in brackets: PPP awareness workshop for Laikipia County officials was held on 14<sup>th</sup> December 2017 (35), Road PPPs Lenders engagement was held on 20<sup>th</sup> Sep 2017 (50), PPP Awareness Workshop for Ministry of Housing was held on 12<sup>th</sup>-Sep 2017 (9). PPP awareness/promotional workshops held during FY 16/17 include Toll roads workshop with Private Sector held May 18, 2017 (40). PPP awareness/promotional workshops held during past FYs include ; The Kenya PPP Roads Investor Conference was held on 15<sup>th</sup>&amp; 16<sup>th</sup> November 2016 (350 participants; 200 of them international from 167 organizations participated).; State Department of Higher Education (7), Maasai Mara University (35 ), Embu University College (23), Egerton University (7), Nairobi County PPP sensitization workshop</li> </ul>
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	<p>(20), Mombasa County PPP sensitization workshop (47), Airports Sub-Sector PPP sensitization workshop (31), Roads Sub-Sector PPP sensitization workshop (45), Ports Sub-Sector PPP sensitization workshop (37), Financial Sector PPP sensitization workshop (60), PPP sensitization workshop for Professionals (83), PPP sensitization workshop for Cabinet Secretaries and Principal Secretaries (36), PPP sensitization workshop for Counties in Coast Region (27), PPP sensitization workshop for Higher Education sub-sector (160), Stakeholders Workshop on Roads Annuity Fund Regulations (90), Road Annuity Programme Consultative meeting with the financial sector (95), PPP sensitization retreat for the Media (35).</p> <p>A Public Relations firm was contracted in March 2016 and ended in 2018. Tasks accomplished by the PR firm include; supported organizing of investor conference held November 15-16, 2016, designing the PPPU website, drafting of PPPU Communication Strategy and Toll Roads Communication Strategy.</p> <ul style="list-style-type: none"> <li>• During FY 17/18, The PPPU was represented at the 9th APPP Conference in South Africa, held from 23<sup>rd</sup> - 24<sup>th</sup> November 2017 in South Africa, EBK workshop held on 27<sup>th</sup> March 2018, annual LSK seminar, two PPP sensitization workshops were held for staff of the National Industrial Training Authority (NITA)- 30 staff attended the workshops. Also, the PPPU facilitated a PPP awareness session with representatives of the Pension Fund Trustees.</li> </ul> <p><b>b) Subcomponent 1B – Legal and Regulatory Reform</b></p> <p>The objective of this sub-component is to support PPP policy dialogue and implementation of the PPP Act including preparation and adoption of the Regulations and effective implementation.</p> <p><b>Progress;</b></p> <p>b) PPP (Amendment) Bill 2018- The Bill was submitted to National Assembly by the Senate and is pending final approvals by Parliament.</p> <p>(c) County PPP regulations- stakeholder consultations on the draft County PPP regulations were concluded. The regulations shall be finalized after the PPP Amendment Bill 2018 is enacted into Law.</p> <p>(d) Petition Regulations- stakeholder consultations on the draft Petition regulations were concluded. The Regulations shall be finalized after the PPP Amendment Bill 2018 is enacted into Law.</p> <p>(e) Project Facilitation Fund (PFF) Regulations-stakeholder consultations on the draft Project Facilitation Fund (PFF) regulations were concluded. The PFF regulations were gazetted in May 2017. The development of the PFF Governance and Operational was finalized and the PFF became operational in June 2018.</p> <ul style="list-style-type: none"> <li>•Petition Procedures and Registry Manual were finalized and are being implemented.</li> </ul>
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	<ul style="list-style-type: none"> <li>• The National Surface Transport Funding Policy was been finalized and approved by the Cabinet in December 2016. Further, Road Tolling Regulations were developed and are undergoing stakeholder consultations.</li> </ul> <p><b>Subcomponent 1C – Institutional Development for Financial Products and PPP Approaches</b></p> <p>The objective of this sub-component is to support institutional arrangements for a range of financing instruments such as VGF, guarantees, infrastructure funds, financial intermediary lending facilities and development of local capital markets.</p> <p><b>Progress;</b></p> <ul style="list-style-type: none"> <li>• A Consultant commenced work in December 2014 and contract ended in October 2016.</li> <li>•Medium term Debt Management Strategy, Annual Public Debt Management Report and the 2017/18 Medium Term Debt Management Strategy was developed by Treasury and submitted to Parliament, CRA and County Governments as required by Law. The first Issuance Calendar was published in July 2016. The FY 17/18 calendar was not published.</li> <li>•Various stakeholder workshops with PPP stakeholders have been conducted between CMA ABS adviser and market participants. CMA issued the revised guidelines in August 2016.</li> <li>• The activities under this sub-component have since been moved and are being implemented under the Financial Sector Support Project (FSSP) which commenced in April 2015 under the National Treasury.</li> </ul> <p><b>COMPONENT 2: PPP PIPELINE PREPARATION</b></p> <p>The objective of this component is to assist contracting authorities with ensuring that the first projects to come before the PPP Committee are well prepared, “bankable” and take into account lessons learned from previous PPP projects, the privatization program in Kenya and regional and international experience.</p> <p><b>Progress;</b></p> <p><b>Sector Advisors</b></p> <ul style="list-style-type: none"> <li>• Since commencement of the PPP program, 13 PPP Advisors/Consultants have been hired to support PPP Nodes in preparation of PPP projects and their contracts ended. The beneficiary sectors were; Water, Education, Health, Ports, Airports, Energy, Rail. Other Advisors/consultants hired include PPP Advisor to the Director PPP Unit, PPP Procurement Expert, Capital Markets Advisor, PPP Manual Consultant, FCCL Consultant and County Advisor. Contracts of these advisors ended expect for the PPP Advisor to the Director which was renewed and is currently being implemented. The contract expired on 30<sup>th</sup>June,2020 and it will be renewed under IFPPP-AF from July 2020.</li> </ul>
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	<p><b>Transaction Advisors (TAs)</b></p> <ul style="list-style-type: none"> <li>• Since commencement of the PPP program, 9 Transaction Advisors have been hired since commencement of the IFPPP project. These are TAs for the following PPP projects; Kisumu Sea Port (BOOT), Nairobi Southern Bypass (O&amp;M), Nairobi-Thika Highway (O&amp;M), 2<sup>nd</sup> Nyali Bridge (DBFMT), Nairobi-Mombasa Road (DBFMT) and Nairobi-Nakuru Road (DBFMT), umbrella University Hostels project, 140MW Olkaria PPP Project and 300 Bed Private Hospital PPP Project. Execution of these contracts is ongoing except for TA for Kisumu Port, Nairobi Southern Bypass (O&amp;M), Nairobi-Thika Highway O&amp;M &amp; 2<sup>nd</sup> Nyali Bridge (DBFMT) whose contract lapsed. TAs 2<sup>nd</sup> Nyali Bridge, Nairobi Southern By Pass, and Nairobi-Thika Highway (O&amp;M)-Phase 2 are being implemented under IFPPP-AF. The Nairobi Southern Bypass project was bundled with Nairobi-Thika Highway as a single project. Procurement is underway for consultant for Road Toll Operator PPP project.</li> </ul> <p><b>Stakeholders sensitized on PPP projects</b></p> <ul style="list-style-type: none"> <li>• During the previous FYs, meetings were held with management of (a) Kenya Wildlife Services (b) Kenya Forest Service (c) National Transport Safety Authority (d) National Environment Management Authority to brief them on the Road PPP Projects</li> </ul> <p><b>COMPONENT 3: IMPROVEMENTS TO FISCAL COMMITMENT AND CONTINGENT LIABILITY (FCCL) RISK MANAGEMENT FRAMEWORK</b></p> <p>The objective of this component is to provide support and guidance to the Treasury and other relevant agencies on the fiscal commitment and risk framework associated with infrastructure, with emphasis on contingent liabilities from PPPs.</p> <p><b>Progress;</b></p> <ul style="list-style-type: none"> <li>• The National Treasury with support from the World Bank finalized the FCCL. The PPP Committee approved adoption of revised FCCL manual as a non-regulatory tool to guide FCCL analyses and assessments. The baseline circular on FCCL was finalized and submitted for approval and subsequent dissemination.</li> <li>• The policy on Government Support Measures (GSM) is in place is being implemented. However, the policy is currently undergoing review Based on the GSM. In addition, drafting of GSM instruments such as guarantees, letters of comfort and binding letters is underway. Currently, a draft letter of support (LoS) has been developed and has been used both in the power and transport sectors.</li> <li>• Hands-on Workshop: Valuation of Fiscal Commitment and Contingent Liabilities (FCCL) in PPP Projects in Kenya held on 5<sup>th</sup> -6<sup>th</sup> February 2015. Nineteen (19No.) staff from CAs, PPP Unit and other NT departments participated. A five-day workshop on FCCL was held 26<sup>th</sup> February to 2<sup>nd</sup> March 2018 where 22 public officers drawn from NT and contracting authorities were trained. Two (2) PDMO staff attended FCCL training at IP3, Washington. Seven (6No.) Staff trained in the local PPP Modular training (5 trained on Fiscal Risk Management, 1 trained on Project Selection)</li> </ul>
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	<p>During previous FYs;</p> <ul style="list-style-type: none"> <li>• The PDMO established the FCCL Unit within it.</li> <li>• Computer equipment and software (Oracle's Crystal Ball) were supplied to the FCCL Unit at the PDMO</li> <li>• Process and structure was setup for the collection and maintenance of leading economic indicators for use in FCCL work. This consists of: GDP growth rate, Inflation Rate, Interest Rates and Exchange rate. This has now morphed into a wider consideration for creating a relational data base for the PDMO</li> <li>• 2No. Financial Graduate Analysts were recruited and are working towards strengthening the FCCL function of the PDMO.</li> </ul> <p><b>COMPONENT 4: SUPPORT FOR PROGRAM MANAGEMENT</b></p> <p>A Project Implementation Unit (PIU) was established within the National Treasury from inception of the project to provide the fiduciary, safeguards, monitoring and evaluation (M&amp;E) expertise required for the implementation of the IFPPP project in accordance with Bank policies and requirements. The PIU was staffed with; Project Manager, Financial Management Specialist, Procurement Specialist, Monitoring and Evaluation Specialist, Assistant Project Accountant, Office Manager and 4 support staff. The IFPPP Project PIU functions were transitioned to the PPPU, PFF Secretariat effective 1<sup>st</sup> July,2020.</p> <p><b>Progress;</b></p> <ul style="list-style-type: none"> <li>• IFPPP quarterly progress reports and other project statutory reports are consistently submitted within the required timelines,</li> <li>• Semi-annual program review meetings are organized as required and implementation of action points monitored.</li> <li>• During FY 17/18, the PIU team supported the design of IFPPP-AF project.</li> </ul>
Project duration	The project commenced on 11 <sup>th</sup> February 2013 and is expected to run until 31 <sup>st</sup> October, 2022.

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**1.4 Bankers**

The following are the bankers for the current year:

**a) Special Deposit Account**

Kenya Commercial Bank Ltd  
University Way Branch  
University Way  
**NAIROBI.**  
IDA Credit No. 5157-KE – Account No. 1136321365

**b) Local Project Account**

Kenya Commercial Bank Ltd  
University Way Branch  
University Way  
**NAIROBI.**  
IFPPP – Account No. 1138915874

**1.5 Auditors**

Office of the Auditor General  
Anniversary Towers  
University Way/ Monrovia Street  
**NAIROBI.**

**1.6 Project Governance**

The Project's governance framework requires the stakeholders to uphold the highest professional, ethical, moral and legal standards. This is achieved through effective segregation of duties with clear checks and balances as articulated in the Project Loan/Credit Agreement, the PFM Act, 2012, the Project Design Report, the Implementation Manual and the Finance and Procurement Manuals.

**The Project Steering Committee (PSC)**

This Committee is responsible for overseeing the implementation of the Project, approving the annual work plan and budget, and ensuring that the activities are in compliance with the donor and government policies.

**International Development Association (IDA)**

IDA under the World Bank is the project sponsor and are responsible for reviewing and approving the project's withdrawal applications, expenditure justifications, no objection requests, reviewing and approving the annual work plan and budget, expenditure category reallocation request, and participating in implementation support missions.

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**The National Treasury and Planning**

The National Treasury and Planning is the parent ministry and ensures that the project's budget is captured in its development projects and disbursement of exchequer transfers. The ministry reviews and tracks the project's annual work plan and budget against the set targets and makes the approvals. The parent ministry also oversees the execution of the project coordinating team.

**The Auditor**

The Supreme Audit Institution in Kenya, that is, the Office of the Auditor General, is mandated by the Constitution of Kenya Chapter 12, Part 6, Article 229 which establishes the Office of the Auditor General. Chapter 15, Article 248, Section 3 and Article 249, Section 2 (a) and (b) and section 10 of the Public Audit Act, 2015 provide for the independence of the Office of the Auditor General.

The Auditor General is mandated to audit all National Government entities, which include Government Development Projects and present these statutory Financial Statements to the Parliament. This facilitates the submission of the audited report to the project's sponsors by 31 December each year.

**Project Coordinating Team (PCT)**

This team is based in Nairobi and is responsible for the project management and coordination functions. The PCT comprises of the Project Coordinator and a team of Technical Officers. The PCT is also supported by other administrative staff.

These key staff, who form the project coordinating team that is involved in the day to day management of the project and its implementation are:

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<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Veronica Okoth (Mrs)	Director,PPPU	<ul style="list-style-type: none"> <li>▪ Masters in Economic Policy &amp; Management</li> <li>▪ Bachelors in Economics</li> <li>▪ Post Graduate Diploma Economics &amp; Decentralized Systems</li> </ul>	Provides Project Coordination support at the National Treasury
Mr. Ray Charles Musau (Left on 1 <sup>st</sup> July,2020)	Project Manager & Financial Sector Specialist	<ul style="list-style-type: none"> <li>▪ Master of Business Administration (Finance Option) – UON</li> <li>▪ Bachelor of Commerce (Business Administration) - UON</li> </ul>	Provides Project Management and Financial Sector Advisory
CPA Dr. Maurice Pedo, Ph.D. (Left on 1 <sup>st</sup> April, 2020)	Financial Management Specialist	<ul style="list-style-type: none"> <li>▪ Doctor of Philosophy in Project Management ( JKUAT)</li> <li>▪ Master of Business Administration (Finance Option)</li> <li>▪ Bachelor of Commerce (Finance Option)</li> <li>▪ Certified Public Accountant of (K)</li> </ul>	Provides Project Financial and Risk Management
Mr. Wycliffe Paul Ondieki	Monitoring and Evaluation Expert	<ul style="list-style-type: none"> <li>• Master of Education (Educational Psychology)</li> <li>• Bachelor of Education ( Mathematics &amp; B. Studies)</li> </ul>	Establish &oversee implementation of the Monitoring & Evaluation Function & System for the Project.
Ms. Danae Nandwa Ottaro	Procurement Specialist	<ul style="list-style-type: none"> <li>▪ Bachelor of Commerce (Business Administration)</li> <li>▪ Graduate Diploma in Purchasing &amp; Supply (CIPS, UK)</li> </ul>	Procurement Management
CPA Gaudencia N. Mukisu	Ag.Project Accountant	<ul style="list-style-type: none"> <li>▪ Bachelor of Commerce (Finance Option)</li> <li>▪ Certified Public Accountant of (K)</li> </ul>	Provide Management, Financial and Accounting Support to the Project.
Ms. Norah Munyiva	Office Manager	<ul style="list-style-type: none"> <li>▪ Master of Science (Procurement and Contract Management)</li> <li>▪ Bachelor of Commerce ( Marketing Option)</li> </ul>	Office Administration

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**1.7. Funding summary**

The Project commenced in December 2012 and is expected to end in October 2022 with an approved budget of US\$ 40Million equivalent to KSh 4.0 Billion.

Source of funds	Donor Commitment-		Amount received to date – ( 30th June, 2020)		Undrawn balance to date (30 <sup>th</sup> June, 2020)	
	US\$	Ksh	Donor currency (US\$)	Ksh	US\$	Ksh
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
<b>(ii) Loan</b>						
International Development Association- IDA	40.00 Million	4.00 Billion	37 Million	3.73 Billion	3.00 Million	0.27 Billion
<b>(iii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>40.0 Million</b>	<b>4.00 Billion</b>	<b>37 Million</b>	<b>3.73 Billion</b>	<b>3.00 Million</b>	<b>0.27 Billion</b>

**1.8. Summary of Overall Project Performance:**

During the year under review, the project received **KSh.193,862,000** and incurred a cumulative expenditure of **KSh. 175,738,213**. This represented utilization of 91%.

**Receipts Utilization**

The Project received **KSh. 193,862,000** against a final budget of **KSh.193,835,000**. This represented utilization of 100%.

**Payments Utilization**

The Project paid **KSh. 175,738,213** against a final budget of **KSh. 193,835,000**. This represented utilization of 91%.

**Challenges Encountered**

No major challenges were encountered during the year under review.

**1.9. Summary of Project Compliance**

There are no indications of non-compliance of the IFPPP Project on the overall project performance.

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**2) STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The *Principal Secretary* for the National Treasury and the *Project Coordinator* for Infrastructure Finance and Public Private Partnerships Project are responsible for the preparation and presentation of the Project's financial statements, give a true and fair view of the state of affairs of the Project for and as at the year ended June 30, 2020. 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 *Principal Secretary* for the National Treasury and the *Project Coordinator* for Infrastructure Finance and Public Private Partnerships Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.


The *Principal Secretary* for the National Treasury and the *Project Coordinator* for Infrastructure Finance and Public Private Partnerships Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the year ended June 30, 2020, and of the Project's financial position as at that date. The *Principal Secretary* for the National Treasury and Planning and the *Project Coordinator* for Infrastructure Finance and Public Private Partnerships Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The *Principal Secretary* for the National Treasury and the *Project Coordinator* for Infrastructure Finance and Public Private Partnerships Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial statements**

The Project financial statements were approved by the *Principal Secretary* for the National Treasury and the *Project Coordinator* for Infrastructure Finance and Public Private Partnerships Project on 25TH SEPTEMBER, 2020.

  
\_\_\_\_\_  
**Principal Secretary/NT**  
Julius Muia, PhD., CBS

  
\_\_\_\_\_  
**Director, PPP Unit**  
Veronica Okoth(Mrs)

  
\_\_\_\_\_  
**Ag. Project Accountant**  
CPA Gaudencia Mukisu  
ICPAK Number:13043

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIP PROJECT - IDA CREDIT NO. 5157-KE FOR THE YEAR ENDED 30 JUNE, 2020 – THE NATIONAL TREASURY**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Infrastructure Finance and Public Private Partnership Project set out on pages 19 to 31, which comprise of the statement of financial assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the statement of comparative 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, 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 Infrastructure Finance and Public Private Partnership Project as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No. 5157-KE dated 5 December, 2012 between the International Development Agency (IDA) and the Republic of Kenya.

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

### **Responsibilities of Management and those Charged with Governance**

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

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

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

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

  
Nancy Gathungu  
**AUDITOR-GENERAL**

**Nairobi**

**24 December, 2020**


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**4) STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2020**


	Notes	2019/2020		2018/2019	
		Receipts and payments controlled by the project KSh.	Payments made by third parties KSh.	Receipts and payments controlled by the project KSh.	Payments made by third parties KSh.
<b>RECEIPTS</b>					
Loan from external development partners	8.3	193,862,000	-	312,011,291	-
Miscellaneous receipts	8.4	132,965	-	1,007,637	-
<b>TOTAL RECEIPTS</b>		<b>193,994,965</b>	<b>-</b>	<b>313,018,928</b>	<b>-</b>
<b>PAYMENTS</b>					
Compensation of employees	8.5	50,974,294	-	61,025,112	-
Purchase of goods and Services	8.6	40,434,164	-	88,729,302	-
Acquisition of non-financial assets	8.7	84,329,755	-	144,901,083	-
<b>TOTAL PAYMENTS</b>		<b>175,738,213</b>	<b>-</b>	<b>294,655,497</b>	<b>-</b>
<b>SURPLUS/(DEFICIT ) FOR THE YEAR</b>		<b>18,256,752</b>	<b>-</b>	<b>18,363,431</b>	<b>-</b>

Cumulative figures for project life to date provided under Note 8.11 are integral part of the financial statements.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Project's financial statements were approved on 25<sup>TH</sup> SEPTEMBER, 2020 and signed by:

  
Principal Secretary/NT  
Julius Muia, PhD., CBS

  
Director, PPP Unit  
Veronica Okoth(Mrs)


  
Ag. Project Accountant  
CPA Gaudencia Mukisu  
ICPAK Number:13043

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
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**5) STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT JUNE 30, 2020**

	Notes	2019/20 KSh.	2018/19 KSh.
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8.8A	235,474,496	214,052,466
Cash Balances	8.8B	-	-
<b>Total cash and Cash Equivalents</b>		<b>235,474,496</b>	<b>214,052,466</b>
<b>Accounts receivables-Imprest and Advances</b>	8.9	-	<b>3,165,278</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>235,474,496</b>	<b>217,217,744</b>
<b>REPRESENTED BY:</b>			
Fund balance b/fwd	8.10	217,217,744	198,854,313
Surplus/(Deficit) for the year		18,256,752	18,363,431
<b>NET FINANCIAL POSITION</b>		<b>235,474,496</b>	<b>217,217,744</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Project's financial statements were approved on 25TH SEPTEMBER, 2020 and signed by:

  
Principal Secretary/NT  
Julius Muia, PhD., CBS

  
Director, PPP Unit  
Veronica Okoth (Mrs)


  
Ag. Project Accountant  
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ICPAK Number:13043

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**6) STATEMENT OF CASHFLOW FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2019/20 KSh.	2018/19 KSh.
<b>Receipts for operating activities</b>			
Miscellaneous receipts	8.4	132,965	1,007,637
		<b>132,965</b>	<b>1,007,637</b>
<b>Payments for operating activities</b>			
Compensation of employees	8.5	(50,974,294)	(61,025,112)
Purchase of goods and services	8.6	(40,434,164)	(88,729,302)
		<b>(91,408,458)</b>	<b>(149,754,414)</b>
<b>Adjustments during the year</b>			
Decrease/ (Increase) in Receivables	8.9	-	(3,165,278)
		-	<b>(3,165,278)</b>
<b>Net cash flow from operating activities</b>		<b>(91,275,493)</b>	<b>(151,912,055)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	8.7	(84,329,755)	(144,901,083)
<b>Net cash flows from Investing Activities</b>		<b>(84,329,755)</b>	<b>(144,901,083)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	8.3	193,862,000	312,011,291
<b>Net cashflow from financing activities</b>		<b>193,862,000</b>	<b>312,011,291</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>18,256,752</b>	<b>15,198,153</b>
Cash and Cash Equivalent at the BEGINNING of the year		<b>217,217,744</b>	<b>198,854,313</b>
Cash and Cash Equivalent at the END of the year		<b>235,474,496</b>	<b>214,052,466</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Project's financial statements were approved on 25<sup>th</sup> SEPTEMBER, 2020 and signed by:

  
Principal Secretary/NT  
Julius Muia, PhD., CBS

  
Director, PPP Unit  
Veronica Okoth (Mrs)

  
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**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
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**7) STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**


Receipts/Payments Item	2019/20		Final Budget	Actual on Comparable Basis d	2019/20	
	Original Budget	Adjustments			Budget Utilization Difference	% of Utilization
	a	b			e=c-d	f=d/c%
	KSh.	KSh.	KSh.	KSh.	KSh.	%
<b>RECEIPTS</b>						
IDA Loan	242,335,599	(48,500,599)	193,835,000	193,862,000	(27,000)	100%
Miscellaneous receipts	-	-	-	132,965	(132,965)	-
<b>TOTAL RECEIPTS</b>	<b>242,335,599</b>	<b>(48,500,599)</b>	<b>193,835,000</b>	<b>193,994,965</b>	<b>(159,965)</b>	<b>100%</b>
<b>PAYMENTS</b>						
Compensation of employees	30,594,700	20,432,600	51,027,300	50,974,294	53,006	100%
Purchase of goods & services	87,328,599	(35,929,499)	51,399,100	40,434,164	10,964,936	79%
Acquisition of non-financial assets	124,412,300	(33,003,700)	91,408,600	84,329,755	7,078,845	92%
<b>TOTAL PAYMENTS</b>	<b>242,335,599</b>	<b>(48,500,599)</b>	<b>193,835,000</b>	<b>175,738,213</b>	<b>18,096,787</b>	<b>91%</b>
<b>SURPLUS/( DEFICIT) FOR THE YEAR</b>			-	<b>18,256,752</b>	<b>(18,256,752)</b>	


1. The deficit of actual expenditure over the budget is **Ksh.18,096,787**(9% under budget). The lower than projected expenditure is largely attributable to the Suspension of Training and Workshops activities which had a budget of Ksh.11m.

2.No significant budget utilisation/performance differences have been realised by the project to be disclosed in these financial statements.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Project's financial statements were approved on 25<sup>TH</sup> SEPTEMBER, 2020 and signed by:

  
Principal Secretary/NT  
Julius Muia, PhD., CBS

  
Director,PPP Unit  
Veronica Okoth(Mrs)

  
Ag. Project Accountant  
CPA Gaudencia Mukisu  
ICPAK Number: 13043

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
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**8) NOTES TO THE FINANCIAL STATEMENTS**

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

**8.1. Basis of Preparation**

**8.1.1. Statement of compliance and basis of preparation**

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The Accounting Policies adopted have been consistently applied to all the years presented.

**8.1.2. Reporting entity**

The financial statements are for the Infrastructure Finance and Public Private Partnerships (IFPPP) Project under The National Treasury and Planning. The Financial Statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

**8.1.3. Reporting currency**

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

**8.2. Significant Accounting Policies**

**a) Recognition of receipts**

The Project recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

▪ **Transfers from the Exchequer**

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

▪ **External Assistance**

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

**Donations and grants**

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

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**8. NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8.2 Significant Accounting Policies (Continued)**

**a) Recognition of receipts(Continued)**

**Proceeds from borrowing**

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

**Undrawn external assistance**

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

▪ **Other receipts**

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

**b) Recognition of payments**

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

▪ **Compensation of employees**

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

▪ **Use of goods and services**

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

▪ **Interest on borrowing**

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

▪ **Repayment of borrowing (principal amount)**

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

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
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**8. NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8.2 Significant Accounting Policies (Continued)**

**b) Recognition of payments(Continued)**

▪ **Acquisition of fixed assets**

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

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

**c) In-kind donations**

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

**d) Cash and cash equivalents**

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

**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 party deposits.

**e) Accounts receivable**

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

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**8. NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8.2 Significant Accounting Policies (Continued)**

**f) Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. 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.

**g) Budget**

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

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

**h) Exchange rate differences**

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

**i) 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.

**j) 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, 2020.

**k) Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**8. NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8.3. Loan from external development partners**

During the 12 months to June 30, 2020 the Project received funding from the International Development Association (IDA World Bank) in form of loans negotiated by the National Treasury and Planning donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment	Total amount in KSh.	
					2019/20	2018/19
		USD	KSh.		KSh.	KSh.
<b>Loans Received from Multilateral Donors (International Organizations)</b>						
International Development Association (IDA)	30.09.2019	800,000	82,288,000			
	14.01.2020	300,000	30,558,000	-	193,862,000	312,011,291
	31.03.2020	800,000	81,016,000			
		<b>1,900,000</b>	<b>193,862,000</b>	<b>-</b>	<b>193,862,000</b>	<b>312,011,291</b>

**8.4. Miscellaneous Receipts**

Name	2019/20		2018/19	
	Receipts controlled by the project in cash KSh.	Receipts controlled by third parties KSh.	Total Receipts KSh.	KSh.
Other receipts not classified elsewhere	132,965	-	132,965	1,007,637
	<b>132,965</b>	<b>-</b>	<b>132,965</b>	<b>1,007,637</b>

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**8. NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8.5 Compensation of Employees**

	2019/20		2018/19	
	Payments made by the project in cash	Payments made by third parties	Total Payments	
	KShs.	KShs.	KShs.	KShs.
Basic Salary for Contracted Staff	50,974,294	-	50,974,294	61,025,112
	<b>50,974,294</b>	<b>-</b>	<b>50,974,294</b>	<b>61,025,112</b>

**8.6. Purchase of Goods and Services**

	2019/20		2018/19	
	Payments made by the project in cash	Payments made by third parties	Total Payments	
	KShs.	KShs.	KShs.	KShs.
Utilities, supplies and services	13,509,240	-	13,509,240	16,565,683
Training and workshop expenses	6,558,328	-	6,558,328	44,849,634
Other operating expenses	-	-	-	-
Consulting services	20,366,596	-	20,366,596	27,313,985
	<b>40,434,164</b>	<b>-</b>	<b>40,434,164</b>	<b>88,729,302</b>

**8.7 Acquisition of Non-financial Assets**

	2019/20		2018/19	
	Payments made by the project in cash	Payments made by third parties	Total Payments	
	KSh.	KSh.	KSh.	KSh.
Purchase of Office furniture & General Equipment	5,248,200	-	5,248,200	-
Research , Studies , project preparation, design & supervision	79,081,555	-	79,081,555	105,857,276
Civil Works on Office Building	-	-	-	39,043,807
<b>Total</b>	<b>84,329,755</b>	<b>-</b>	<b>84,329,755</b>	<b>144,901,083</b>

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
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**8. NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8.8. Cash and cash equivalents carried forward**

	<b>2019/20</b>	<b>2018/19</b>
	<b>KSh.</b>	<b>KSh.</b>
Bank accounts(Note 8.8A)	235,474,496	213,892,385
<b>Total</b>	<b>235,474,496</b>	<b>213,892,385</b>

**8.8. A Bank Accounts  
Project Bank Accounts  
Local currency Account**

	<b>2019/20</b>	<b>2018/19</b>
	<b>KSh.</b>	<b>KSh.</b>
KCB Bank Account No. 1138915874	235,474,496	213,892,385
<b>Total Local currency balances</b>	<b>235,474,496</b>	<b>213,892,385</b>

**Foreign Currency Accounts**

	<b>2019/20</b>	<b>2018/19</b>
	<b>USD.</b>	<b>USD.</b>
IFPPP Account , KCB Bank Account No.1136321365	723,808	840,058
<b>Total Foreign Currency balances</b>	<b>723,808</b>	<b>840,058</b>

**Special Deposits Accounts Movement Schedule**

	<b>2019/20</b>	<b>2018/19</b>
	<b>USD.</b>	<b>USD.</b>
<b>A/C IFPPP KCB Bank Account No. 1136321365</b>		
Opening Balance	840,058	675,811
Total Amount deposited in the account	1,783,750	3,256,276
Total Amount withdrawn (as per Statement of Receipts & Payments)	1,900,000	3,092,029
Closing balance as per SDA bank account reconciliation attached	<b>723,808</b>	<b>840,058</b>

**8.8.B Cash in Hand**

	<b>2019/20</b>	<b>2018/19</b>
	<b>KSh.</b>	<b>KSh.</b>
Official Standing Imprest	-	160,080
	-	<b>160,080</b>

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
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**8. NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8.9. Outstanding imprests and advances**

	2019/20	2018/19
	KSh.	KSh.
Temporary Imprest	-	3,165,278
	-	<b>3,165,278</b>

**8.10. Fund balance brought forward**

	2019/20	2018/2019
	KSh.	KSh.
Outstanding imprests and advances	3,165,278	-
Bank Accounts	213,892,386	198,854,313
Cash in hand	160,080	-
<b>Total</b>	<b>217,217,744</b>	<b>198,854,313</b>

**8.11. Cumulative Expenditure for Project Life To Date**

	Prior year Cumulative		Current Year		Total Cumulative
	Receipts and payments controlled by the project	Payments made by third parties	Receipts and payments controlled by the project	Payments made by third parties	
<b>RECEIPTS</b>					
Loan from external development partners(IDA)	2,951,067,670	270,370,858	193,862,000	-	3,415,300,528
Miscellaneous Receipts	17,778,758	-	132,965	-	17,911,723
<b>Total Receipts</b>	<b>2,968,846,428</b>	<b>270,370,858</b>	<b>193,994,965</b>	<b>-</b>	<b>3,433,212,251</b>
<b>PAYMENTS</b>					
Compensation of employees	346,684,188	-	50,974,294	-	397,658,482
Purchase of goods & services	241,941,099	270,370,858	40,434,164	-	552,746,121
Acquisition of non-financial assets	2,163,003,397	-	84,329,755	-	2,247,333,152
Prior year adjustments	-	-	-	-	-
<b>Total Payments</b>	<b>2,751,628,684</b>	<b>270,370,858</b>	<b>175,738,213</b>	<b>-</b>	<b>3,197,737,755</b>
<b>Surplus/(Deficit) for the year</b>	<b>217,217,744</b>	<b>-</b>	<b>18,256,752</b>		<b>235,474,496</b>

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**9.0 PENDING BILLS**

There were no pending bills for the year ended June 30th , 2020.

**10. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The Auditor Recommendations for the year ended June 30<sup>th</sup>,2019 and progress on follow up is as follows:

- i. Lack of Internal Audit Services. The internal audit exercise was last conducted in July 2014. However, there was a delay until 2018 that made the PIU to write to the Internal Auditor General to bring to their attention on the matter and further made a follow up in 2019. We wish to note that IAG has since positively responded to PIU's request. The exercise covers all the projects implemented by the PIU and has commenced with sister projects before extending to IFPPP AF Project during November,2020. PIU commits to sharing the outcome of the exercise with the OAG once concluded.

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**ANNEXURES**

**ANNEX 1: FIXED ASSETS REGISTER**

No.	Item Description	Make	Model No.	Tag No.	Serial no.	Qty	@ Cost (Ksh.)	Total Cost	Source of Funds	Year of Purchase	Estimated Useful Life	Station
1	Heavy Duty Paper Punch	Kangaro	HDP2160		HDP2160	1	10,200.00	10,200.00	IDA	2019	2 years	PIU
<b>Supply and Fitting of Office Furniture</b>									IDA	2019	8 Years	PPPU
1	L-Shaped Executive Desks	2200*1200*750mm high	N/A	N/A	N/A	6	70,000	420,000				
2	Executive Credenza Overall	1800*600*1050mm high	N/A	N/A	N/A	6	50,000	300,000				
3	L-Shaped Medium Desks	1300*1200*750mm high	N/A	N/A	N/A	41	20,000	820,000				
4	Medium Working Desks	1200*835*750mm high	N/A	N/A	N/A	4	18,000	72,000				
5	25mm Thick Screen	450mm high	N/A	N/A	N/A	12	8,000	96,000				
6	25mm Thick Screen	450mm high	N/A	N/A	N/A	18	8,000	144,000				
7	25mm Thick Screen	450mm high	N/A	N/A	N/A	2	6,000	12,000				
8	Circular meeting table	1000mm diameter	N/A	N/A	N/A	6	15,000	90,000				
9	Filing Cupboard	900*600*1550mm high	N/A	N/A	N/A	20	18,000	360,000				
10	Rectangular Board Room Table	8 Seater	N/A	N/A	N/A	1	70,000	70,000				
11	Drawer Vertical Filing Cabinet	457*607*1630mm	N/A	N/A	N/A	30	20,000	600,000				
12	High Back Executive Chair Orthopedic Executive Chairs	N/A	N/A	N/A	N/A	6	26,000	156,000				
13	Cantilevered Visitors chairs fabric upholstered	N/A	N/A	N/A	N/A	24	8,000	192,000				
14	Cantilevered Visitors chairs polyurethane upholstered	N/A	N/A	N/A	N/A	42	17,000	714,000				
15	High Stool with upholstered seat and backrest	1000mm high	N/A	N/A	N/A	9	12,000	108,000				
16	Two-seater sofa upholstered in faux leather	N/A	N/A	N/A	N/A	14	50,000	700,000				
17	Three seater sofa upholstered in faux leather	N/A	N/A	N/A	N/A	4	60,000	240,000				
18	coat and hat stand with multiple hooks	N/A	N/A	N/A	N/A	6	8,000	48,000				
19	Single coat stands	N/A	N/A	N/A	N/A	12	8,000	96,000				
<b>Total FY 2019/2020</b>								<b>5,238,000</b>				
<b>Total FY 2019/20</b>								<b>5,248,200.00</b>				

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**Note :**

Included in the figure of KSh. 84,329,755 under Note. 8.7 is an amount of KSh.79,081,555 for the feasibility and appraisal studies being undertaken on the PPP Projects in the Country.

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**APPENDICES**

**BANK RECONCILIATION STATEMENT**

REPUBLIC OF KENYA  
BANK RECONCILIATION

AS AT 30.06.2020

Station: IFPPP Anniversary Towers

KCB ACCOUNT NO. 1138915874

						Ksh	
Balance as per Bank Statement						231,745,989.22	
Less-							
1 Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)						1,750,533.20	
2 Receipts in Bank Statement not yet recorded in Cash Book							
3 Payments in Bank Statement not yet recorded in Cash Book							
Bank Charges							
4 Receipts in Cash Book not yet recorded in Bank Statement						5,479,040.00	
<b>Bank Balance as per Cash Book .....</b>						<b>235,474,496.02</b>	
<b>1 PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)</b>							
CHEQUE	PAYEE		AMOUNT	CHEQUE	PAYEE		AMOUNT
No. Date			Shs.	No. Date			Shs.
003917	25.06.20	Safaricom Limited	62,135.00				
003918	26.06.20	Commissioner for VAT	1,110.00				
003919	26.06.20	Office Technologies Ltd	62,681.00				
003924	30.06.20	Dr. Ronoh Tuimising'	10,424.00				
003925	30.06.20	Ernst & Young LLP	1,515,067.20				
003926	30.06.20	Commissioner for VAT	28,319.00				
003927	30.06.20	Commissioner for DTD	70,797.00				
		<b>TOTAL</b>	<b>1,750,533.20</b>				

PREPARED BY: 

CERTIFIED BY:



**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**



Kcb Bank Kenya Limited,  
University Way Branch,  
P.O. Box 7206 - 00300,  
Nairobi, Kenya.  
Tel: +254  
20312389/213701/229227  
Mobile:  
SMS:22522  
Email:Universityway@kcb.c  
o.ke

1218 CA 41 BRANCHES

CERTIFICATE OF BALANCE

KCB Bank Limited

(Incorporated in Kenya)

CERT2018948707

KCB UNIVERSITY WAY

07 JUL 2020

.....  
.....  
Certified that the balance at the CREDIT Of INFRASTRUCTURE  
FINANCE AND P P

A/C 1138915874

at the close of business on 30 JUN 2020 Was KES

.....  
TWO HUNDRED AND THIRTY ONE MILLION SEVEN HUNDRED AND FORTY FIVE  
THOUSAND NINE HUNDRED AND EIGHTY NINE CENTS TWENTY TWO  
.....

KES 231,745,989.22  
.....

Examined by

For: KCB BANK KENYA LTD.

*[Signature]*  
.....  
Manager Service Quality & Compliance

For: KCB BANK KENYA LTD.

*[Signature]*  
.....  
Branch Manager  
UNIVERSITY WAY, NAIROBI

Branch Manager

www.kcbgroup.com

KCB Bank Kenya Limited  
Directors: J. N. Oigara; T. D. Ipomai; C.S. - National Treasury; S. K. Rono; Ms. N. Onyango; Mrs. C. Okongo; J. W. Mulgai; Mrs. A.  
O. Eriksson; Ms. E. Nyala; S. Makome

# INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

REPUBLIC OF KENYA

F.o. 51

Date: 15.7.2020

Report of the Board of Survey on the Cash and Bank Balances of .....IFPPP...

.....as at the close of business on .....30.6.2020.....

The Board consisting of - (Names and official titles)

David Malonza

- Chairman

Teresa Simba

- Member

Cyrus Karweni

-Member

Assembled at the office of CASH .....IFPPP - ANNIVERSARY TOWERS.....

At (Time) on the ..... (time) on the .....2.00P.M.....

And the following cash was produced: -

Notes ..... Sh. .... Nil.....

Silver ..... Sh. .... Nil .....N/A.....

Copper ..... Sh. .... Nil .....

Cheques (as per details on reverse) ..... Sh. .... Nil .....

It was observed that cheques amounting to Sh ..... Nil ..... Cts ..... Nil .....

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

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the .....30.6.2020.....

Cash on hand .....NIL.....

Bank Balance.....235,474,496.02.....

The bank certificate of Balance showed a sum of Kshs.231,745,989.22 ..... Cts ..... (Sh ..... Cts .....)

Standing to the credit of the account on .....30.6.2020.....

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

Date.....15.7.2020.....

.....DAVID MALONZA.....  
Chairman

Teresa Simba  
Cyrus Karweni

Members of the Board  
GPK (L)



**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIP PROJECT  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2020**

Credit No.: IDA LOAN CREDIT NO.5157-KE  
Bank Account No.: 1136321365 Held with KCB NAIROBI

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		32,423,542.77
	Less:		
2	Total amount documented		28,973,542.72
3	Outstanding amount to be documented		3,450,000.05
	Represented by:		
4	Ending Special account Balance as at 30 June 2020		723,808.06
5	Amounts claimed but not credited as at 30 June 2020		-
6	Amounts withdrawn and not claimed		2,726,191.99
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2020		3,450,000.05

Discrepancy between total appearing on line 3 and 9

-

**Notes:**



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

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs

*Shutice*  
AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY

DATE: 18-08-2020

**INFRASTRUCTURE FINANCE AND PUBLIC PRIVATE PARTNERSHIPS PROJECT  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

SPECIAL ACCOUNT STATEMENT	
For period ending	30TH JUNE, 2020
Account No.	1136321365
Depository Bank	KENYA COMMERCIAL BANK
Address	MOI AVENUE
Related Loan	KCB-PPF INFR.FINANCE
Credit Agreement	Q821-KE
Currency	USD
<b><u>Account Activity</u></b>	
Beginning balance of 1ST July, 2019 as per C.B.K. Ledger Account	840,057.94
<b>Add:</b>	
Total Amount deposited by World Bank	1,783,750.12
Total Interest earnings if deposited in account	-
Total amount refunded to cover ineligible expenditure	-
<b>Deduct:</b>	
Total amount withdrawn	1,900,000.00
Total service charges if not included above in amount withdrawn	-
Ending balance on 30th June, 2020	723,808.06
<b>AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA</b>	<b>SIGNATURE:</b> 
	<b>DATE:</b> 10-8-2020
<b>AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY</b>	<b>SIGNATURE:</b> 
	<b>DATE:</b> 18-08-2020

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2020 have been reconciled and a copy of the supporting Reconciliation Statement is attached.