

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 JUN 2025	DAY: Wednesday
TABLED BY: Hon. Owen Bayart MP	Deputy leader of Majority House
CLERK-AT THE-TABLE:	

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REPORT

OF

THE AUDITOR-GENERAL

ON

**PUBLIC PRIVATE PARTNERSHIP PROJECT
FACILITATION FUND**

**FOR THE YEAR ENDED
30 JUNE, 2021**

THE NATIONAL TREASURY



THE NATIONAL TREASURY

PUBLIC PRIVATE PARTNERSHIP PROJECT FACILITATION FUND (PPF)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021

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**Public Private Partnerships Project Facilitation Fund
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1. Acronyms and Definition of Key Terms

A: Acronyms

CA	Contracting Authority
CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAF	Officer Administering the Fund
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PPF	Project Facilitation Fund
PFM	Public Finance Management
PPE	Property Plant & Equipment
PPPC	Public Private Partnerships Committee
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
VGF	Viability Gap Funding
WB	World Bank

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

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2. Key PFF Information and Management

a) Background information

PPP-PFF is established under PPP Act of 2013 and operationalized by the PFF Regulations of 2017. The PPP-PFF is domiciled at the National Treasury within Kenya and is to serve as a financing mechanism/special purpose vehicle to ensure a stable and effective environment to spur PPP projects investments

b) Principal Activities

The objective/principal activity of the Fund is to serve as a special purpose vehicle providing financial support for the development and implementation of PPP Projects in line with the provisions of PFF Regulations 2017. The Fund support in meeting the following objectives:

- i.) Increasing private investments in PPP Projects for the provision of public goods. This entails:
 - Upstream assessments for PPPs (Sectoral diagnostic studies, Feasibility Studies)
 - Evaluation sessions for PPP projects (Expenditure on off-site evaluation sessions for submitted PPP projects)
 - PPP projects workshops related activities (including conduct of market sounding, preparation of pitch books, payment of workshop logistics including honoraria for experts and air tickets, attendance of relevant regional fora)
 - Development of required Frameworks and Guidelines
 - Capacity building of PPP Committee and PPP Petition Committee members
 - Capacity building National Treasury Management on PPPs
 - Capacity building of select Parliamentary Committees on PPPs
- ii.) Providing ongoing internal PPP advisory and capacity building to Contracting Authorities in the various stages of the PPP project cycle. This is done through Capacity building of Contracting Authorities on PPPs.
- iii.) Promoting program monitoring and learning practices for improved delivery of PPP services through monitoring and evaluation of PPP projects in implementation
- iv.) Increasing and sustaining resources for the PPP program through organizing engagements with potential PFF funders to mobilize for additional resources for the PFF.
- v.) Enhancing visibility of the PPP program through conducting public awareness campaigns on PPPs.
- vi.) Strengthening capacity of the PPP Directorate to deliver quality PPP program services by;

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- Remuneration of staff in the PFF Secretariat
- Capacity building of PPP Directorate staff
- Purchase of office ICT equipment and accessories

c) Key Fund Management

The *Fund's* day-to-day management is under the following key organs:

- PPP Committee – offers oversight and policy guidance role;
- Officer Administering Fund – day to day management of the Fund
- PFF Secretariat – day to day management of the Fund.

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	PPP Committee Chairman	Dr. Chris Kiptoo, CBS; Principal Secretary/TNT
2.	Director General/PPPD	Director General /PPPD
3.	Director Origination & Structuring	Christine Ng'ang'a
4.	Director Legal	Neala Wanjala
5	Head of Finance	Mr Samwel Kimani
6	Monitoring and Evaluation	Mr. Wycliffe Ondiek

e) Fiduciary Oversight Arrangements

No.	Designation	Name
1.	Budget Committee Chairman	A Member of Parliament
2.	Debt/Investment Committee	A Member of Parliament
3.	Cabinet Secretary	CS/TNT
4.	PPP Committee Chairman	Dr. Chris Kiptoo, CBS; Principal Secretary/TNT
5	Director /PPP Secretariat	Director General /PPPD
6	World Bank	Task Team Leader

f) Fund Headquarters

Reinsurance Plaza – 6th Floor
 Taifa Road
 P.O. Box 30007-00100
 NAIROBI, KENYA

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Key Entity Information and Management (continued)

g) Fund Contacts

Telephone: (254) 2252299
E-mail: pppunit@go.ke
Website: www.pppunit.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

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Key Entity Information and Management (continued)

i) Independent Auditor


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

j) Principal Legal Adviser


The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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2. The PPP Committee Members

SN	PPPC members	Details
1.	 <p data-bbox="338 763 635 797">Dr. Chris Kiptoo, CBS</p>	<p data-bbox="879 383 1533 909">Dr. Chris Kiptoo is the Principal Secretary, The National Treasury and the current Chair of PPP Committee. He was appointed Principal Secretary by President William Samoei Ruto on 1st December 2022. Since his appointment, Dr Kiptoo has been at the forefront in implementing Fiscal consolidation, debt management including the Eurobond, expenditure rationalisation, revenue mobilisation as well as reform of state owned enterprises (SOEs).</p> <p data-bbox="879 954 1533 1200">Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives</p>



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2.	 <p>Mr. Kizito Wangalwa</p>	<p>Hon. Kizito Wangalwa is a local governance, economic development, decentralisation and public policy management practitioner. He has spent more than 30 years of his professional life contributing to strategy development, programme implementation and policy dialogue for enhanced delivery and access to public services in the context of decentralisation.</p> <p>He is currently the Director of Committees and Programmes at the Council of Governors (CoG), where he is responsible for coordinating the sector committees of CoG towards the evolution of policies, laws, regulations and administrative actions that enhance devolution and the common interest of County Governments in Kenya.</p> <p>Hon. Wangalwa is an alumnus of Moi University and the University of Nairobi where he graduated with an MBA in Strategic Management and a Bachelor of Arts in Economics in 2009 and 1990, respectively.</p>
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<p>3.</p>	 <p>Mr. Stephen Mallowah</p>	<p>Stephen is an advocate of the High Court of Kenya and a commercial lawyer with over 30 years of post-qualification experience. He specializes in several areas of law, including project finance. He also advises clients on regulatory compliance, public policy, and legislative engagement.</p> <p>Stephen is known for his pioneering work in PPPs in Kenya, where he has advised both public and private entities on large PPP projects. He is also a respected academician who has taught at institutions such as the Kenya School of Law. In addition, he is a certified Corporate Governance trainer.</p>
<p>4.</p>	 <p>Mr. John Loto Segelan</p>	<p>Mr. John Segelan is an accomplished professional with extensive experience in operations, risk management and leadership in the banking sector. Born in Marsabit, he has held key positions, including Head of Operations for KCB South Sudan and the Western Region of Kenya, where he was responsible for ensuring compliance, minimizing operational risks, and driving customer satisfaction.</p> <p>With an MBA from ESAMI/Maastricht Business School and a strong background in economics from St. Lawrence University in New York, Segelan's expertise and wealth of knowledge is key to the PPP Committee with regard to approval process for PPP projects.</p>



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5.	 <p>Mr. James Muhati</p>	<p>Mr. James Muhati, CBS IS THE Principal Secretary, State Department of Planning.</p>
6.	 <p>Ms. Mary Mwiti</p>	<p>Ms. Mary Mwiti is a corporate governance professional with valuable industry expertise and a passion for prudent management with a proven track record spanning over 20 years of progressive experience in providing high-level systems and services, leadership for administrative functions. She holds a Master’s Degree in Human Resource Management and a Bachelor’s Degree in Business Administration (HR) both from the Jomo Kenyatta University of Agriculture and Technology (JKUAT). Mary is a member of the Institute of Human Resource Management in Kenya.</p>

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7.	 <p>Mr. Shadrack Mose</p>	<p>Hon. Shadrack J. Mose is the current Solicitor General of the Republic of Kenya, having assumed Office on 20th March, 2023.</p> <p>He is the chief assistant to the Honourable the Attorney-General, in the performance of the Attorney-General's duties as the principal legal advisor to the Government. Further, he is responsible for organising, co-ordinating and managing the administrative and legal functions of the Office; supervising all court cases; and overseeing the formulation and implementation of development strategies for Government Legal Services.</p> <p>Hon. Mose, is an Advocate of the High Court of Kenya with over thirty years' experience in legal practice. He holds a Bachelor of Laws(LL. B) degree from the University of Nairobi and a Post-Graduate Diploma in Law from the Kenya School of Law.</p>
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<p>8.</p>	 <p>Mr. Joseph Mbugua</p>	<p>Eng. Joseph Mbugua is the Principal Secretary for the State Department of Roads. Prior to his appointment, he was the Kenya Rural Roads Authority (KeRRA) Regional Director in Kiambu. He served in the same capacity in various regions in Kenya and also worked in the Ministry of Roads in various stations.</p> <p>Eng. Mbugua is a registered professional Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of the Institution of Engineers of Kenya (MIEK). He holds a BSC in Civil Engineering from University of Nairobi.</p>
<p>9.</p>	 <p>Mr. Christopher Kirigua, MBS</p>	<p>Mr. Christopher Kirigua serves as Director General of the Public Private Partnerships (PPP) at the National Treasury and Economic Planning. A seasoned investment banker, Mr. Kirigua worked in the private sector for over 20 years, prior to joining public service in December 2020. Until the financial year ended 30th June 2022, Chris was the Alternate to the Cabinet Secretary National Treasury, on the Safaricom Plc Board and has also previously served on the Board of the Communications Authority of Kenya. In his current role at The National Treasury, Christopher leads a team that is mobilizing private capital to develop sustainable infrastructure in all sectors. His mandate supports the Government to effectively manage its limited fiscal space to enable the various State Departments to focus more on social investments</p>

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		and allow private sector to run with commercially viable projects. He Provides Overall Leadership for the Kenya Public Private Partnership Program and support to the project implementation
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**Public Private Partnerships Project Facilitation Fund
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3. Key Management Team

Names	Title designation	Key qualification	Responsibilities
 Mr. Christopher Kirigua, MBS	Director General, PPP	<ul style="list-style-type: none"> • Bachelor of Science BS Accounting and Finance • Harvard Kennedy School Senior Executive Learning Program on PPPs and Project Finance 	Provides Overall Leadership for the Kenya Public Private Partnership Program and support to the project implementation.
 Mr. Samwel O. Onyango	Head of Finance & Admin.	<ul style="list-style-type: none"> • MBA Finance • BCom Finance • CPA (K) 	Oversee all the PPPD Financial Management Matters.
 Mr. Wycliffe Paul Ondieki	Monitoring and Evaluation Expert	<ul style="list-style-type: none"> • Master of Education (Educational Psychology) • Bachelor of Education (Mathematics & B. Studies) 	Establish & oversee implementation of the Monitoring & Evaluation Function & System for the Project.
 Mr. Kennedy Onyonyi	Head of Capacity Development	<ul style="list-style-type: none"> • Masters in International Relations. • Postgraduate Diploma in Public Relations. • B-COM 	In charge of PPPD Capacity Building.
 Mr. Edwin Ombaka	Principal Internal Auditor	<ul style="list-style-type: none"> • MBA Finance • BCOM Accounting • CPA(K) • CISA • ISACA • IIA 	Oversee Internal Audit Functions.

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 Mr. Edgar Kamara	Financial Modeler	<ul style="list-style-type: none"> • Bachelor of Economics • Masters in Finance and Investment 	In Charge of project origination, structuring and financial modeling.
 Mr. Paul J. Oyier	Communication Expert	<ul style="list-style-type: none"> • Masters of Art in Communication • Bachelor of Arts in Journalism. 	In charge of communication within PPP Directorate.
 Ms. Neala Wanjala	Head of Legal	<ul style="list-style-type: none"> • Bachelor of Laws 	In Charge of Legal Matters at PPP Directorate.
 Ms. Christine Ng'ang'a	Director, Origination and Structuring	<ul style="list-style-type: none"> • B.A. in Economics and Political Studies • MPA in Policy and Finance • Post Graduate Diploma in Ecommerce and Internet Technologies 	In charge of Project origination and structuring unit
 Ms. Monicah Mwangi	Procurement Expert	<ul style="list-style-type: none"> • Master of Science in Procurement and Contract Management, • Bachelor of Commerce-Purchasing and Supplies, Mt. Kenya University • Diploma in Purchasing and Supplies Management (ICM), • Certified Public Private Partnership – CP3P 	In charge of procurement function.

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4. PPPC Chairman's Statement

The Government of Kenya has created a robust PPP legal framework by enabling the enactment of an overarching PPP Act, 2021 (replacing a repealed PPP Act 2013), that is fundamental in promoting private sector participation for the accelerated delivery of public infrastructure projects. The PPP Act, 2021 together with Public Private Partnerships Regulations, 2014 (currently going through review) and the Project Facilitation Fund Regulations, 2017 creates an enabling environment for PPP frameworks

Public Private Partnerships arrangements creates a financing alternative that reduces pressure on the current constraint fiscal space and enhance sustainability in public infrastructure financing, and thus providing the Government the necessary headroom to finance social projects. The priority sectors earmarked for PPP projects include water, ports, agriculture, housing, roads, trade, industry and energy sectors.

A strong emphasis on undertaking interventions aimed at unlocking the potential of various sectors so as to bring down the cost of living is key. In line with this, the Public Private Partnerships Directorate (PPPD) has dedicated its efforts in towards mobilising private sector capital to support investments in public infrastructure projects in order to support public service delivery.

As Chair of the Public Private Partnerships Committee, I wish to thank my fellow Committee members and management for their valuable contributions in guiding the PPP programme. It has been a great honour observing the immense commitment to deliver on PPPs during the past year

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5. Report of the Chief Executive Officer/Officer Administering the Fund

There is a strong emphasis on interventions aimed at unlocking the potential of various sectors so as to bring down the cost of living. In line with this, the Public Private Partnerships Directorate (PPPD) has dedicated its efforts in towards mobilising private sector capital to support investments in public infrastructure projects in order to deliver public service/goods.

The Directorate is pleased to state that PPP programme in Kenya has taken off very well with many approved projects and a good progress of the PPP project pipeline. As at June 2021, a total of approximately KES 26.2 billion had been mobilised in form of private capital investments in PPPs since commencement of the PPP programme in 2013.

To enhance the general viability of PPP projects, various policies and frameworks were instituted during the year under review. These include development and conduct of public participation on the draft PPP Regulations among others.

Public Private Partnerships create fiscal space and enhance sustainability in public infrastructure financing, and thus providing the Government the necessary headroom to finance social projects. The priority sectors earmarked for PPP projects include water, ports, agriculture, housing, roads, trade, industry and energy sectors.

The Government continues to support and enhance the role of the PPPD in bringing public-private partnerships to the mainstream of national development, through various existing policies.

**Public Private Partnerships Project Facilitation Fund
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**6. Statement of Performance against Predetermined Objectives for the period ended 30th
June 2021**

The objective of PFF is to provide financial support for the implementation of PPP Projects in accordance with the provisions of the PPP Act and the PFF Regulations. The PFF will achieve this objective through the following sub-objectives:

- To increase and sustain resource requirements for PFF during the life of the Fund; and
- To strengthen the capacity of the PFF to meet stakeholder needs.

Functions of the Fund and eligible funding windows

The PFF Regulations (2017) regulation 4 outlines the eligible Projects for funding under the PFF as follows:

- I. **Window 1** - support to CAs, third party costs in the preparation of the PPP Project, including settlement of transaction advisory costs; preparatory costs
- II. **Window 2** - support to the activities of the PPP Directorate;
- III. **Window 3** - provision of Viability Gap Funding (VGF) to Project; and
- IV. **Window 4** - provision of a source of liquidity to meet Contingent Liabilities arising from a Project.

Note – The Fund has not started its operations since not all the conditions precedent to its actualization (including development of governance and operations manuals) have not been met. However, mobilization of financial resources have begun in readiness for the funds pursuit towards meeting its objectives.

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7. Corporate Governance Statement

The key policy institution guiding PPP matters in the Country is Public Private Partnerships Committee (PPPC) as the law established under Section 6 of PPP Act 2021. The Committee members comprises of both representatives from public and private sectors, with the Director General serving as the Secretary to the PPP Committee. The PPPC is mandated to provide oversight of the PFF operations and management as per Regulation 17(1&2) of the PFF (2017).

The PFF Regulations (approved in 2017) operationalize the PFF and the Governance and Operational Manual sets out the processes and procedures that guides its operation. The Manual lays down the procedures for the operationalisation and administration of the PFF. It provides the processes for planning, accessing, utilising, monitoring and accounting for the PFF resources. It also provides guidance on how to engage our external stakeholders in as far as financing requirements from PFF are handled.

The PPP Directorate's role is two-fold at the institutional level; on the one hand serving as the secretariat and technical arm of the PPP Committee and on the other hand providing technical, financial and legal expertise to the PPP Committee and the contracting authorities regarding PPP related activities.

8. Management Discussion and Analysis

The Fund had not started its operations during the period under review. Management is setting up the institutional and financing arrangements including development of various policy documents to actualize its operations. However, mobilization of financial resources are ongoing in readiness for the funds pursuit towards meeting its objectives.

The financing sources include development partners, GoK direct funding, project appraisal fees, project success fees among others. Management commits to give more details as implementation progresses.

9. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

The sustainability of PPP activities are pegged on CAs ownership and commitments, observing and effectively applying GoK legal instruments (eg PPP Act 2021), structures/systems and institutional mandates to address GoK infrastructural felt needs. Having in place a strategic National Infrastructure Plan which is aligned to the National Government medium and long-term development blue prints which are arrived at through an all-inclusive participatory approach is very important. All key partners/parties are engaged during all phases of the project development, right from feasibility study, planning, implementation and, monitoring & evaluation. Proper application of the approved PPP procurement methods, with competitive method being the most preferred, will definitely assure the projects sustainability.

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ii) *Environmental performance*

The PPP projects activities address economic, livelihoods and environmental conservation. While the Kenyan Constitution 2010 assures all citizens of a good and healthy environment, the projects uses an integrated approach where all interventions must address environmental sustainability. The projects adhere to international and local environmental requirements where interventions that require an Environmental and Social Impact Assessments are done before implementation, Environmental and Social Audits are done on time while specific environmental interventions are part of the project design.

iii) *Employee welfare*

The PPPD staff are hired competitively through GoK (and occasionally with development partners) laid down procedures to ensure retention, professionalism and competency in service delivery. Various short term trainings are frequently offered to improve staff skills and service delivery. The staff are normally engaged on a three year renewable contracts and their performance is appraised periodically as per GoK Public Service performance management guidelines. The offices are kept clean and well equipped and transport to support PPP Project's service delivery is adequately provided.

iv) *Market place practices-*

The Directorate ensures best practices in PPP procurement through adherence to GOK and relevant development partners rules and regulations on competitive bidding, contract management and payment on delivery. PPP Directorate sources goods and services from across the country and around the world to meet the requirements of the Directorate. The advertisements are normally done via various media (national/international) for wider catchment and in line with prevailing legal framework. As such, we aim in our procurement to be transparent, accountable and fair, and to provide value for money in meeting the Directorate needs. Suppliers are welcome to bid for any contracts that they believe are suitable; the contact person is advertised in each case.

All procurement documents are clearly indicated that PPP arrangements are corruption free environment. All PPP procurement committees are guided by the PPP Act 2021 and resultant regulations apart from adhoc; procurement documents are availed through the website while all correspondence on procurement is through writing. All CAs, Private Party and PPP Directorate representatives participate in the procurements.

PPP Directorate is an equal opportunity organization and promotes equal opportunity throughout the unit. All tenders are open to suitably qualified parties.

v) *Corporate Social Responsibility / Community Engagements*

In its efforts to contribute towards meeting its objectives, the Directorate is keen in supporting social, environmentally friendly activities including tree planting in public institutions.

**Public Private Partnerships Project Facilitation Fund
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10. Report of the Directors

The Directors submit their report together with the audited financial statements for the twelve months period ended June 30, 2021, which show the state of the Fund affairs.

i) Principal activities

The principal activities of the Fund are set out in page iv.

ii) Results

The results of the Fund for the twelve months period ended June 30, 2021, are set out on page xix.


iii) Directors

The members of the Board of Directors who served during the year are shown on page viii. During the twelve months period ended June 30, 2021, no director retired/ resigned and none was appointed.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the twelve months period ended June 30, 2021, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the PPPC


.....

Name *Keata Wanjala*

Officer Administering Fund/PPPC Secretary

Nairobi

Date:

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the financial year ended June 30, 2021.

11. Statement of PPPC Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 81(4) of PPP Act 2021 require the Directors to prepare financial statements in respect of that *Fund*, which give a true and fair view of the state of affairs of the *Fund* at the end of the financial year/period and the operating results of the *Fund* for that year/period. The Directors are also required to ensure that the *Fund* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Fund*. The PPPC are also responsible for safeguarding the assets of the *Fund*.

The Members are responsible for the preparation and presentation of the *Fund's* financial statements, which give a true and fair view of the state of affairs of the *Fund* for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Fund*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The PPPC Members accept responsibility for the *Fund's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and PPP Act 2021. The Directors are of the opinion that the *Fund's* financial statements give a true and fair view of the state of *Fund's* transactions during the financial year ended June 30, 2021, and of the *Fund's* financial position as at that date. The Members further confirm the completeness of the accounting records maintained for the *Fund*, which have been relied upon in the preparation of the *Fund's* financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the PPPC to indicate that the *Fund* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *Fund's* financial statements were approved by the PPP Committee on 11/12/2021 2021 and signed on its behalf by:

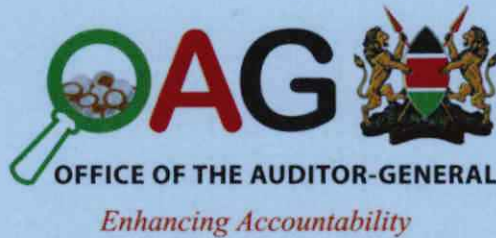

.....
Dr. Chris Kiptoo, CBS
Principal Secretary/NT


.....
Neala Wanjala
Ag. Director General/PPPD


.....
CPA Samwel O. Onyango
Head of Finance & Admin.
ICPAK Member No: 4629

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PUBLIC PRIVATE PARTNERSHIP PROJECT FACILITATION FUND FOR THE YEAR ENDED 30 JUNE, 2021 - THE NATIONAL TREASURY

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Public Private Partnership Project Facilitation Fund set out on pages 1 to 65, which comprise of the statement of

Report of the Auditor-General on Public Private Partnership Project Facilitation Fund for the year ended 30 June, 2021- The National Treasury

financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Public Private Partnership Project Facilitation Fund as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Private Partnerships Act, 2013, Public Private Partnerships Regulations, 2014, Public Private Partnership (Project Facilitation Fund) Regulation, 2017, and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

During the year under review, it was established that the Directorate did not prepare the statement of budgeted versus actual amounts despite having an amount of Kshs.20,000,000 as reflected in the statement of financial position. This was contrary to Regulation 21(d) of Public Private Partnership (Project Facilitation Fund) Regulations, 2017 which provides that the officer administering the Fund shall prepare estimates of annual revenue and expenditure of the Fund relating to the public private partnerships programme and the Funds' operational expenses and submit it to the Committee for adoption.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the other information set out on page iv to xxiii which comprise of Key Project Facilitation Fund Information and Management, Key Management Team, Public Private Partnership Committee Chairman's Statement, Report of the Chief Executive Officer/Officer Administering the Fund, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Public Private Partnership Committee Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of 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. Late Submission of Financial Statements

The Fund was established under Public Private Partnerships Act, 2013 and operationalized by Public Private Partnership (Project Facilitation Fund) Regulation, 2017. During the year under review, the Fund had an amount of Kshs.20,000,000 as reflected in the statement of financial position and bank statement. However, the financial statement for the year ended 30 June, 2021 were submitted for audit on 28 November, 2024 instead of statutory date of 30 September, 2021. This was contrary to Section 68(2) (k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare and submit the financial statements to the Auditor-General within three months after the end of financial year to which the accounts relate.

In the circumstances, Management was in breach of law.

2. Lack of Work-Plans

During the year under review the Fund had an amount of Kshs 20,000,000 as reflected in the statement of financial position and bank statement for its operations. It was noted that operations workplan was not prepared as at 30 June, 2021. This was contrary to Regulation 21(d) of Public Private Partnership (Project Facilitation Fund) Regulations, 2017 which provides that the officer administering the Fund shall prepare estimates of annual revenue and expenditure of the Fund relating to the public private partnerships programme and the Funds' operational expenses and submit it to the Committee for adoption

In the circumstances, Management was in breach of law.

3. Lack of Fund Manual

During the year under review, it was established that there was a draft Public Private Partnership Project Facilitation Fund manual indicated as revised edition. However, the original and approved revised versions were not provided for audit. The manual was to provide for the accounting standards applied by the fund, financial policies and procedures of the fund, budget and cash flows management at the Fund, reporting mechanisms, financial regulation standard forms, and charts of accounts. This was contrary to Regulation 64(1) and 64(2) of Public Private Partnerships Regulations, 2014.

In the circumstances, it was not possible to confirm whether there was an approved revised Fund manual for governance of the Fund.

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

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Public Private Partnership Committee

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

In preparing the financial statements, Management is responsible for assessing the Fund'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.

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 December, 2024






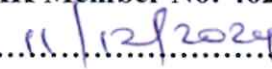
Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the financial year ended June 30, 2021.

13. Statement of Financial Performance for the year ended 30 June 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	0	0
Public contributions and donations	7	0	0
Licenses and permits	8	0	0
		0	0
Revenue from exchange transactions			
Finance income	9	0	0
Other income	10	0	0
Total revenue		0	0
Expenses			
Use of goods and services	11	0	0
Employee costs	12	0	0
Board Expenses	13	0	0
Depreciation and amortization expense	14	0	0
Repairs and maintenance	15	0	0
Contracted services	16	0	0
Grants and subsidies	17	0	0
Finance costs	18	0	0
Total expenses		0	0
Other gains/(losses)			
Gain/Loss on sale of assets	19	0	0
Gain/Loss on foreign exchange transactions	20	0	0
Gain /Loss on fair value of investments	21	0	0
Impairment loss	22	(0)	(0)
Surplus/ (deficit) before tax		0/0	0/0
Taxation	23	(0)	(0)
Surplus/(deficit) for the period/year		0/(0)	0/(0)
Remission to National Treasury	47	0	0
Net Surplus for the year		0	0
Attributable to:			
Surplus/(deficit) attributable to minority interest		0(0)	0(0)
Surplus attributable to owners of the controlling Entity		0	0
		00	00

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the financial year ended June 30, 2021.**

The notes set out on pages 1 to 71 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

		
Dr. Chris Kiptoo, CBS Principal Secretary/NT	Neala Wanjala Ag. Director General/PPPD	CPA Samwel O. Onyango Head of Finance & Admin.
Date..... 	Date..... 	ICPAK Member No: 4629 Date..... 

**Comparative year means prior year/ previous period*

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the financial year ended June 30, 2021.


15 Statement of Financial Position as at 30 June 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	24	20,000,000	20,000,000
Receivables from Exchange Transactions	25 (a)	0	0
Receivables from Non-Exchange Transactions	26	0	0
Inventories	27	0	0
Investments in financial assets	28	0	0
Total Current Assets		20,000,000	20,000,000
Non-Current Assets			
Property, Plant and Equipment	29	0	0
Investments		0	0
Intangible Assets	30	0	0
Investment Property	31	0	0
Receivables from Exchange Transactions	25 (b)	0	0
Total Non- Current Assets		00	0
Total Assets (A)		20,000,000	20,000,000
Liabilities			
Current Liabilities			
Trade and Other Payables	32	0	0
Refundable Deposits from Customers	33	0	0
Current Provision	34	0	0
Finance Lease Obligation	35	0	0
Deferred Income	36	20,000,000	20,000,000
Employee Benefit Obligation	37	0	0
Social Benefits	46	0	0
Taxation	48	0	0
Total Current Liabilities		20,000,000	20,000,000
Non-Current Liabilities			
Non-Current Employee Benefit Obligation		0	0
Non-Current Provisions	38	0	0


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	Notes	2020/2021	2019/2020
		Kshs	Kshs
Borrowings	44	0	0
Service Concession Liability	45	0	0
Social Benefits	46	0	0
Deferred Tax Liabilities	49	0	0
Total Non- Current Liabilities		00	00
Total Liabilities (B)		20,000,000	20,000,000
Net Assets (A-B)		00	00
Represented by:			
Reserves		0	0
Accumulated Surplus		0	0
Capital Fund		0	0
Net Assets		00	00


The financial statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:



Dr. Chris Kiptoo, CBS
Principal Secretary/NT



Neala Wanjala
Ag. Director General/PPPD



CPA Samwel O. Onyango
Head of Finance & Admin.

Date 11/12/2021

Date 11/12/21

ICPAK Member No: 4629
Date 11/12/2021

Public Private Partnerships Project Facilitation Fund
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16. Statement of Changes in Net Assets for the year ended 30 June 2021

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, (2020)	0	0	0	0	0	0	0
Issued new capital							
Revaluation gain							
Transfer of excess depreciation on revaluation							
Deferred tax on excess depreciation							
Fair value adjustment on investments							
Surplus/ deficit for the year							
Capital/development grants received during the year							
Transfer of depreciation/amortisation from capital fund to retained earnings							
Dividends paid							
Interim dividends paid							
Proposed final dividends							
As at June 30, (2020)	0	0	0	0	0	0	0
As at July 1, (2021)	0	0	0	0	0	0	0
Issue of new share capital							
Revaluation gain							
Transfer of excess depreciation on revaluation							
Deferred tax on excess depreciation							
Fair value adjustment on investments							
Surplus/ (deficit) for the year							
Capital/development grants received during the year							

Public Private Partnerships Project Facilitation Fund
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Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
Transfer of depreciation/amortisation from capital fund to retained earnings							
Dividends paid							
Interim dividends paid							
Proposed final dividends							
As at June 30, 2021	0	0	0	0	0	0	0

Note:

1. *For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
2. *Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the financial year ended June 30, 2021.

17. Statement of Cash Flows for the year ended 30 June 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		0	0
Levies, fines, and penalties		0	0
Public contributions and donations		0	0
Property taxes revenue		0	0
Licenses and permits		0	0
Rendering of services		0	0
Sale of goods		0	0
Rental revenue from facilities and equipment		0	0
Finance income		0	0
Other income		0	0
Total receipts		00	00
Payments			
Use of goods and services		0	0
Employee costs		0	0
Board Expenses		0	0
Repairs and maintenance		0	0
Contracted services		0	0
Grants and subsidies		0	0
Total payments		00	00
Net cash flows from/(used in) operating activities	50	00	00
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(0)	(0)
Proceeds from sale of PPE		0	0
Purchase of investments		(0)	(0)
Sale of investments		0	0
Net cash flows from/(used in) investing activities		00	00
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		(0)	(0)
Proceeds from issue of shares		0	0
Net cash flows from financing Activities		00	00

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the financial year ended June 30, 2021.

		2020/2021	2019/2020
	Notes	Kshs	Kshs
Net increase/(decrease) in cash & Cash equivalents		0	(0)
Cash and cash equivalents at 1 July	24	20,000,000	20,000,000
Cash and cash equivalents at 30 June	24	20,000,000	20,000,000

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.**

19. Notes to the Financial Statements

1. General Information

Public Private Partnerships Project Facilitation Fund is established by and derives its authority and accountability from PPP Act, 2021. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to serve as a financing mechanism/special purpose vehicle to ensure a stable and effective environment to spur PPP projects investments.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the PFF's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the PFF. *The* financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and PPP Act 2021, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.**

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard.</p>

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.**

Standard	Effective date and impact:
	<p>IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.**

Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

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

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The PFF recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *PPF*

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the *PPF*'s right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY was approved by the National Assembly on *30th June 2020*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The *PPF's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *PPF* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *PPF* and the same taxation authority.

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over the useful life year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

f) Leases

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to PFF. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

The PFF expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when PFF can demonstrate:

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

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

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials. purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the PFF.

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

n) 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.

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The PFF currently has not created and maintained any reserve in terms of specific requirements.

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The PFF has no any provision for retirement benefit plans for its employees and PPP Committee members for now but is likely to develop one as its operation continues. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Borrowing costs

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

t) Related parties

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

u) Service concession arrangements

The *PFF* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *PFF* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *PFF* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

v) 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.

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)**

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2020/2021	2019/2020
	KShs	KShs
Unconditional Grants		
Operational Grant	0	0
Development grants	0	0
Other Grants	0	0
Total Unconditional Grants	00	00
Conditional Grants amortised/ transferred to revenue		
Housing Development Grant	0	0
Infrastructure Grant	0	0
Library Grant	0	0
Facilities Development Grant	0	0
Other Organizational Grants (specify)	0	0
Total Government Grants and Subsidies	00	00

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (Current FY)	Insert Comparative FY
	KShs	KShs	KShs	KShs	KShs
Ministry/State Department	0	0	0	0	0
Ministry	0	0	0	0	0
Total	0	0	0	0	0

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.**

Notes to the Financial Statements (Continued)

7. Public Contributions and Donations

Description	2020/2021	2019/2020
	Kshs	Kshs
Health Donations	0	0
Research Donations	0	0
Donations transferred to revenue on conditions being met.	0	0
Other Public Donations	0	0
Total Transfers and Sponsorships	00	00
Reconciliation Of Public Contributions and Donations	00	00
Balance Unspent at Beginning of The Year	0	0
Current Year Receipts	0	0
Conditions Met - Transferred to Revenue	0	0
Conditions To Be Met - Remain Liabilities	00	00

8. Licenses, Fees and Permits

Description	2020/2021	2019/2020
	Kshs	Kshs
Licenses	0	0
Fees	0	0
Permits	0	0
Total	00	00

Notes to the Financial Statements (Continued)

9. Finance Income

Description	2020/2021	2019/2020
	Kshs	Kshs
Cash investments and fixed deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	00	00

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.**

Notes to the Financial Statements (Continued)

Notes to the Financial Statements (Continued)

10. Other Income

Description	2020/2021	2019/2020
	Kshs	Kshs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Skills development levy	0	0
Agency fee	0	0
Income written back	0	0
Bad debts recovered	0	0
Miscellaneous incomes	0	0
Total Other income	00	00

11. Use of Goods and Services

Description	2020/2021	2019/2020
	Kshs	Kshs
Electricity	0	0
Water	0	0
Professional Services	0	0
Subscriptions	0	0
Advertising	0	0
Admin Fees	0	0
Audit Fees	0	0
Conferences and Delegations	0	0
Consulting Fees	0	0
Consumables	0	0
Fuel and Oil	0	0
Insurance	0	0
Legal Expenses	0	0
Licenses and Permits	0	0
Chemicals	0	0
Water Purification Cost	0	0
Postage	0	0
Printing and Stationery	0	0
Hire Charges	0	0
Rent expenses	0	0
Security Costs	0	0

**Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.**

Description	2020/2021	2019/2020
	Kshs	Kshs
Sewage Treatment Costs	0	0
Skills Development Levies	0	0
Inventory Scrapping	0	0
Telecommunication	0	0
Training	0	0
Travel, Subsistence & Other Allowances*	0	0
Bank charges	0	0
Other General Expenses	0	0

12. Employee Costs

Description	2020/2021	2019/2020
	Kshs	Kshs
Salaries and wages	0	0
Employer contribution to health insurance schemes	0	0
Employer contribution to pension schemes	0	0
Travel, accommodation, subsistence, & other allowances	0	0
Housing benefits and allowances	0	0
Overtime payments	0	0
Performance and other bonuses	0	0
Social contributions	0	0
Gratuity	0	0
Other employee related costs *	0	0
Employee costs	00	00

13. Board Expenses

Description	2020/2021	2019/2020
	Kshs	Kshs
Chairman/Directors' Honoraria	0	0
Sitting Allowances	0	0
Medical Insurance	0	0
Induction and Training	0	0
Travel and Accommodation	0	0
Other Allowances	0	0
Total	00	00

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

14. Depreciation and Amortization Expense

Description	2020/2021	2019/2020
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	00	00

15. Repairs and Maintenance

Description	2020/2021	2019/2020
	Kshs	Kshs
Property and equipment	0	0
Investment Property	0	0
Equipment and Machinery	0	0
Vehicles	0	0
Furniture and Fittings	0	0
Computers and Accessories	0	0
Others	0	0
Total Repairs and Maintenance	00	00

16. Contracted Services

Description	2020/2021	2019/2020
	Kshs	Kshs
Actuarial Valuations	0	0
Investment Valuations	0	0
Property Valuations	0	0
Others	0	0
Total Contracted Services	00	00

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

17. Grants and Subsidies

Description	2020/2021	2019/2020
	Kshs	Kshs
Community Development	0	0
Education Initiatives and Programs	0	0
Social Development	0	0
Social benefit expenses*	0	0
Community Trust	0	0
Sporting Bodies	0	0
Total Grants and Subsidies	00	00

18. Finance Costs

Description	2020/2021	2019/2020
	Kshs	Kshs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Unwinding of discount on lease liabilities	0	0
Interest on bank overdrafts	0	0
Interest on loans from commercial banks	0	0
Total finance costs	00	00

19. Gain on Sale of Assets

Description	2020/2021	2019/2020
	Kshs	Kshs
	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Other assets not capitalised	0	0
Total gain on sale of assets	00	00

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

20. Gain/Loss on foreign exchange transactions

Description	2020/2021	2019/2020
	Kshs	Kshs
Gain on foreign exchange transactions	0	0
Loss on foreign exchange transactions	0	0
Total Gain/Loss	00	00

21. Gain/ (loss) on Fair Value Investments

Description	2020/2021	2019/2020
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	00	00

22. Impairment Loss

Description	2020/2021	2019/2020
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total Impairment Loss	00	00

23. Taxation

Description	2020/2021	2019/2020
	Kshs	Kshs
Current income tax charge	0	0
Tax charged on rental income	0	0
Tax charged on interest income	0	0
Deferred tax: [note 53]	0	0
Original and reversal of temporary differences	0	0
Income tax expense reported in the statement of financial performance	00	00

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

24. Cash and Cash Equivalents

Description	2020/2021	2019/2020
	Kshs	Kshs
Current Account-Central Bank of Kenya	20,000,000	20,000,000
Savings Account	0	0
On - Call Deposits	0	0
Fixed Deposits Account	0	0
Others (Specify)	0	0
Total Cash and Cash Equivalents	20,000,000	20,000,000

Detailed Analysis of the Cash and Cash Equivalents

Description		2020/2021	2019/2020
		Kshs	Kshs
a) Current Account			
Central bank of Kenya		20,000,000	20,000,000
Equity Bank, etc.		0	0
Sub- Total		00	00
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Equity Bank – etc.		0	0
Sub- Total		00	00
c) Fixed Deposits Account			
Kenya Commercial Bank		0	0
Bank B		0	0
Sub- Total		00	00
d) Others			
Cash In Transit		0	0
Cash In Hand		0	0
Mobile Money Accounts		0	0
Sub- Total		00	00
Grand Total		20,000,000	20,000,000

Public Private Partnerships Project Facilitation Fund
Annual Report and Financial Statements for the year ended June 30, 2021.
Notes to the Financial Statements (Continued)

25. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2020/2021	2019/2020
	Kshs	Kshs
Receivables		
Service, Water and Electricity Debtors	0	0
Other Exchange Debtors	0	0
Total Current Receivables	00	00

(b) Receivables from Exchange Transactions (Long-term)

Description	2020/2021	2019/2020
	Kshs	Kshs
Total receivables		
Service, water and electricity debtors	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
Total receivables	00	00
Current portion transferred to current receivables	(0)	(0)
Total non-current receivables	00	00
Total receivables (a+b)	00	00

(c) Ageing analysis for Receivables from exchange transactions

Description	2020/2021		2019/2020	
	Kshs		Kshs	
	2020/2021	% of the total	2019/2020	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	00	%	00	%

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(d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	2020/2021	2019/2020
	Kshs	Kshs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	(0)	(0)
Written off during the year	(0)	(0)
At the end of the year	00	00

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

26. Receivables from Non-Exchange Transactions

Description	2020/2021		2019/2020	
	Kshs		Kshs	
Property tax debtors	0		0	
Levies, fines, and penalties	0		0	
Licences, fees and permits	0		0	
Other debtors (non-exchange transactions)	0		0	
Less: impairment allowance	(00)		(00)	
Total receivables from non- exchange transactions	00		00	
Ageing Analysis- Receivables from non-exchange transactions	2020/2021	% of the total	2019/2020	% of the total
Less than 1 year	0	%	0	%
Between 1-2 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

Description	2020/2021	2019/2020
	Kshs	Kshs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	(0)	(0)
Written off during the year	(0)	(0)
At the end of the year	00	00

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27. Inventories

Description	2020/2021	2019/2020
	Kshs	Kshs
Consumable stores	0	0
Medical supplies	0	0
Spare parts and meters	0	0
Water for distribution	0	0
Other goods held for resale	0	0
Catering	0	0
Less: allowance for impairment	(0)	(0)
Total inventories at the lower of cost and net realizable value	00	00

28. Investments in financial assets

Description	2020/2021	2019/2020
	Kshs	Kshs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	00	00
b) Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	00	00
c) Equity investments (specify)		
Equity/ shares	0	0
Sub- total	00	00
Grand total	00	00

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d) Movement of Equity Investments

Impairment allowance/ provision	2020/2021	2019/2020
	Kshs	Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	(0)	(0)
Gain/(loss) in fair value of investments through surplus or deficit	0	0
At the end of the year	00	00

e) Shareholding in other entities

For investments in equity share listed under note 33 above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		2020/2021	2019/2020
	%	%	%	Kshs	Kshs	Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
	00	00	00	00	00	00

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Notes to the Financial Statements (Continued)

29. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July (2020)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	-	-	(0)	(0)	(0)
Transfers/Adjustments	0	0	(0)	0	(0)	(0)	0	(0)
As at 30th June (2020)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	-	0	0	0
Disposals	(0)	(0)	-	-	-	(0)	(0)	(0)
Transfer/Adjustments	(0)	(0)	0	0	(0)	(0)	0	(0)
As at 30th June (2021)	0	0	0	0	0	0	0	0
Depreciation And Impairment								
At 1 July (2020)	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Depreciation	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Impairment	-	(0)	-	-	-	(0)	-	(0)
Transfers/ Adjustments	-	(0)	0	0	(0)	(0)	0	(0)
As At 30th (2021)	-	0	0	0	0	0	0	0
Depreciation	-	(0)	(0)	(0)	-	(0)	(0)	(0)
Disposals	-	0	-	-	-	0	0	0
Impairment	-	(0)	(0)	-	-	(0)	-	(0)
Transfer/Adjustment	-	0	(0)	(0)	0	(0)	(0)	0
As at 30th June (2021)	0	0	0	0	0	0	0	0
Net Book Values								
As at 30th June (2020)	0	0	0	0	0	0	0	0
As at 30th June (2021)	0	0	0	0	0	0	0	0

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Notes to the Financial Statements (Continued)

Valuation

Land and buildings/ Equipment (be specific) were valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were revalued by professional valuers. These amounts were adopted by the Board with concurrence from the National Treasury.

(b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0	0	0
Buildings	0	0	0
Plant And Machinery	0	0	0
Motor Vehicles, Including Motorcycles	0	0	0
Computers And Related Equipment	0	0	0
Office Equipment, Furniture, And Fittings	0	0	0
Total	00	00	00

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	0	0
Motor Vehicles including Motorcycles	0	0
Computers and Related Equipment	0	0
Office Equipment, Furniture and Fittings	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

30. Intangible Assets

Description	2020/2021	2019/2020
	Kshs	Kshs
Cost	0	0
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Additions—internal development	0	0
At end of the year	0	0
Amortization and impairment	0	0
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

31. Investment Property

Description	2020/2021	2019/2020
	Kshs	Kshs
At beginning of the year	0	0
Additions	0	0
Disposal during the year	(0)	(0)
Depreciation	(0)	(0)
Impairment	(0)	(0)
Gain/(loss) in fair value (if fair value is elected)	0	0
At end of the year	0	0

**Public Private Partnerships Project Facilitation Fund
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Notes to the Financial Statements (Continued)

32. Trade and Other Payables

Description	2020/2021		2019/2020	
	Kshs		Kshs	
Trade payables	0		0	
Payments received in advance	0		0	
Employee payables	0		0	
Third-party payments	0		0	
Other payables	0		0	
Total trade and other payables	0		0	
Ageing analysis: (Trade and other payables)	2020/2021	% of the Total	2019/2020	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	00		00	

(Provide brief explanation)

33. Refundable Deposits and Prepayments from Customers

Description	2020/2021		2019/2020	
	Kshs		Kshs	
Customer deposits	0		0	
Prepayments	0		0	
Other deposits	0		0	
Total deposits	0		0	
Ageing analysis: (Refundable deposits)	2020/2021	% of the Total	2019/2020	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	00		00	

Public Private Partnerships Project Facilitation Fund
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Notes to the Financial Statements (Continued)

34. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f	00	00	00	00	00
Additional provisions	0	0	0	0	0
Provision utilised	(0)	(0)	(0)	(0)	(0)
Change due to discount and time value for money	(0)	(0)	(0)	(0)	(0)
Transfers from non -current provisions	0	0	0	0	0
Total provisions year end	00	00	00	00	00

35. Finance Lease Obligation

Description	2020/2021	2019/2020
	Kshs	Kshs
At the start of the year	00	00
Discount interest on lease liability	0	0
Paid during the year	(0)	(0)
At end of the year	00	00

Maturity Analysis

Period	Amount (Kshs)
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5 And Onwards	0
Less: Unearned Interest	(0)
Total	00

Analysed as:

Description	Amount (Kshs)
Current	0
Non- Current	0
Total	00

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The deferred income movement is as follows:

36. Deferred Income

Description	2020/2021	2019/2020
	Kshs	Kshs
National Government	20,000,000	20,000,000
International Funders	0	0
Public Contributions and Donations	0	0
Total Deferred Income	20,000,000	20,000,000

	National government	International funders	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	20,000,000	0	0	20,000,000
Additions	0	0	0	0
Transfers To Capital Fund	(0)	(0)	(0)	(0)
Transfers To Income Statement	(0)	(0)	(0)	(0)
Other Transfers	(0)	(0)	(0)	(0)
Balance Carried Forward	20,000,000	00	00	20,000,000

37. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	(Current FY)	(Comparative FY)
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total Employee Benefits Obligation	00	00	00	00	00

Retirement benefit Asset/ Liability

The Entity operates a defined benefit scheme for all full-time employees. The scheme is administered by Company A while Company B are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement. An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out.

**Public Private Partnerships Project Facilitation Fund
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Notes to the Financial Statements (Continued)

actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

Description	2020/2021	2019/2020
	Kshs	Kshs
Discount Rates	0%	0%
Future Salary Increases	0%	0%
Future Pension Increases	0%	0%
Mortality (Pre- Retirement)	0%	0%
Mortality (Post- Retirement)	0%	0%
Withdrawals	0	0
Ill Health	00	00
Retirement	0 years	0 years

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognized under other gains/ Losses in the statement of Financial Performance:

Description	2020/2021	2019/2020
	Kshs	Kshs
The return on defined plan assets	0	0
Actuarial gains/ losses arising from changes in demographic assumptions	0	0
Actuarial gains/ losses arising from 0020 changes in financial assumptions	0	0
Actuarial gains and losses arising from experience adjustments	0	0
Others	0	0
Adjustments for restrictions on the defined benefit asset	0	0
Remeasurement of the net defined benefit liability (asset)	0	0

**Public Private Partnerships Project Facilitation Fund
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Notes to the Financial Statements (Continued)

b) Amounts recognised in the Statement of Financial Position

Description	2020/2021	2019/2020
	Kshs	Kshs
Present value of defined benefit obligations(a)	0	0
Fair value of plan assets(b)	(0)	(0)
Funded status (=a-b)	0	0
Restrictions on asset recognised	0	0
Others	0	0
Net asset or liability arising from defined benefit obligation	0	0

The Entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. Nil per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by NSSF Pension Fund. Employees contribute 0% while employers contribute 0% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

38. Non-Current Provisions

Description	Long service leave	Bonus Provision	Gratuity provisions	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year					
additional provisions					
provision utilised	(0)	(0)	(0)	(0)	(0)
change due to discount and time value for money					
less: current portion	(0)	(0)	(0)	(0)	(0)
Balance at the end of the year					

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Notes to the Financial Statements (Continued)

39. Borrowings

Description	2020/2021	2019/2020
	Kshs	Kshs
a) External borrowings		
Balance at beginning of the year	0	0
External borrowings during the year	0	0
Repayments of during the year	(0)	(0)
Balance at end of the year	0	0
b) Domestic borrowings		
Balance at beginning of the year	0	0
Domestic borrowings during the year	0	0
Repayments during the year	(0)	(0)
Balance at end of the year	0	0
Balance at end of the period- domestic and External borrowings c = a+b	0	0

The analyses of both external and domestic borrowings are as follows:

	2020/2021	2019/2020
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan	0	0
Sterling Pound Denominated Loan	0	0
Euro Denominated Loan	0	0
Domestic Borrowings	0	0
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Total Balance at End Of The Year	0	0

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Notes to the Financial Statements (Continued)

Description	2020/2021	2019/2020
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

40. Service Concession Arrangements

Description	2020/2021	2019/2020
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	(0)
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<u>0</u>	<u>0</u>

41. Social Benefit Liabilities

Description	2020/2021	2019/2020
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Disability social benefits	0	0
Total	<u>0</u>	<u>0</u>
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

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42. Surplus Remission (for category 3 entities)

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. *In line with this legal requirement the Entity remitted Kshs 00. Or The Entity did not make any surplus during the year (Previous FY Nil) and hence no remittance to the Consolidated Fund. [Entities to edit accordingly].*

The Surplus Remission has been computed as follows:

Description	2020/2021	2019/2020
	Kshs	Kshs
Surplus for the period	0	0
Less: Allowable deductions by NT	(0)	(0)
90% Computation (Included in Statement of Financial Performance)	0	0

Surplus Remission Payable

Description	2020/2021	2019/2020
	Kshs	Kshs
Payable at the beginning of the year	0	0
Paid during the year	(0)	(0)
Payable at end of the year	0	0

(No activity during the period under review)

43. Taxation

Description	2020/2021	2019/2020
	Kshs	Kshs
At beginning of the year	0	0
Income tax charge for the year (note 27)	0	0
Under/(over) provision in prior year/s (note 27)	0	0
Income tax paid during the year	(0)	(0)
At end of the year	0	0

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Notes to The Financial Statements (Continued)

44. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2020/2021	2019/2020
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	(0)	(0)
Provisions for liabilities and charges	(0)	(0)
Net deferred tax liability/(asset)	0	0
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	0	0
Credit to revaluation reserve	(0)	(0)
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
Balance at end of the year	0	0

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Notes To The Financial Statements (Continued)

45. Cash Generated from Operations

Description	2020/2021	2019/2020
	Kshs	Kshs
Surplus for the year before tax	0	0
Adjusted for:		0
Depreciation	0	(0)
Non-cash grants received	(0)	(0)
Contributed assets	(0)	0
Impairment	0	(0)
Gains and losses on disposal of assets	(0)	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Working capital adjustments		
Increase in inventory	(0)	(0)
Increase in receivables	(0)	(0)
Increase in deferred income	0	0
Increase in payables	0	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	0	0

46. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June (2020/2021)				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
As at 30 June (2019/2020)				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from PFF. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June (2020/2021)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
As at 30th June (2019/2020)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

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Financial Risk Management

iii) Market risk

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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Notes to the Financial Statements (Continued)

Financial Risk Management

Financial Risk Management

The carrying amount of the *Entity's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

2020/2021

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June (2021)			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Total Financial Assets	0	0	0
Financial Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
Total Financial Liabilities	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

Foreign currency sensitivity analysis

2020/2021

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June (2020/2021)			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Total Financial Assets	0	0	0
Financial Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
Total Financial Liabilities	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

**Public Private Partnerships Project Facilitation Fund
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Notes To The Financial Statements (Continued)

Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2020/2021			
Euro	10%	0	0
USD	10%	0	0
2019/2020			
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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Notes to the Financial Statements (Continued)

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

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Notes to the Financial Statements (Continued)

Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June (2020/2021)				
Financial Assets				
Quoted Equity Investments	0	0	0	0
Non- Financial Assets				
Investment Property	0	0	0	0
Land and Buildings	0	0	0	0
Total	0	0	0	0
As at 30th June (2019/2020)				
Financial Assets				
Quoted Equity Investments	0	0	0	0
Non- Financial Assets				
Investment Property	0	0	0	0
Land and Buildings	0	0	0	0
Total	0	0	0	0

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

Description	2020/2021	2019/2020
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	0	0
Capital Reserve	0	0
Total Funds	0	0
Total Borrowings	0	0
Less: Cash and Bank Balances	(0)	(0)
Net Debt/(Excess Cash And Cash Equivalents)	0	0
Gearing	0%	0%

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Notes to the Financial Statements (Continued)

47. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

Description	2020/2021	2019/2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to govt agencies	0	0
Rent income from govt. Agencies	0	0
Water sales to govt. Agencies	0	0
Others (specify) e.g. interest and bank charges	0	0
Total	0	0
B) purchases from related parties		
Purchases of electricity from KPLC	0	0
Purchase of water from govt service providers	0	0
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. Agencies	0	0
Others	0	0
Total	0	0
b) Grants /transfers from the government		
Grants from national govt	0	0

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Description	2020/2021	2019/2020
	Kshs	Kshs
Grants from county government	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	0	0
Payments for goods and services	0	0
Total		
d) Key management compensation		
Directors' emoluments	0	0
Compensation to key management	0	0
Total	0	0

48. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2020/2021	2019/2020
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	0	0
Assets Arising from Determination Of Court Cases	0	0
Reimbursable Indemnities and Guarantees	0	0
Receivables From Other Government Entities	0	0
Others	0	0
Total	0	0


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Contingent Liabilities

Description	2020/2021	2019/2020
	Kshs	Kshs
Contingent Liabilities	0	0
Court Case against the Entity	0	0
Bank Guarantees in Favour of Subsidiary	0	0
Contingent Liabilities arising from Contracts Including PPPs	0	0
Others	0	0
Total	0	0

49. Capital Commitments

Capital Commitments	2020/2021	2019/2020
	Kshs	Kshs
Authorised for	0	0
Authorised and contracted for	0	0
Total	0	0



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50. Events after the Reporting Period

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

51. Ultimate and Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of National Treasury and economic Planning. Its ultimate parent is the Government of Kenya.

52. Currency

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


**Public Private Partnerships Project Facilitation Fund
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20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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)



 Director General/PPPD
 Date:

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Appendix II: Projects implemented by PFF

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	0	Recurrent	0	0	0	0	0	0	0
Ministry of Planning and Devolution	0	Development	0	0	0	0	0	0	0
USAID	0	Donor Fund	0	0	0	0	0	0	0
Ministry of Planning and Devolution	0	Direct Payment	0	0	0	0	0	0	0
Total	0		0	0	0	0	0	0	0

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Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity..... TNT

Name of Beneficiary entity..... PPPD/TNT

Confirmation of amounts received by as at 30 th June 2021					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Samuel Ouyanga Sign [Signature] Date 11/12/2021

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



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Appendix VII: Reporting on Disaster Management Expenditure

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