

REPUBLIC OF KENYA



PARLIAMENT OF KENYA LIBRARY



**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 FEB 2026	DAY: Wednesday
TABLED BY: Deputy Leader of Majority Party	Irene Nduku
CLERK-AT	

**THE AUDITOR-GENERAL**

**ON**

**KENYA OFF-GRID SOLAR ACCESS PROJECT  
(KOSAP) (MOE) IDA CREDIT NO. 6135-KE**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

**STATE DEPARTMENT FOR ENERGY**



**KENYA OFF-GRID SOLAR ACCESS PROJECT (KOSAP)**

**STATE DEPARTMENT FOR ENERGY**

**PROJECT CREDIT NUMBER: 6135 - KE**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

---

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

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

<b>Table Contents</b>	<b>Page</b>
1. Acronyms and Definition of Terms .....	ii
2. Project Information and Overall Performance .....	iii
3. Statement of Performance against Project's Predetermined Objectives .....	xvii
4. Environmental and Sustainability Reporting .....	xxi
5. Statement of Project Management Responsibilities .....	xxvi
6. Report of the Independent Auditor on Financial Statements for Kenya Off-Grid Solar Access Project .....	xxviii
7. Statement of Financial Performance for the Year Ended 30th June 2025 .....	1
8. Statement of Financial Position as at 30 <sup>th</sup> June 2025 .....	2
9. Statement of Changes in Net Assets .....	3
10. Statement of Cashflow for the year ended 30 <sup>th</sup> June 2025 .....	4
11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 <sup>th</sup> June 2025 .....	5
12. Notes to the Financial Statements .....	6
13. Annexes .....	23

**1. Acronyms and Definition of Terms**

AIE	Authority to Incur Expenditure
CCS	Clean Cooking Solutions
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CRA	Commission on Revenue Allocation
CREOS	County Renewable Energy Officers
CRM	Customer Relationship Management
ESMF	Environmental and Social Management Framework
GoK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IESBA	International Ethics Standards Board for Accountants
IP	Indigenous People
IPSAS	International Public Sector Accounting Standards
ISA	International Standards of Accounting
IVA	Independent Verification Agency
KFM	KOSAP Facilities Manager
KOSAP	Kenya Off-Grid Solar Access Project
KPI	Key Performance Indicators
KPLC	Kenya Power & Lighting Company
KShs	Kenya Shilling
KST	KOSAP Service Territories
LLP	Limited Liability Partnership
MoE	Ministry of Energy
PCU	Project Coordinating Unit
PFM	Public Finance Management
PoA	Programme of Activity
PSASB	Public Sector Accounting Standards Board
PV	Photo Voltaic
RBF	Results Based Financing
REA	Rural Electrification Authority
REREC	Rural Electrification & Renewable Energy Corporation
RPF	Resettlement Policy Framework
SSP	Solar Service Providers
UC	Underserved Counties
US\$	United States Dollar
VMG	Vulnerable & Marginalised Groups
WASH	Water Sanitation & Hygiene
WB	World Bank
WHT	Withholding Tax

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

#### **Name**

The project's official name is Kenya Off-Grid Solar Access Project (KOSAP).

#### **Objective**

The key objective of the project is to increase access to modern energy services in underserved counties of Kenya.

#### **Address**

The project headquarters offices are Nairobi City, Nairobi County, Kenya.

The address of its registered office is:

Ministry of Energy  
KAWI Complex – South C  
P. O. Box 30582-0100  
NAIROBI

**Contacts:** The following are the Project Contacts

Telephone: (254) 33101112

E-mail: [ps@energy.go.ke](mailto:ps@energy.go.ke)

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

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Project information and overall performance (continued)**

**2.2 Project Information**

Project Start Date:	The project start date is 05 September 2017
Project End Date:	The project end date is 30 <sup>th</sup> September 2026
Project Coordinator:	The project manager is Ms. Rebecca Muniu
Project Sponsor:	The project sponsor is International Development Association, Which will contribute 100% of project costs.

**2.3 Project Overview**

Line Ministry and State/ County Department	The project is under the supervision of the Ministry of Energy
Project number	IDA CR. NO. 6135-KE
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> <li>(i) Mini-grids for Community Facilities, Enterprises, and Households <b>(Component 1)</b></li> <li>(ii) Standalone Solar Systems and Clean Cooking Solutions for Households <b>(Component 2)</b></li> <li>(iii) Standalone Solar Systems and Solar Water Pumps for Community Facilities <b>(Component 3)</b></li> <li>(iv) Implementation Support and Capacity Building <b>(Component 4)</b></li> </ul>
Summary of Project Strategies for achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <p>The implementing agencies (IAs) are the Ministry of Energy (MoE), KPLC, and REREC. Components 1 and 3 are being implemented by KPLC and REREC. The MoE through a competitively selected consortium of debt and grant facility managers implements component 2. The MoE will implement Component 4 as well.</p>

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

<p>Other important background information of the project</p>	<p>The project aims to support the GoK’s announced objective of reaching all Kenyan consumers with energy services. The project proposes a comprehensive suite of investments to provide modern energy services to households, enterprises, and community facilities, with pragmatic business models to attract private sector investment, sustainable services, know-how, and efficiencies. A substantial TA component is proposed to support a widespread consumer education campaign to inform and engage with citizens, create a new strategic planning and program management (SPPM) unit to coalesce sector planning and NES implementation efforts, and launch an inclusive county capacity building program across various dimensions identified through a needs assessment.</p> <p>The project area is divided into six lots (referred as ‘service territories’ hereon) based on county allocations derived from scale of challenge (un electrified population and community facilities), poverty index, and population density<sup>19</sup> to</p> <ul style="list-style-type: none"> <li>(a) achieve greatest impact with limited IDA resources,</li> <li>(b) deliver services where the need is the largest,</li> <li>(c) consider additional costs due to low population density, and</li> <li>(d) consider principles of equality such that all the counties should benefit in a similar manner.</li> </ul> <p>Such a division into lots allows economies of scale in the procurement and elicits private sector contractors to be present in these underserved counties over a long term. All the procurements in the proposed project will be carried out according to these lots.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <p>The 14 underserved counties collectively represent 72 percent of the country’s total land area and 20 percent of the country’s population, including historically nomadic societies that even today continue to rely on pastoralism. Their population is highly dispersed, at a density four times lower than the national average. They present profound infrastructure deficits, including lack of access to roads, electricity, water, and social</p>

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

	services. There is also significant insecurity in certain areas, giving rise to substantial numbers of displaced persons and livelihood adaptations that further undermine economic prosperity.
Project duration	The project started on 5th September 2017 and is expected to run until 30 <sup>th</sup> September 2026.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the project:

**(i) Special Account**

Central Bank of Kenya Ltd

Account No. 1000360739

Account No. 1000356685

**(ii) Project Account**

Central Bank of Kenya

Account No. 1000390824

**2.5 Independent Auditor**

The project is audited by the Office of the Auditor General (OAG), P.O. Box 30084-00100, Nairobi, Kenya

**2.6 Roles and Responsibilities**

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

<b>Names</b>	<b>Title Designation</b>	<b>Key Qualifications</b>	<b>Responsibilities</b>
Alex Kamau Wachira	Principal Secretary	MBA,BSc,.C,Eng,MIEE R Connsul' Eng FIEX	Accounting Officer
Rebecca Muniu	Project Coordinator	Master of Arts, Bachelor of Arts.	Project Manager
Francis Odera	Senior Deputy Accountant General	MBA, (Strategic Management)	Accounting & ERD
Ms Everlyn Nyakwara	Senior Deputy Director Budget	MBA(Finance)	Finance

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**2.7 Funding summary**

The Project is for duration of Nine (9) years from 2017 to 2026 with an approved budget of US\$ 150 Million equivalent to Kshs 15 billion as highlighted in the table below:

<b>Component Name</b>	<b>US\$ Million</b>
<b>Component 1:</b> Mini-grids for Community Facilities, Enterprises, and Households	78
<b>Component 2:</b> Standalone Solar Systems and Clean Cooking Solutions for Households	15.7
<b>Component 3:</b> Standalone Solar Systems and Solar Water Pumps for Community Facilities	21.3
<b>Component 4:</b> Implementation Support and Capacity Building	35
	<b>150</b>

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June 2025)		Undrawn balance to date	
	Donor currency EUR	Kshs	Donor currency EUR	Kshs	Donor currency EUR	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
World Bank i. DA-A	91,000,000	10,201,793,722	18,582,689	2,250,220,269	72,417,310	7,951,573,453
ii. DA-B	42,800,000	4,798,206,278	20,000,000	2,223,466,000	22,800,000	2,574,740,278
<b>Total</b>	<b>133,800,000</b>	<b>15,000,000,000</b>	<b>38,582,689</b>	<b>4,473,686,269</b>	<b>95,217,310</b>	<b>10,526,313,731</b>

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Project information and overall performance (continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2025)		Cumulative amount paid to date – (30 <sup>th</sup> June 2025)		Unutilised balance to date (30 <sup>th</sup> June 2025)	
	Development Partner currency EUR	Kshs	Development Partner currency EUR	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
World Bank DA-A	91,000,000	10,201,793,722	18,582,689	2,250,220,269	72,417,310	8,118,530,823
DA-B	42,800,000	4,798,206,278	20,000,000	2,223,466,000	22,800,000	2,574,740,278
<b>Total</b>	<b>133,800,000</b>	<b>15,000,000,000</b>	<b>38,582,689</b>	<b>4,473,686,269</b>	<b>95,217,310</b>	<b>10,693,271,101</b>

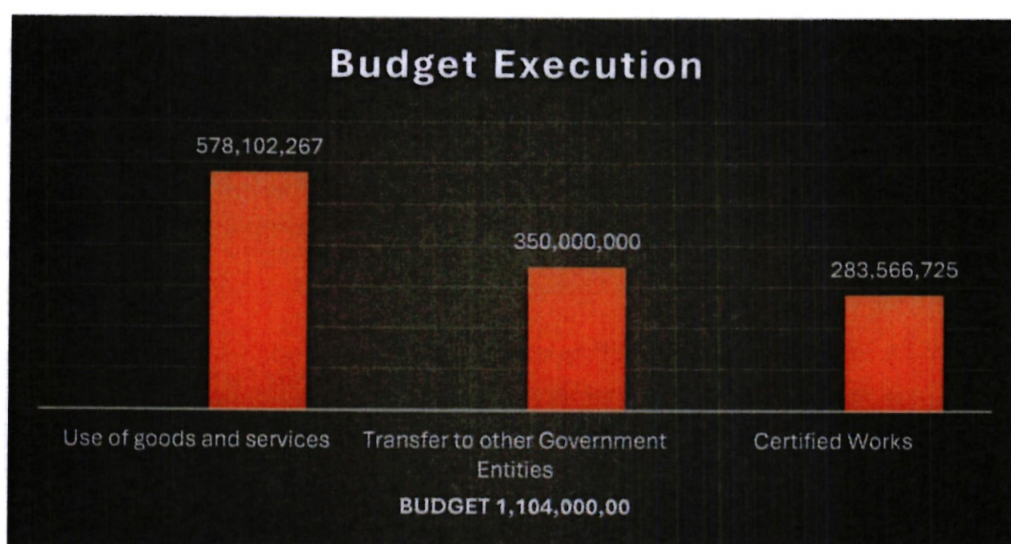
**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

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

The Project did not receipt any monies from exchequer as there was a bank balance of Kshs 2,192,004,040. These were monies from Component 2 of the project transferred to the project account as a directive from the World bank.

In the Fy 2024-25 the Project had a budget of Kshs 1,104,000 as the funds were spent as per the table below;



**2.8.2. Physical progress based on outputs, outcomes and impacts since project commencement**

The project is ending on 30<sup>th</sup> September 2026. Activities in component 4 are under way. This are preparatory activities for component 1, 2 and 3.

**2.8.2.1 Mini-grids for Community facilities, Enterprises, and Households**

Mini-grids for Community Facilities, Enterprises, and Households is being implemented by Kenya Power & Lighting Company (KPLC) and Rural Electrification and Renewable Energy Corporation (REREC): This component finances the procurement of construction, operation and maintenance

of mini-grids. A total of 114 mini grids will be implemented in 12 underserved counties. The mini-grids will serve 54,589 households; 800 enterprises and 180 public facilities with electricity with approximate total demand of 20-340kW. This component comprises two packages with eight lots under KPLC and two packages with five lots under REREC for Supply and Installation, and 10 years Operation and Maintenance (O&M) of mini-grids, with possible renewal of O&M contract period by the client.

### **Key Achievements**

Community Engagements Exercise in support of Land Acquisition was completed in all the 12 Counties, namely: Mandera, Narok, Kilifi, Lamu, Kwale, Samburu, Turkana, Wajir, Garissa, Isiolo, Tana River and Marsabit.

Environmental and Social Impact Assessments were completed for 120 sites and NEMA licenses for all the sites were issued. REREC conducted community engagement and data collection (baseline survey) for the new mini grid site in Eres Ha Boru, Isiolo County, in March 2025. This was done to update the ESIA report and vary the ESIA license to reflect details of the new site. The initial site faced challenges of flooding and relocation of the local community. Moreover, the Corporation signed an MoU with the community for an in-kind compensation project in the water sector.

Land Acquisition: NLC gazetted the KOSAP mini-grid sites for public inquiry in March 2024. NLC has completed inspection for valuation of the sites and has also undertaken public inquiry to enable the completion of the valuation exercise. The final valuation report is expected to be submitted by NLC in August, 2025.

The final survey exercise conducted by Surveyors from the Directorate of Survey, Ministry of Lands, KPLC and REREC has been finalized in all 12 counties. Survey Plans are expected from the Directorate of Survey for onward processing at the Ministry of Lands. The sites will then be registered under the Ministry of Energy and Petroleum.

Following the completion of the bidding process for the construction of mini-grids, KPLC and REREC signed contracts with the successful bidders on 19<sup>th</sup> February, 2025, in a high level event witnessed by the Head of State. Subsequently kick-off meetings were held in April and the two corporations handed over the sites to the contractors in April and May, 2025. Design of installations is currently ongoing.

#### **2.8.2.2 Stand-alone Solar systems and clean cooking solutions for Households**

Standalone Solar Home Systems, and Clean Cooking Solutions for Households which is being implemented by the State Department of Energy through a Debt facility and a Grant Facility as a management contract. This component has two sub components: Sub Component 2A - Standalone Solar Systems for households and Sub Component 2B - Clean Cooking Solutions for Households;

### **Key Achievements**

**Sales for Stand Alone Solar Systems and Clean Cooking Solutions:** Cumulatively, 24,553 Clean Cooking Solutions (CCS) have been reported as sold by service providers since 2020. Similarly, 317,697 Solar Home Systems (SHS) have been reported as sold since 2020. To date, claims for the sale of 175,096 SHS and 13,940 CCS have been verified. Based on the IVA verifications to date, KOSAP has facilitated the sale of 12,486 stoves and 157,239 solar home systems since 2020. Verification for sales reported from July 2023 to March 2025 is ongoing.

**Disbursement of Funds:** KES 95,869,470 has been disbursed to CCS providers as Results-Based Finance funds while KES 427,291,944 has been disbursed to Solar Service Providers. Cumulatively, the RBF Facilities have disbursed KES 523,161,414

#### **2.8.2.3 A Stand-alone solar system for community facilities**

Standalone Solar Systems and Solar Water Pumps for Community Facilities to be implemented by KPLC and REREC. This component has two subcomponents: Sub-component **3A**- Standalone Solar Systems for Community Facilities, which will be implemented as one package with 11 lots. Contracts for the installation of stand-alone solar power in 343 facilities were signed in February 2025. Sites hand over to contractors was also undertaken in May, 2025.

#### **Sub-component 3B- Solar Water Pumps for Community Facilities**

REREC had held discussions with the Counties on the Operations and Maintenance (O&M) aspect, upon installation of the solar pumps. It has been proposed that REREC will manage the O&M for 3 years after which transition to the Counties to manage O&M for remaining 4 years. REREC has finalised the bidding process and has submitted the report for clearance by the World Bank.

#### **2.8.2.4 Implementation Support and Capacity Building**

Implementation Support and Capacity Building: This component has two sub components: Sub Component 4.1- Consumer Education and Awareness and Sub-component 4.2 - Implementation Support and Capacity Building.

**2.8.2 Indicate the absorption rate for each year since the commencement of the project**

The absorption rate for the year under review was 47% against the allocated budget of Kshs. 800,000,000.

**2.8.3 List the implementation challenges and recommended way forward.**

- 1) Land acquisition for the construction of mini-grids delayed, as the method of acquisition earlier adopted- of donation of unregistered community land- is not supported under the current legal framework. After lengthy consultations, the World Bank approve a Compensation -in -Kind Strategy, where the Project will construct a community infrastructure such as a classroom or the de-silting of water pans in lieu of cash payments. The Ministry was able to raise the necessary resources and approached the National Land Commission, which spearheaded the land acquisition process. All the key activities such as gazettment of land, provision of early entry, inspection, and public inquiry, have been completed. Final surveys of the pieces of land have also been undertaken by the Directorate of Surveys and Surveyors from KPLC and REREC and will be submitted to the Ministry of Lands for final vesting.  
The protracted process of land acquisition process led to delays in the launch of bid documents for the construction of mini-grids, which have since been resolved.
- 2) Delays in advertising of the bids for the mini grids occasioned by a new requirement by the Bank for the bid documents to include information on the Environment and Social Management Plan (ESMP) for costing by bidders. This requires that the Environment and Social Impact Assessment (ESIA) to be completed before this information is available for inclusion in the bidding documents.
- 3) Procurement Processes and Contract Management. There is need to improve the capacity of staff in adhering to procurement timelines and ensuring contracts are managed effectively. Contract Implementation Teams(CITS) have been put in place, but the availability of members is sometimes a challenge that occasions delays in decision making.
- 4) Changes in the design of some mini-grids: Some of the identified/gazetted land sites were found to be at a lengthy distance from customers, necessitating a change of some mini-grids from Low Voltage to Medium Voltage, thereby increasing project costs.

- 5) Low uptake of the Results-Based Facility by county-based entrepreneurs: The Project encouraged county-based entrepreneurs to apply for funding to establish solar and clean cooking businesses. However, there was low uptake from county entrepreneurs as direct participants though a number have become distributors for the major players.
- 6) Insecurity in the counties has hampered the ability of companies in Component 2 to establish their distribution networks and sustain sales agents. Companies have been advised to liaise with CREOs and County Officials, especially County Commissioners, to remedy the situation.
- 7) The CCS RBF Facility is recording very low sales due to a variety of reasons. The KOSAP Territories (KST) cookstove market faces a myriad of challenges, ranging from an undeveloped market yet to reach commercialization state to low willingness to buy, high transaction costs, and companies taking longer than expected to set up sales infrastructure. At the Facility level, several operational factors have affected the performance of the Facility: (1) transaction approval timelines take much longer than expected; (2) effects of C19 and other disasters, affecting disposable incomes; (3) delayed verification of sales; (4) delayed market awareness and behaviour change campaigns. The KFM has proposed a change of approach to include community based organisations in the promotion of products who will also benefit from RBF, admission of lower tier stoves to address barrier of high cost of the stoves and expansion of the facility geographical scope to cover all 14 has also been introduced. also discussed. All these options are under discussion
- 8) Reduced scope for Component 3A: The system profiles consultant identified 473 public facilities for the installation of a standard solar system but after the tender launch, it was noted that some of the sites are already electrified or are close to the grid. A verification and scoping exercise was done to remove sites that are already electrified or have other planned/ongoing electrification projects from the tender scope. 343 sites thus remained in the tender scope. The scoping was done in order to mitigate on contract management risks during project execution
- 9) Use of Country systems has led to delays occasioned by time taken to process internal approvals e.g., preparation of professional opinions
  - i) Poor performance of the Debt Facility. Due to low appetite for debt in the sectors, only one SSP for a loan worth \$50,000 was contracted. The Debt Facility was terminated when the project was restructured in June 2023. Further the outstanding loan by PAWAME was recovered in full.

**2.9 Summary of Project Compliance:**

In the year under review non –compliance with applicable laws and regulations, and essential external financing agreements was not experienced.

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **Introduction**

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

The key Development Objective of the project's 2018-2025 plan is to increase access to modern energy services in underserved counties of Kenya. This shall be achieved through the following:

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

#### **Project Beneficiaries**

The project beneficiaries are households, enterprises, and community and public facilities located in the 14 target counties. These beneficiaries will receive modern and climate-friendly infrastructure services such as electricity, improved water, and cooking solutions for the first time and replace consumption of alternative fuels and unimproved options.

The beneficiaries are located in counties deemed marginalized by the Commission for Revenue Allocation (CRA) and consist primarily of the relatively cash-poor, remote, indigenous, and pastoralist population. Many of these areas have also experienced significant security disruptions in recent years. Therefore, provision of infrastructure facilities, energy and water, could have a profound impact on these communities.

#### **Progress on the attainment of strategic development objectives**

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

(SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

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

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Kenya off-Grid Access Project	Environmental and Social safeguard Impact assessment Social Assessment (SA) and Vulnerable and Marginalised groups Assessment (VMGP)	No of assessments approved ”	No of assessments approved ”	ESIA Reports for 120 Mini Grids were approved by the World Bank. 120 received NEMA licenses -18 SA and VMGP prepared by the project
	Grievance Redress Mechanism	No. of GRM committees formed and cases resolved	No. of GRM committees formed and cases resolved	120 Grievance Redress Mechanism committees were formed under Component 1 and all cases resolved
	Compulsory Land Acquisition	No. of sites acquired	No. of Early Entry acquired	120 sites have been acquired by NLC through compulsory acquisition and 120 Notice of Early Entry have been issued by the NLC

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

	Consumer Awareness and stakeholder management	Impact on the awareness of Solar Home systems	No. Progress reports	On-going Consumers have been engaged to increase demand for clean cooking and solar products.
	Capacity Building	Impact on staff output	No. of Staff trained	Ongoing So far, 88 officials from beneficiary counties and 265 officers from implementing entities have been trained.

#### **4. Environmental and Sustainability Reporting**

Kenya's journey towards widespread prosperity also involves the building of a just and cohesive society that enjoys equitable social development in a clean and secure environment. This social pillar aims to improve the quality of life for all Kenyans by targeting a cross-section of human and social welfare projects and programmes.

The Kenya Off-grid Solar Access project will be implemented in 14 counties in the north and northeastern parts of Kenya. They are Garissa, Isiolo, Kilifi, Kwale, Lamu, Mandera, Marsabit, Narok, Samburu, Taita Taveta, Tana River, Turkana, Wajir, and West Pokot. These counties have been defined as 'marginalized areas' by the CRA. The CRA defines these as "communities that have been excluded from social and economic life of Kenya for different reasons" and "geographic locations (county or sub-county) where significant populations of underserved communities live" (CRA 2013<sup>1</sup>). Four of these counties (Kwale, Kilifi, Narok, and Taita Taveta) are not part of NEDI.

The 14 underserved counties collectively represent 72 percent of the country's total land area and 20 percent of the country's population, including historically nomadic societies that even today continue to rely on pastoralism. Their population is highly dispersed; at a density four times lower than the national average. They present profound infrastructure deficits, including lack of access to roads, electricity, water, and social services. There is also significant insecurity in certain areas, giving rise to substantial numbers of displaced persons and livelihood adaptations that further undermine economic prosperity.

The GoK has embraced electrification as a flagship endeavour with a focus on the distribution sector reaching all Kenyans with energy services by 2020. Kenya has emerged as a star in achieving progress on electrification, growing from 23 percent in 2009 to about 50 percent in 2016, underpinned by huge investments across the sector value chain. Today, there are about 5 million KPLC consumers, as more than 1 million consumers have been added annually in the past two years. The GoK has adopted the Last Mile Connectivity Program (LMCP) as the primary grid densification vehicle—to connect all consumers within 600 m of a transformer—and assembled close to US\$700 million in donor resources (including the World Bank-financed Kenya Electricity Modernization Project [KEMP]) to speed up access in grid-connected areas. Since Kenya's grid is

almost exclusively concentrated in the central corridor where there is the highest population density, this approach is considered the least-cost way of harnessing economies of scale in network design with a potential of reaching about 70–80 percent of consumers.

### **1. Sustainability strategy and profile**

The Government of Kenya (GoK) Vision 2030 aims to transform “Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens.” Promoting equal opportunities across the entire Kenyan territory is key to realizing this vision. Energy is identified as one of the key sectors that form the foundation for socio-political and economic growth. Access to competitively priced, reliable, quality, safe, and sustainable energy is essential for achievement of the vision.

Kenya’s generation capacity currently stands at a comfortable 2,300 MW while peak demand reached 1,636 MW. Installed capacity grew by about 800 MW between 2010 and 2015, and the recent commissioning of 280 MW of new geothermal power in Olkaria fields expanded the contribution of renewable energy to 49 percent of total electricity generation, displacing conventional thermal generation and propelling Kenya as a global leader in renewable-based generation. Several high-voltage and medium-voltage transmission projects were recently completed or are ongoing to ensure proper evacuation of new generation projects as well as to extend power service to unconnected areas of the country. However, transmission capacity needs to be scaled up substantially to ensure quality of service delivery to the rapidly growing consumer base and to support income generation and productive growth.

### **2. Environmental performance**

The proposed project was screened by World Bank and assigned an Environmental Category B Partial Assessment, on the assumption that no major civil works will be funded and no major physical or economic displacement will take place. Four safeguard policies have been triggered for the project. They include (a) OP/BP 4.01 (Environmental Assessment); (b) OP/BP 4.04 (Natural Habitats); (c) OP/BP 4.10, (Indigenous Peoples); and (d) OP/BP 4.12 (Involuntary Resettlement).

The World Bank operational policy on Environmental Assessment (OP/BP 4.01) has been triggered, due to the implementation of the activities outlined under Components 1–3. The main

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

potential environmental impacts anticipated for the project are (a) civil works that would be limited to construction of the mini-grids in remote areas (Component 1), installation of stand-alone systems for households (Component 2), installation of solar PV for water pumping (Component 3), and construction of distribution lines to connect new customers and (b) environmental, health, and safety concerns are likely to be associated with recycling and disposal of spent batteries at the end of their useful lives, which is usually 3–5 years after deployment. Rechargeable batteries for storing solar energy may run on nickel-cadmium (Ni-Cad), nickel metal hydride (NiMH), lithium-ion (Li-ion), lead-acid (Pb-A), or lead-gel (Pb-gel). These batteries should not be disposed in standard landfills because they can create long-lasting environmental and human health impacts (for example, headaches, abdominal discomfort, seizures and comas, cancers, irritation of skin and respiratory system, burns and damage to skin and eyes, and corrosion) due largely to the heavy metals such as mercury, lead, cadmium, and nickel and acids. The entire management processes including de-manufacturing, collection, storage, recycling, transport, and disposal may present a challenge to this project and, given the scope of this World Bank operation, could result in environmental and social risks and impacts, although these impacts are reversible and localized and can be easily and cost-effectively mitigated. Under component 2-Companies dealing with Stand-alone solar home systems have signed contracts with NEMA certified E-waste collectors to ensure proper disposal of any solar components that could not be recycled/repurposed into other uses. Slightly over 1,000tonnes of E-Waste has been collected and recycled by the various SHS companies contracted by the Ministry.

The operational policy on Natural Habitats (OP/BP 4.04) has been triggered, on the assumptions that the project activities under Components 1 and 3 are likely to affect the natural habitats through erection of poles, construction of the mini-grids, and the installation of the solar water pumping equipment. An Environmental and Social Management Plan (ESMP) has been prepared with clear mitigation measures that guide the contractors undertaking works in Component 1 and 3. Contractor's ESMP have been prepared by the works contractors to ensure site-specific interventions for all the Mini-grid sites. Monitoring visits will be undertaken periodically to oversee the works currently undergoing.

### **3. Employee welfare**

The policies that guides the State Department of Energy on recruitment includes: PSC Recruitment and Selection Policy; Delegation of PSC HRM Functions to the Cabinet Secretary, July,2018; Framework for Short Term Employment in the Public Service, May,2019; and Human Resources Policies and Procedure Manual for the Public Service, May,2016. This enabled the Ministry to promote common cadre under the delegated powers as guided by the policy taking into consideration gender and regional balance.

For skill improvements and career progression the State Department of Energy is guided by Human Resource Development Policy for the Public Service, June, 2015 and Guidelines on Managing Training in the Public Service. This enabled the State Department of Energy to conducts individual trainings programmes required for career progression/promotion and those required in the Schemes of Service for various cadres and also group trainings for various cadres.

The State Department of Energy ensured that all staffs were put on Performance Appraisal System (PAS) as guided by guidelines for Implementation of Performance Rewards and Sanctions in the Public Service and also Performance Rewards and Sanctions framework.

The State Department of Energy has developed its own Occupational Safety and Health Policy with reference to made Occupational Safety and Health, ACT of 2007. A Ministerial Committee on Occupational Safety and Health is in place which ensures adherence to OSHA and safety and security of the staff and Ministry properties)

### **4. Marketplace practices-**

#### **a) Responsible Supply chain and supplier relations-**

Procurement undertaken in compliance with WB Procurement Regulations as per Section 3.7 of the regulations are as follows;

- a. Provide timely and sufficient information to Bidders/Proposers/Consultants, including through the Notification of Intention to Award and debriefing, so that Bidders/Proposers/Consultants can both understand the basis for the Borrower's decision and make an informed decision on whether to lodge a Complaint challenging that decision.
- b. Promptly acknowledge Complaints received;
- c. Resolve Complaints promptly and fairly; d. Preserve the confidentiality and proprietary information of other Applicants/

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

Bidders/Proposers/Consultants, including commercial and financial information and trade secrets as requested by the Bidders/Proposers/Consultants in their Bids/Proposals;

- d. Maintain complete records of all debriefings and Complaints and their resolution;
- e. For contracts subject to prior review, inform the Bank promptly of any Complaint submitted and provide the Bank a copy of all relevant documents and information; and
- f. For contracts subject to prior review, The Client consults with the Bank promptly and forthrightly throughout the Complaint review and resolution process.

**b) Regulatory impact assessment**

Safeguard citizen and stakeholder's rights.

**5. Community Engagements**

Under KOSAP, Community Engagement exercises have been ongoing since project inception. NRECA-A consultant hired by the State Department of Energy, undertook community engagement exercises in all the mini-grid sites. The project also undertook community engagement exercises in support of land acquisition in the 14 underserved counties. Locational Grievance Redress Committees have been formed in various Mini-grid sites. Environmental and Social Screening, Vulnerable and Marginalized Group screening are complete in all mini-grid sites.

## **5. Statement of Project Management Responsibilities**

The Principal Secretary for the State Department for Energy and the Project Coordinator are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

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

The Principal Secretary for the State Department for Energy and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department for Energy and the Project Coordinator are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The Principal Secretary for the State Department for Energy and the Project Coordinator further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The Principal Secretary for the State Department for Energy and the Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON KENYA OFF-GRID SOLAR ACCESS PROJECT (KOSAP) (MOE) IDA CREDIT NO. 6135-KE FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR ENERGY

---

### PREAMBLE

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Kenya Off-Grid Solar Access Project (KOSAP) (MOE) set out on pages 1 to 24, which comprise of the statement of

financial position as at 30 June, 2025 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 Kenya Off-Grid Solar Access Project (KOSAP) (MOE) as at 30 June, 2025 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 Financing Agreement Kenya Off-Grid Solar Access Project Credit number 6135-KE between the Republic of Kenya and the International Development Association dated 5 September, 2017 and the Public Finance Management Act, 2012.

**Basis for Opinion**

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

**Key Audit Matters**

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

**Other Matter**

**Unresolved Prior Year Matters**

In the prior years' audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the KOSAP in 2024/2025 revealed that the following matters remained unresolved, although Management stated they were resolved.

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Budgetary Control and Performance
2	2023/2024	Slow Absorption of Project Funds
3	2023/2024	Delayed Implementation of Training Needs Assessment
4	2023/2024	Delayed Verification and Payment to recipients
5.	2023/2024	Long Outstanding Pending Bills

## Other Information

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

In connection with my audit on the Project's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and 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 the 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. Low Project Fund Utilization

Review of the records provided, revealed that the State Department for Energy and its Agencies had a drawing performance shown in the table below:

	Loan EURO	Loan Kshs. Equivalent	%
Loan	133,800,000	20,290,770,000.00	100%
Drawn Facility	38,582,689	5,851,064,786.85	29%
Undrawn Facility	95,217,311	14,439,705,213.15	71%
CBK EURO Rate 30/6/2025	151.65		

The facility was initially meant to close on the 20 June, 2023 but was revised to 31 May, 2025 and finally to 30 September, 2026. However, review of the current year's budget for the Project reveals that the State Department and its implementing agencies may not fully absorb the budget as the State Department intends to spend Kshs.1,280,660,647 and other implementing agencies intend to spend Kshs.1,130,660,647 translating to a total of Kshs.2,411,321,294.

The budget if absorbed fully would result in a total expenditure of Kshs.8,262,386,081 which would represent 41% of the total loan facility. On this basis, the Country may only spend or not be able to draw more than 50% of the facility by the closing date on 30 September, 2026.

In the circumstances, value for money may not be achieved for the Project funds.

## **2. Irregular Project Land Acquisition**

During the year under review, it was established that there was compulsory acquisition of community land on-going on the sites where Rural Electrification and Renewable Energy Corporation and Kenya Power are to build the mini-grids. The State Department for Energy does not have titles for the lands that they are currently building on which had been gazetted vide Kenya Gazette Nos. 4435 of 14 April, 2022, 14034 of 11 November, 2022, 2072 of 23 February, 2024 and 9707 of 2025.

The mode of compensation that has been settled upon is the building of common community facilities as a mode of compensation as the Kenya Government has been unable to finance the acquisition of the lands from exchequer financing. Thus, the role has been ascribed to donor financing from the World Bank which as a general rule does not finance acquisition of land.

However, the lands in majority of these areas are community lands and are held in common. They largely fall under the registered or unregistered community lands. The registered community lands have had adjudication done thus land ownership rights exists and a recognized structure exists. Thus, they can donate their land rights to others under the proposed compensation structures. Also, there exists unregistered community land that is held in trust for people by the County Governments in the fourteen Counties.

Further, the proposed structure of compensation would go beyond what Counties have the power to ascribe themselves to as they only have power to hold monies in trust for the communities in an interest earning account and finally transferring the same to the registered communities on finalization of registration.

In the circumstances, the acquisition of unregistered community land in an in-kind compensation as intended was in breach of the law.

## **3. Value-for-Money Project Beneficiaries**

The Project Development Objective was to increase access to modern energy services in fourteen (14) Underserved Counties of Kenya. The proposed project was expected to

provide (i) 51 Mini-grids in 12 counties for Households and Public Facilities; (ii) 250,000 stand-alone Solar Systems and 150,000 Clean Cooking Solutions; (iii) Stand Alone Home Systems for Public Facilities and Solar Water Pumps for Community Facilities; and (iv) Capacity Building for National and County Governments.

However, analysis of the Project documents and extensions, it was noted that the project had been scaled down and these changes are further expected to change due to the escalating price of commodities needed to complete the Project among other issues.

In addition, it was noted that the one hundred and fifty-one (151) mini grids had not been constructed and that their numbers had been scaled down to one hundred and fourteen (114). Since 2017 when the Financing Agreement was signed, no works have commenced on one hundred and fourteen (114) sites and it remains unclear how many will be achieved and operationalized by 30 September, 2026. Premised on the above, due to the expiry of the Financing Agreement drawing rights, it is not possible to ascertain value for money on the EUR133,800,000 (approximately Kshs.15 billion) that was borrowed for the Project.

In the circumstances, value for money may not be achieved by the intended beneficiaries.

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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Conclusion

As required by Financing Agreement Credit Number 6135-KE dated 5 September, 2017, between the International Development Association (IDA) and the Government of the Republic of Kenya, I report, based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

### **Basis for Conclusion**

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

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

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

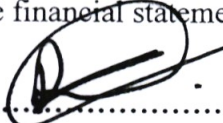
**05 November 2025**

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**


**7. Statement of Financial Performance for the Year Ended 30th June 2025.**

	Notes	2024-2025
		Kshs
<b>Revenue</b>		
Miscellaneous Revenue	6	283,566,725
<b>Total revenue</b>		<b>283,566,725</b>
<b>Expenses</b>		
Use of goods and services	7	578,102,267
Other grant Transfer	8	350,000,000
Certified Works	9	283,566,725
<b>Total expenses</b>		<b>1,211,668,992</b>
<b>Other gains/(losses)</b>		
<b>Surplus/ (deficit)</b>		<b>(928,102,267)</b>

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

  
 .....  
**Alex K. Wachira, CBS**  
**Principal Secretary**

  
 .....  
**Rebecca Muniu**  
**Project Coordinator**

  
 .....  
**Francis Odera**  
**Project Accountant**  
**ICPAK Member No: 5398**


*(Paragraph 79 of IPSAS 33 allows for the election by an Kenya Off-Grid Solar Access Project to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position, and an opening statement of financial position at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)*

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**


**8. Statement of Financial Position as at 30<sup>th</sup> June 2025**

	Note	2024-2025	1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	10	1,263,901,672	2,192,004,040
<b>Total Current Assets</b>		<b>1,263,901,672</b>	<b>2,192,004,040</b>
<b>Net Assets (a-b)</b>			
<b>Represented By:</b>			
Accumulated Surplus		1,263,901,672	2,192,004,040
<b>Total Net Assets</b>		<b>1,263,901,672</b>	<b>2,192,004,040</b>

The financial statements were approved on 06/10/ 2025 and signed by:



.....  
**Alex K. Wachira, CBS**  
**Principal Secretary**



.....  
**Rebecca Muniu**  
**Project Coordinator**



.....  
**Francis Odera**  
**Project Accountant**  
**ICPAK Member No. 5398**

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**9. Statement of Changes in Net Assets**

<b>Description</b>	<b>Accumulated Surplus</b>
	<b>Kshs</b>
As at 30 <sup>th</sup> June 2024 (Cash Basis)	2,192,004,040
As at 1 <sup>st</sup> July 2024	<b>2,192,004,040</b>
Surplus/(Deficit) for the year	(928,102,267)
As at 30 <sup>th</sup> June 2025	<b>1,263,901,672</b>

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

The financial statements were approved on 06/10/ 2025 and signed by:



.....  
**Alex K. Wachira, CBS**  
Principal Secretary



.....  
**Rebecca Muniu**  
Project Coordinator



.....  
**Francis Odera**  
Project Accountant  
ICPAK Member No. 5398

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**10. Statement of Cashflow for the year ended 30<sup>th</sup> June 2025**

Description	Note	Insert Current FY Kshs
<b>Cashflow from operating activities</b>		
<b>Receipts</b>		
Miscellaneous Revenue	6	283,566,725
<b>Total receipts</b>		<b>283,566,725</b>
<b>Payments</b>		
Use of goods and services	7	578,102,267
Other Transfers/Subsidies/Grants	8	350,000,000
Certified Works	9	283,566,725
<b>Total payments</b>		<b>1,211,668,992</b>
<b>Net cash flow from operating activities</b>		<b>(928,102,267)</b>
Net increase/Decrease in cash and cash equivalents		(928,102,267)
<b>Cash and cash equivalent at 1<sup>st</sup> July 2024</b>	<b>10</b>	<b>2,192,004,040</b>
<b>Cash and cash equivalent at end June 2025</b>	<b>10</b>	<b>1,263,901,672</b>

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30<sup>th</sup> June 2025**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Budget Carry Overs from previous periods</b>	2,000,000,000	(1,200,000,000)	800,000,000	180,643,824	619,356,176	23%
<b>Receipts</b>						
Miscellaneous Revenue	4,605,000,000	(3,501,000,000)	1,104,000,000	283,566,725	820,433,275	26%
<b>Total Revenue</b>	4,605,000,000	(3,501,000,000)	1,104,000,000	283,566,725	820,433,275	26%
<b>Payments</b>	2,000,000,000	1,200,000,000	800,000,000	376,857,282	423,142,718	47%
Use of goods and services	1,605,000,000	(876,000,000)	729,000,000	578,102,267	150,897,733	79%
Transfer to other Government Entities	0	0	0	350,000,000	(350,000,000)	0%
Certified Works	3,000,000,000	(2,625,000,000)	375,000,000	283,566,725	91,433,275	76%
<b>Total Payments</b>	4,605,000,000	3,501,000,000	1,104,000,000	1,211,668,992	107,668,992	110%
<b>Surplus</b>				(928,102,267)		

**Budget notes**

- Miscellaneous Revenue 26%;** This relates to direct payment that were paid in respect of mini-grid for ReRec by World bank.
- Use of goods and services 79%;** Delay in submission of invoices by Snv Netherlands and PKF Consulting Ltd that resulted to under absorption of funds
- Transfer to other Government Entities 0%;** This relates to transfer of funds for Component 2 that was previously returned to MoE Project account as a requirement by the World Bank
- Certified Works 76%;** This relates to Direct payments that were paid in respect to Advance payment for Rerec Mini-grids. KPLC payments could not go through due to Supplementary Budget Cut.
- There was a budget reduction of KoSaP project by Kshs **3,501,000,000**.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**12. Notes to the Financial Statements**

**1. General Information**

Kenya Off-Grid Solar Access Project is established by and derives its authority and accountability from xxx Act. The Kenya Off-Grid Solar Access Project is wholly owned by the Government of Kenya and is domiciled in Kenya. The Kenya Off-Grid Solar Access Project's principal activity of the project is to increase access to modern energy services in underserved counties of Kenya

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

**Guiding note during the transition period:**

*The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the Kenya Off-Grid Solar Access Project has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1<sup>st</sup>/ 2<sup>nd</sup>/ 3<sup>rd</sup>/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the Kenya Off-Grid Solar Access Project has taken advantage of the transition provisions outlined in IPSAS 33. (Kenya Off-Grid Solar Access Project to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).*

These financial statements were authorized for issue by the accounting officer on 30<sup>th</sup> July 2025

**3. Adoption of New and Revised Standards**

- i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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 Kenya Off-Grid Solar Access Project.</p>

**Kenya Off-Grid Solar Access Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Standard	Effective date and impact:
	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>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, 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: 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>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1<sup>st</sup> 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. 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 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li data-bbox="475 1666 1449 1800">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li data-bbox="475 1816 1449 1912">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> </ol>

**Kenya Off-Grid Solar Access Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Standard	Effective date and impact:
	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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 Kenya Off-Grid Solar Access Project 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>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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>

**Kenya Off-Grid Solar Access Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the Kenya Off-Grid Solar Access Project's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

*iii) Early adoption of standards*

The Kenya Off-Grid Solar Access Project did not early – adopt any new or amended standards in the financial year or *the Kenya Off-Grid Solar Access Project adopted the following standards early (state the standards, reason for early adoption and impact on Kenya Off-Grid Solar Access Project's financial statements.)*

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**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 Kenya Off-Grid Solar Access Project 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 have been acquired using such funds.

**ii) Revenue from exchange transactions**

**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.

**b) Budget information**

The original budget for FY 2024/2025 was approved by the Parliament on *June 2024*. 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 Kenya Off-Grid Solar Access Project upon receiving the respective approvals to conclude the final budget. Accordingly, the Kenya Off-Grid Solar Access Project recorded reduction of appropriations of 3,501,000,000 on the FY 2024/2025 budget following the Parliament's approval. The Kenya Off-Grid Solar Access Project'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 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 on page 5 under section 11 of these financial statements.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Notes to the financial statements**

**c) 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Kenya Off-Grid Solar Access Project 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.

**d) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Kenya Off-Grid Solar Access Project. 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 Kenya Off-Grid Solar Access Project 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 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 the Kenya Off-Grid Solar Access Project 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.

**e) 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.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Notes to the financial statements**

**f) Research and development costs**

The Kenya Off-Grid Solar Access Project expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Kenya Off-Grid Solar Access Project can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- 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.

**g) 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 Kenya Off-Grid Solar Access Project does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one Kenya Off-Grid Solar Access Project and a financial liability or equity instrument of another Kenya Off-Grid Solar Access Project. At initial recognition, the Kenya Off-Grid Solar Access Project 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.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Notes to the financial statements**

*Financial assets*

*Classification*

The Kenya Off-Grid Solar Access Project 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 Kenya Off-Grid Solar Access Project'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 Kenya Off-Grid Solar Access Project has made an irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the Kenya Off-Grid Solar Access Project 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.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Notes to the financial statements**

**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.

**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 Kenya Off-Grid Solar Access Project 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.

**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.

**h) 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:

- Raw materials: purchase cost using the weighted average cost method.
- 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.

**Inventories (Continued)**

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 *Kenya Off-Grid Solar Access Project*.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Notes to the financial statements**

**i) Provisions**

Provisions are recognized when the *Kenya Off-Grid Solar Access Project* 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 the *Kenya Off-Grid Solar Access Project* 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.

***Contingent liabilities***

The Kenya Off-Grid Solar Access Project 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.

***Contingent assets***

The Kenya Off-Grid Solar Access Project 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 Kenya Off-Grid Solar Access Project in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**j) Changes in accounting policies and estimates**

The Kenya Off-Grid Solar Access Project recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Notes to the financial statements**

**k) Employee benefits**

**Retirement benefit plans**

The Kenya Off-Grid Solar Access Project provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Kenya Off-Grid Solar Access Project pays fixed contributions into a separate Kenya Off-Grid Solar Access Project (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.

**l) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**m) 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.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Notes to the financial statements**

**n) Related parties**

The Kenya Off-Grid Solar Access Project regards a related party as a person or an Kenya Off-Grid Solar Access Project with the ability to exert control individually or jointly or to exercise significant influence over the Kenya Off-Grid Solar Access Project, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

**o) Service concession arrangements**

The Kenya Off-Grid Solar Access Project analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Kenya Off-Grid Solar Access Project 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 Kenya Off-Grid Solar Access Project also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**p) 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.

**q) 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, 2025.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Kenya Off-Grid Solar Access Project's 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.

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Notes to the financial statements**

**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 Kenya Off-Grid Solar Access Project 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 Kenya Off-Grid Solar Access Project. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Kenya Off-Grid Solar Access Project.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Notes to the financial statements**

**6. Miscellaneous revenue**

Description	FY 2024/25
	<b>Kshs</b>
Borrowing from International Organizations	283,566,725
<b>Total</b>	<b>283,566,725</b>

**7. Use of Goods and Services**

Description	FY 2024/25
	<b>Kshs</b>
Communication, supplies and services	3,423,952
Domestic travel and subsistence	19,272,860
Foreign travel and subsistence	9,488,290
Fuel and lubricants	3,507,000
General office supplies	609,500
Training payments	11,242,203
Hospitality supplies and services	11,191,440
Other operating expenses	518,419,698
Routine maintenance – vehicles and other transport equipment	947,424
<b>Total</b>	<b>578,102,267</b>

**8. Other Transfers/Subsidies/Grants**

Description	FY 2024/25
	<b>Kshs</b>
Transfer to Component 2	350,000,000
<b>Total</b>	<b>350,000,000</b>

This relates to a bank transfer of funds to Component 2 of the Project.

**9. Certified Works**

Description	FY 2024/25
	<b>Kshs</b>
Energy Infrastructure	283,566,725
<b>Total</b>	<b>283,566,725</b>

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

This relates to direct payments made by the National Treasury on construction of Minigrids by Rerec

**Notes to the financial statements**

**10. Cash and Cash Equivalents**

Description	FY 2024-25	1 <sup>st</sup> July 2024
	Kshs	Kshs
Cash in Bank	1,263,901,672	2,192,004,040
<b>Total Cash and Cash Equivalents</b>	<b>1,263,901,672</b>	<b>2,192,004,040</b>

**Project Bank Accounts**

Details	FY 2024-25	1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Local Currency Accounts</b>		
Central Bank of Kenya [A/c No.....]	1,263,901,672	2,192,004,040
<b>Total bank account balances</b>	<b><u>1,263,901,672</u></b>	<b><u>2,192,004,040</u></b>

**11. Cash Generated from Operations**

Description	FY 2024-25
	Kshs
Surplus/Deficit for the year	(928,102,267)
<b>Adjusted for:</b>	
Depreciation	0
<b>Working capital adjustments</b>	
Increase in payables	0
<b>Net cash flow from operating activities</b>	<b>(928,102,267)</b>

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Notes to the financial statements**

**12. Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

<b>Description</b>	<b>FY 2024-25</b>	<b>1<sup>st</sup> July 2024</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>(i) A/c Name [A/c No. 1000360739]</b>		
Opening balance	72,021	72,799
Total amount deposited in the account	0	180,643,046
Total amount withdrawn	<u>0</u>	<u>(180,643,824)</u>
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>72,021</u></b>	<b><u>72,021</u></b>
<b>(ii) A/c Name [A/c No. 1000356685]</b>		
Opening balance (as per the SDA reconciliation)	232,568,358	232,568,358
Total amount deposited in the account	0	0
Total amount withdrawn	<u>0</u>	<u>0</u>
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>232,568,358</u></b>	<b><u>232,568,358</u></b>

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix to support these closing balance.)

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

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

---

**Notes to the financial statements**

**13.Events after the Reporting Period**

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

**14.Ultimate And Holding Kenya Off-Grid Solar Access Project**

The Kenya Off-Grid Solar Access Project is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

**15.Currency**

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

**Kenya Off-Grid Solar Access Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025**


**13. Annexes**

**Annex 1: Prior Year Auditor-General's Recommendations**

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Budgetary Control and Performance	The Management has restructured the Financing agreement to ensure funds are fully absorbed. The Project has started the construction of Mini-grids in the 14 underserved counties and this will accelerate absorption	Resolved	
	Unresolved Prior year Audit issue	The Management has made responses to Parliamentary Accounts Committee awaiting their recommendation	Not Resolved	
	Slow absorption of Project funds	The Restructuring of the Financing model and extension of Project closing period to November 2026 will enhance the absorption of the funds	Resolved	
	Delayed Verification and payments to receipt	The Consultant has since engaged, verified the sales and made made to the respective recipients	Resolved	

**Kenya Off-Grid Solar Access Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	Long outstanding pending bills	This payment related to Ms Snv Netherlands and Ms Media Edge that have since been paid.	Resolved	

  
.....  
Alex K. Wachira, CBS  
Principal Secretary

  
.....  
Rebecca Muniu  
Project Coordinator

**Kenya Off-Grid Solar Access Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Annex 3: Fixed Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (KShs) 2023/2024</b>	<b>Donations in form of assets (KShs) 2024/2025</b>	<b>*Purchases/ Additions in the Year (KShs) 2024/2025</b>	<b>**Disposals in the Year (KShs) 2024/2025</b>	<b>Transfers in/(out) Kshs 2024/2025</b>	<b>Closing Cost (KShs) 2025</b>
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Transport equipment	82,599,999	-	-	-	-	82,599,999
Office equipment, furniture and fittings	7,954,199	-	-	-	-	7,954,199
ICT Equipment,	15,557,692	-	-	-	-	15,557,692
Work in Progress	12,219,880	-	-	-	-	12,219,880
<b>Total</b>	<b>118,331,770</b>			-	-	<b>118,331,770</b>

**Annex 4: Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2025
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)