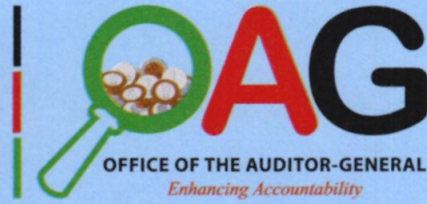


REPUBLIC OF KENYA



**REPORT**

PARLIAMENTARY ASSEMBLY  
PAPERS LAID

DATE: 12 FEB 2026

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Tuesday

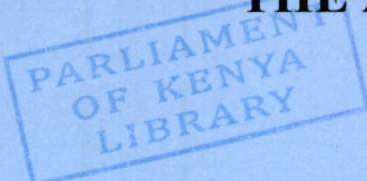
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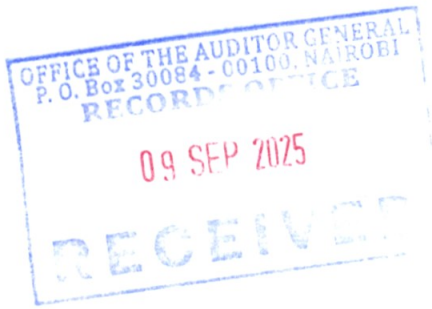


**ON**

**KENYA TOWNS SUSTAINABLE WATER  
SUPPLY AND SANITATION PROGRAM -  
CREDIT NO. P-KE-E00-011 (AfDB LOAN  
NO.200200000501)**

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

**ATHI WATER WORKS DEVELOPMENT  
AGENCY**



PROJECT NAME:  
KENYA TOWNS SUSTAINABLE WATER SUPPLY AND SANITATION PROGRAM  
IMPLEMENTING ENTITY:  
ATHI WATER WORKS DEVELOPMENT AGENCY  
PROJECT /CREDIT NUMBER: P-KE-E00-011

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ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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**1. Acronyms and Definition of Terms**

ADF	African Development Fund
AfDB	African Development Bank
AWWDA	Athi Water Works Development Agency
CBK	Central Bank of Kenya
Comparative FY	Financial year preceding the current financial year.
CWWDA	Coast Water Works Development Agency
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MIC TAF	Middle Income Countries Fund
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
TAWWDA	Tanathi Water Works Development Agency
WRA	Water Resources Authority
WASREB	Water Services Regulatory Board

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

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

#### **Name**

The project's official name is Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster.

#### **Objective**

The key objective of the program is to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns within Athi, Tanathi and Coast Water Works Development Agencies' areas of jurisdiction.

The key objective of the program is to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns within Athi, Tanathi and Coast Water Works Development Agencies' areas of jurisdiction.

#### **Address**

The project headquarters offices are Nairobi, Nairobi County, Kenya. The address of its registered office is:

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

**Contacts:** The following are the project contacts

P.O. Box: 45283-00100, Nairobi  
Telephone: (254) 0202724292/3  
E-mail: [info@awwda.go.ke](mailto:info@awwda.go.ke)  
Website: [www.awwda.go.ke](http://www.awwda.go.ke)

Project information and overall performance (continued)

**2.2 Project Information**

Project Start Date:	9 <sup>th</sup> January 2017
Project End Date:	31 <sup>st</sup> December 2025
Project Coordinator	Eng. James Muturi
Project Manager:	Eng. Bonnie Nyandwaro
Project Development Partner:	African Development Bank (AfDB)

**2.3 Project Overview**

Line Ministry or State departments/ County Department	State Department for Water and Sanitation
Project number	P-KE-E00-011
Strategic goals of the project	The strategic goals of the project are as follows: To improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns in the Athi Cluster's area
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Development of water and waste water infrastructure in Limuru, Kikuyu, Kiambu, Kitui, Machakos, Mombasa and Malindi. (ii) Undertake institutional development for AWWDA, TAWWDA, CWWDA, WASREB and WRA (iii) Climate adaptation support for AWWDA, TAWWDA, CWWDA
Other important background information of the project	The project covers the whole country, covering the nine water works development agencies, Water services Regulatory Authority and Water resources Authority, but with only three water works development agencies as the implementing agencies. Athi Water Works Development Agency (AWWDA) is implementing agency for projects within areas covered by AWWDA, Coast, Tanathi WWDA, Water Services Regulatory Authority (WASREB) and Water Resources Authority (WRA). Athi (AWWDA) will lead the implementation

of sub-projects within Athi, Tanathi and Coast WWDAs areas. The consortium of the five institutions is referred to as 'The Athi Cluster'.

Subsequently, AWWDA entered in to implementation agreements with CWWDA and TAWWDA whereby the project execution roles are shared by the three agencies. The project has four facilities namely: The ADB loan, the ADF loan, ADF Grant, and MIC TAF grant.

- AWWDA and CWWDA were beneficiaries of the ADB loan only
- WASREB and WRA were beneficiaries of ADF loan only
- TAWWDA benefited from ADB loan, ADF loan, ADF grant and MIC TAF grant
- AWWDA was also tasked to be in charge of the panel of experts responsible for the review of the dams being designed under the project across the country. The budget for the panel of experts is financed under the ADF loan.

The table below gives a breakdown of the budget allocations per agency per facility.

<b>ATHI CLUSTER BUDGET PER AGENCY PER FACILITY</b>	
	<b>Budget Amount (Kshs)</b>
<b>ADB loan</b>	
AWWDA	6,119,577,734
TAWWDA	5,211,725,247
CWWDA	1,137,902,029
	<b>12,469,205,010</b>
<b>ADF LOAN</b>	
WASREB	76,000,000
WRA	35,000,000
AWWDA-PANEL OF EXPERTS	41,580,764
TAWWDA	141,950,000
	<b>294,530,764</b>
<b>ADF GRANT</b>	
TAWWDA	<b>51,476,267</b>
<b>MIC TAF GRANT (Grant is in USD 497,275)</b>	
TAWWDA	<b>51,476,267</b>

In addition to the above loan, the government of Kenya is required to:

- Finance additional cost of approximately Kshs. 2 Billion for implementation of Resettlement Action Plans and land acquisition
- Pay any taxes either in the form of actual payment or through tax exemption

**Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

	<ul style="list-style-type: none"> <li>Finance any operational costs that will be incurred during project implementation</li> </ul>
Areas that the project was formed to intervene	<p>The project was formed to intervene in the following problems/gaps:</p> <p>(i) To support water supply infrastructure in 1 town and sanitation infrastructures in 4 towns, providing more than 100,000 people with reliable and sustainable water supply services and more than 250,000 people with water-borne sewerage systems</p> <p>(ii) To create more than 2000 jobs during and after the construction</p>
Project duration	8 Years

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

**2.4 Bankers**

The following are the bankers for the project:

NCBA Bank

Ridgeways Branch

**2.5 Independent Auditor**

The project is audited by the:

Auditor General

Office of the Auditor General,

Anniversary Towers, University Way,

P.O. Box 30084-00100,

**NAIROBI**

**2.6 Roles and Responsibilities**

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

## 2.7 Funding summary

The Project is for a duration of 8 years from 2017 to 2025 with an approved budget of US\$ USD128,658,213 broken down into the following amounts per facility:

- ADB LOAN: USD 124 Million (equivalent to Kshs. 12,469,205,010)
- ADF LOAN: USD 2.9 Million (equivalent to Kshs. 294,530,764)
- ADF GRANT: USD 2.9 Million (equivalent to Kshs. 51,476,267)
- MIC-TAF: USD 0.50 Million (equivalent to Kshs. 51,476,267)

## Project information and overall performance (continued)

Below is the funding summary:

## A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30/06/2025)		Undrawn balance to date (30/06/2025)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant (UA)</b>						
ADF Grant-TAWWDA	359,093	51,476,257	343,589	46,864,936	15,504	4,611,321
MIC-TAF Grant TAWWDA	359,093	51,476,267	357,833	53,021,034	1,260	-1,544,767
<b>Sub-total Grant</b>	<b>718,187</b>	<b>102,952,524</b>	<b>701,422</b>	<b>99,885,970</b>	<b>16,765</b>	<b>3,066,554</b>
<b>(ii) Loan ADB (USD)</b>						
AfDB-AWWDA	59,888,411	6,119,577,734	53,613,980	5,829,339,433	6,274,431	290,238,301
AfDB-TAWWDA	51,003,844	5,211,725,247	31,612,891	3,523,167,413	19,390,952	1,688,557,834
AfDB-CWWDA	11,135,912	1,137,902,029	6,292,971	697,083,244	4,842,942	440,818,785
<b>Sub-total ADB loan</b>	<b>122,028,167</b>	<b>12,469,205,010</b>	<b>91,519,842</b>	<b>10,049,590,090</b>	<b>30,508,325</b>	<b>2,419,614,920</b>
<b>(iii) Loan ADF (UA)</b>						
ADF-AWWDA	290,063	41,580,764	270,689	39,111,094	19,374	2,469,670
ADF-TAWWDA	990,230	141,950,000	706,032	73,806,050	284,198	68,143,950
ADF-WASREB	530,169	76,000,000	422,893	40,841,228	107,275	35,158,772
ADF-WRA	244,157	35,000,000	250,834	39,553,574	-6,678	-4,553,574
<b>sub-total ADF loan</b>	<b>2,054,618</b>	<b>294,530,764</b>	<b>1,650,449</b>	<b>193,311,946</b>	<b>404,170</b>	<b>101,218,818</b>
<b>(iv) Counterpart funds</b>						
Government of Kenya	13,951,808	2,000,000,000	4,865,392	697,456,832	9,086,416	1,302,543,168
Performance guarantee proceeds		0	406,927	58,333,278		
Interest on Bank Deposits			105,006	15,052,627		
<b>Sub-Total</b>	<b>13,951,808</b>	<b>2,000,000,000</b>	<b>5,377,325</b>	<b>770,842,737</b>	<b>9,086,416</b>	<b>1,302,543,168</b>
<b>Total</b>		<b>14,866,688,298</b>		<b>11,113,630,743</b>		<b>3,826,443,460</b>

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30/06/2025)		Cumulative Amount Paid to date – (30/06/2025)		Unutilised balance to date (30/06/2025)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant (UA)</b>						
ADF Grant-TAWWDA	343,589	46,864,936	343,589	46,864,936	0	0
MIC-TAF Grant TAWWDA	357,833	53,021,034	357,833	53,021,034	0	0
<b>Sub-total Grant</b>	<b>701,422</b>	<b>99,885,970</b>	<b>701,422</b>	<b>99,885,970</b>	<b>0</b>	<b>0</b>
<b>(ii) Loan ADB (USD)</b>					0	0
AfDB-AWWDA	53,613,980	5,829,339,433	53,558,797	5,823,339,433	55,184	6,000,000
AfDB-TAWWDA	31,612,891	3,523,167,413	30,918,164	3,445,742,038	694,727	77,425,375
AfDB-CWWDA	6,292,971	697,083,244	6,238,805	691,083,244	54,165	6,000,000
<b>Sub-total ADB loan</b>	<b>91,519,842</b>	<b>10,049,590,090</b>	<b>90,715,766</b>	<b>9,960,164,715</b>	<b>804,076</b>	<b>89,425,375</b>
<b>(iii) Loan ADF (UA)</b>						
ADF-AWWDA	270,689	39,111,094	270,689	39,111,094	0	0
ADF-TAWWDA	706,032	73,806,050	706,032	73,806,050	0	0
ADF-WASREB	422,893	40,841,228	422,893	40,841,228	0	0
ADF-WRA	250,834	39,553,574	250,834	39,553,574	0	0
<b>sub-total ADF loan</b>	<b>1,650,449</b>	<b>193,311,946</b>	<b>1,650,449</b>	<b>193,311,947</b>	<b>0</b>	<b>0</b>
<b>(iv) Counterpart funds</b>						
Government of Kenya	4,865,392	697,456,832	4,626,940	663,274,543	238,452	34,182,290
Performance guarantee Recall	406,927	58,333,278	396,467	56,833,850	10,460	1,499,428
Interest on Bank Deposits	105,006	15,052,627	0	0	105,006	15,052,627
<b>Sub-Total</b>	<b>5,377,325</b>	<b>770,842,737</b>	<b>5,023,407</b>	<b>720,108,393</b>	<b>353,918</b>	<b>50,734,344</b>
<b>Total</b>		<b>11,113,630,743</b>		<b>10,973,471,024</b>		<b>140,159,719</b>

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

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

The project

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

CONTRACTS UNDER AWWDA				
PROJECT	SCOPE	TIMELINES	PROGRESS	CHALLENGES
Gatundu water supply and sewerage project	<ul style="list-style-type: none"> <li>Laying of 22.975km reticulation sewers,</li> <li>Laying of 36.127km of Trunk sewers.</li> <li>Construction of 3Nr water schemes</li> <li>Construction of 18,000m<sup>3</sup>/d water treatment plant</li> <li>Laying of 40km of water pipelines</li> <li>2,000 household connections</li> <li>Office block for the WSP</li> </ul> <p><b>Cost of Contract</b> Kshs 1,750,800,775.34 exclusive of VAT.</p>	<p><b>Start Date:</b> 8th February 2019</p> <p><b>End Date:</b> 31st August 2025</p>	<p>Progress at 70%</p> <ul style="list-style-type: none"> <li>13.23km trunk sewers have been laid</li> <li>14.36 reticulation sewers have been laid</li> <li>Handege works at 76.4%</li> <li>Ngenda works at 41.7%</li> <li>Ruabura works at 66.3%</li> <li>Office block complet</li> <li>Laid 7.253/8.1 km Ruabura transmission</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate budgetary allocations for land acquisition leading to delays in land acquisition</li> </ul>

CONTRACTS UNDER AWWDA				
PROJECT	SCOPE	TIMELINES	PROGRESS	CHALLENGES
Kiambu/Ruaka water supply and sewerage project	<ul style="list-style-type: none"> <li>Laying of 108km of sewers and sanitation Blocks</li> <li>Laying of 50km of water lines,</li> <li>Construction of Kiameru Water Scheme 4000m<sup>3</sup>/d</li> <li>Drilling and equipping of 6 Nr Boreholes and elevated steel tanks</li> <li>450 household connections</li> </ul> <p><b>Cost of Contract Kshs</b> 1,434,041,864.89 exclusive of VAT. This is the new cost after the technical and financial appraisal</p>	<p>Start Date: 7th January 2019</p> <p>End Date: 7th October 2023</p>	<p>Progress complete and operational</p> <p>99.1km sewers have been laid</p> <p>35 km of water distribution networks have been completed</p> <p>2.9km of raw water pipeline</p> <p>1 Nr Ablution Blocks - Complete</p> <p>2 Nr Boreholes have been completed.</p> <p>308 chambers completed</p> <p>Kiameru intake works -100%</p> <p>Kiameru T/works – 100%</p>	<ul style="list-style-type: none"> <li>Access to site particularly in the built-up urban areas</li> <li>Part of the sewers were washed away during flooding.</li> </ul>
Limuru water supply and sewerage project	<ul style="list-style-type: none"> <li>31.221km of sewers</li> <li>Drilling and equipping of 2 Nr BHs and elevated steel tanks</li> <li>Laying of 6.6km water lines</li> <li>388 Household connection chambers</li> <li>Installation of Surface pump at Tigoni</li> </ul>	<p><b>Start Date:</b> 10th December 2018</p> <p><b>End Date:</b> 20th November 2023</p>	<p>Project complete and operational</p> <ul style="list-style-type: none"> <li>Laid 31.221km of sewers</li> <li>Completed expansion and rehabilitation of Limuru STP</li> <li>Completed 388 household connections</li> </ul>	<ul style="list-style-type: none"> <li>Flooding of STP</li> <li>Power disconnection at the plant due to outstanding bills</li> </ul>

CONTRACTS UNDER AWWDA				
PROJECT	SCOPE	TIMELINES	PROGRESS	CHALLENGES
	<ul style="list-style-type: none"> <li>Rehabilitation and Expansion of Limuru STP from 550m<sup>3</sup>/d to 6,400m<sup>3</sup>/d and ancillary works</li> <li>Dewatering and Drainage for STP</li> <li>Concrete tower and 10m<sup>3</sup> tank</li> </ul> <p><b>Cost of Contract</b> Kshs 788,414,389.57 exclusive of VAT</p> <p>Amended contract value KES 788,414,389.57</p>		<ul style="list-style-type: none"> <li>Drilled and equipped 2 Nr BHs and Rehabilitated 1 Nr BH and 4 Nr Transformer Houses</li> <li>Installed surface pump at Tigoni WTP</li> <li>Completed Dewatering and Draining of STP</li> </ul>	
Kikuyu water supply and sewerage project	<ul style="list-style-type: none"> <li>Laying of 16.62km of sewers Thogoto with 250 Nr property connections</li> <li>Laying of 27.32km of sewers Kikuyu and Kidfarmaco areas with 450 Nr property connections</li> <li>Laying of 19.1km water lines</li> <li>Solarization of 4 high Yield Bhs</li> <li>Drilling and equipping of 5 Nr BHs and 48m<sup>3</sup> elevated steel tanks</li> <li>Construction of 100m<sup>3</sup> elevated tank at Kamangu</li> <li>Kikuyu Office Block</li> </ul> <p><b>Cost of Contract</b> Kshs 635,993,481.80 exclusive of VAT</p>	<p>Start Date: 10th November 2018</p> <p>End Date: 31st July 2023</p>	<p>Project Complete and Operational</p> <ul style="list-style-type: none"> <li>44.2km sewers have been laid</li> <li>19.1 km of water lines laid</li> <li>5Nr Borehole have been equipped and 6No Elevated tanks</li> <li>Office for KIWACO complete</li> <li>Completed 450Nr household connections out of a possible 1000No.</li> <li>Solarization of 4 No BHs – 242kw produced</li> </ul>	Delays in KPLC Connection to boreholes

CONTRACTS UNDER AWWDA				
PROJECT	SCOPE	TIMELINES	PROGRESS	CHALLENGES
			<ul style="list-style-type: none"> <li>417 nr connections realized</li> </ul>	
Makutano Water and Sewerage Project	<ul style="list-style-type: none"> <li>Laying of 32.86km of sewers km</li> <li>Laying of 195.25km of water lines and masonry storage tanks,</li> <li>Construction of Sewerage treatment plant 3000m3/d</li> <li>1000 household connections</li> <li>Rehabilitation of 1 No. Ablution Block</li> </ul> <p><b>Cost of Contract Kshs 924,258,513.28</b> exclusive of VAT</p>	<p><b>Start Date:</b> 9<sup>th</sup> October 2020</p> <p><b>End Date:</b> 15<sup>th</sup> June 2025</p>	<p>Progress from 98% and is substantially complete</p> <ul style="list-style-type: none"> <li>Laying of 32.86km of sewers km</li> <li>Laying of 195.25km of water lines and masonry storage tanks,</li> <li>Construction of Sewerage treatment plant 3000m3/d</li> <li>1000 household connections</li> <li>Rehabilitation of 1 No. Ablution Block</li> </ul>	None

Goods-AWWDA

Project Name	Project Scope	Progress to date	Challenges
Supply and delivery of Office equipment for AWWDA	The contract was signed at a contract sum of Kshs 15,821,483 exclusive of taxes. It was for supply of office equipment including office laptops, desktops and printers	The contract is completed	None
Supply, Delivery and Installation of an Integrated Enterprise Planning (ERP) System for Athi Water Services Board	The contract was awarded on 22 <sup>nd</sup> February 2019 at a contract sum of Kshs 51,724,137.93 exclusive of VAT being the supply and delivery of ERP and all the necessary hardware.	The contract is complete	None
Supply and delivery of 3 No. vehicle mounted sewer flushing units	The contract was awarded at a contract price of Euro 638,000.00 exclusive of taxes on 9 <sup>th</sup> December 2019 and was concluded on 7 <sup>th</sup> July 2021	The contract is complete	None
Supply and delivery of Non-Revenue water management equipment	The contract was awarded at a contract price of Kshs 145,569,449.72 exclusive of taxes on 13 <sup>th</sup> March 2020;	The contract is completed	None
Supply, Delivery, Installation, Configuration & Commissioning of an Integrated Billing System for Limuru Water & Sewerage Company	The contract was awarded at a contract price of Kshs 10,000,000.00 exclusive of taxes on 16 <sup>th</sup> September 2021 and was concluded on 22 <sup>nd</sup> January 2022. With a post implementation support service of 3 years.	The contract is complete	None
Development of water Regulation Information System (Waris) Version 4 for the Water Service Regulatory Board (WaSREB)	The contract was awarded at a contract price of Kshs 27,500,000.00 exclusive of taxes on 11 <sup>th</sup> July 2023 and was concluded 11 <sup>th</sup> July 2024 followed post implementation period of 24 months.	The contract is complete	None
Supply and Delivery of Laboratory Equipment for AWWDA WSPs	The contract was awarded at a contract price of Euro 287,000.00 exclusive of taxes on 19 <sup>th</sup> June 2020 and was concluded on 2 <sup>nd</sup> August 2021.	The contract is complete	None

<b>Project Name</b>	<b>Project Scope</b>	<b>Progress to date</b>	<b>Challenges</b>
Lot 2 Supply and Delivery of Sewer Maintenance Equipment for AWWDA WSPS	The contract was awarded at a contract price of USD 163,770.00 exclusive of taxes on 15 <sup>th</sup> October 2020 and was concluded on 19 <sup>th</sup> July 2022	The contract is complete	None
Supply, Delivery and Installation of Laboratory Equipment for Tanathi Water Works Development Agency	The contract was awarded at a contract price of Kshs. 11,420,000.00 exclusive of taxes on 5 <sup>th</sup> March 2020 and was concluded on 16 <sup>th</sup> October 2020	The Contract is complete	None
Supply and Delivery of Laboratory Equipment for Coast Water Works Development Agency	The contract was awarded at a contract price of Kshs. 20,881,068.97 exclusive of taxes on 3 <sup>rd</sup> July 2020 and was concluded on 10 <sup>th</sup> June 2022	The Contract is complete	None
Supply and Delivery of Laboratory Equipment for Water Resources Authority	The contract was awarded at a contract price of Kshs. 10,978,700.00 exclusive of taxes on 13 <sup>th</sup> March 2020 and was concluded on 10 <sup>th</sup> February 2021	The Contract is complete	None
Supply and Delivery of 1 No. Heavy Duty Utility Vehicle For Water Services Regulatory Board	The contract was awarded at a contract price of Kshs. 6,641,228.07 exclusive of taxes on 15 <sup>th</sup> October 2020 and was concluded on 29 <sup>th</sup> October 2021	The Contract is complete	None
Supply and Delivery of Office Equipment for Water Resources Authority	The contract was awarded at a contract price of Kshs. 1,775,925.00 exclusive of taxes on 13 <sup>th</sup> July 2021 and was concluded on 30 <sup>th</sup> August 2021	The Contract is complete	None
Supply and Delivery of 2 No. Heavy Duty Utility Vehicles for Water Resources Authority	The contract was awarded at a contract price of Kshs. 13,282,456.14 exclusive of taxes on 15 <sup>th</sup> October 2020 and was concluded on 29 <sup>th</sup> October 2021	The Contract is complete	None
Supply and Delivery of 1 No. Double Cabin Pick Up for Coast Water Works Development Agency	The contract was awarded at a contract price of Kshs.5,087,719.30 exclusive of taxes on 15 <sup>th</sup> October 2020 and was concluded on 23 <sup>rd</sup> February 2022	The Contract is complete	None

## Consultancies-AWWDA

Project Name	Consultancy Scope	Progress to date	Challenges
Consultancy Services for Design Review and Supervision of Gatundu Water Supply and Sewerage Project	Design review, tender documentation and construction supervision of water and sewerage works <b>Cost of Contract</b> Kshs 120,629,220. exclusive of indirect taxes	Consultant submitted a claim for additional costs claims as follows Designs -Kshs 43,311,711.85 Supervision -Kshs 115,574,269.45  AWWDA submitted a report on additional costs for design of Kshs 18,498,450.00 to AfDB which was approved on 25th April, 2024. The additional costs for supervision not admissible for lumpsum contracts  Total payments processed - Kshs 101,224,938.75 - 83.9%  Total payments received – Kshs 101,224,938.75	None
Consultancy Services for Design Review and Supervision of Limuru and Kikuyu Water Supply and Sewerage Project	Design review, tender documentation and construction supervision of water and sewerage works <b>Cost of Contract</b> Kshs 112,967,276 exclusive of indirect taxes	Consultant submitted a claim for additional costs claims as follows <ul style="list-style-type: none"> <li>• Designs -Kshs 16,466,265.00</li> <li>• Supervision -Kshs 128,101,446.00</li> </ul> AWWDA submitted a report on additional costs for design of Kshs 11,248,750.00 to AfDB which was approved on 25th April, 2024. The additional costs for supervision not admissible for lumpsum contracts  Total payments processed - 112,967,275.95 - 100% Total payments received – Kshs 112,967,275.95	None
Consultancy Services for Design Review and Supervision of Kiambu and Ruaka Water supply and Sewerage Project	Design review, tender documentation and construction supervision of water and sewerage works <b>Cost of Contract</b> Kshs 95,808,014.50 exclusive of indirect taxes	Consultant submitted a claim for additional costs claims as follows Designs -Kshs 14,194,735 Supervision -Kshs 103,020,000  AWWDA submitted a report on additional costs for design of Kshs 12,544,484.50 to AfDB which was	None

Project Name	Consultancy Scope	Progress to date	Challenges
		approved on 8th April 2024. The additional costs for supervision not admissible for lumpsum contracts  Total payments processed - Kshs. 88,695,117.40 - 92.6% Total payments received – Kshs 88,695,117.40	
Consultancy Services for Design Review and Supervision of Makutano water and sanitation project	Design review, tender documentation and construction supervision of water and sewerage works. The cost of the contact Kshs 74,115,000.00 exclusive of VAT	Consultant has submitted a claim for additional costs for designs and supervision amounting to Kshs 45,375,166.67 which is under review. Total payments received – Kshs 47,565,500 - 64.2%	None
Consultancy Services for Environmental & Social Compliance Audit	Consultancy Services for Environmental & Social Compliance Audit  Cost: Kshs. 18,000,000.00  Start Date: 22 <sup>nd</sup> June, 2023 End Date:22 <sup>nd</sup> June, 2025	Services ongoing, Audit reports submitted to the bank on 15th January 2024.  Payments processed – KES.18,000,00.00	None
Consultancy Services for Baseline and Customers Identification Survey for Kenya Towns Sustainable Water and Sanitation Services – Athi Cluster	Consultancy Services for Baseline and Customers Identification Survey for Kenya Towns Sustainable Water and Sanitation Services – Athi Cluster  Cost: Kshs. 11,990,115.00  Start Date: 13 <sup>th</sup> October, 2022 End Date:13 <sup>th</sup> June, 2024	All the deliverables under the consultancy have been submitted  Payments processed – Kshs. 11,990,115.00	None
Consultancy Services for Evaluating Faecal Sludge Management (FSM) Institutional Arrangements, Service Delivery Mechanisms and Preparation of FSM Institutional Framework for Mavoko, Kitengela, Ngong, Kajiado and Ongata Rongai Townships	Consultancy Services for Evaluating Faecal Sludge Management (FSM) Institutional Arrangements, Service Delivery Mechanisms and Preparation of FSM Institutional Framework for Mavoko, Kitengela, Ngong, Kajiado and Ongata Rongai Townships  Cost Ksh. 4,900,000.00 Start Date: 27 <sup>th</sup> July, 2023 End Date: 31st December 2024	All deliverables have been submitted.  Processing of payment in progress at AWWDA.	None

Project Name	Consultancy Scope	Progress to date	Challenges
Monitoring and Evaluation of Kenya Towns- Athi Cluster Projects	Monitoring and Evaluation of Kenya Towns- Athi Cluster Projects  Start Date: November 2021 End Date: 31st December 2025 (Proposed completion date Under review at AfDB  Cost: Kshs 13,040,000	Quarterly progress reports submitted for the programme  Total payments processed – Kshs 9,191,180 - 65%	None
Project Communication & Documentary	Project Communication & Documentary  Start Date: August 2019 End Date: December 2023  Cost: Kshs 33,504,343	Total payments processed – Kshs 5,025,651 - 15% Consultancy for Hill & Knowlton East Africa Ltd terminated.  Procurement for an individual consultant completed and contract signed	Contract was terminated at 15 % progress. Fresh procurement has been initiated.
Consultancy Services for Capacity Building of Athi Cluster Water Works Development Institutions	Start Date: 2 <sup>nd</sup> June, 2022 End Date: 2 <sup>nd</sup> December, 2023  <b>Scope of services</b> • Capacity building for Athi cluster WWDAs • Training Needs Assessment for Athi Cluster WWDAs • Preparation of training plan on capacity building for Athi Cluster WWDAs • Preparation of semi-annual reports on capacity building for Athi Cluster WWDAs Cost: Kshs. 30,000,000	Submission of Two No. semi-annual evaluation reports on Capacity Building for Athi Cluster WWDAs not yet submitted.  Total payment processed – Kshs. 18,000,000.00 60%	Delayed remittance of TNAs by counties and WSPs
Consultancy Services for Capacity Building of Athi Cluster Water Works Development Institutions	Start Date: 2 <sup>nd</sup> June, 2022 End Date: 2 <sup>nd</sup> December, 2023  <b>Scope of services</b> • Implementation of County Engagement Strategy • Capacity building in regulation (training, networking and benchmarking)	All activities completed  Total Payment processed – Kshs. 30,000,000.00 – 100%	None

Project Name	Consultancy Scope	Progress to date	Challenges
	<ul style="list-style-type: none"> <li>• Strengthening of inspectorate services: Procurement of Part Time Inspectors</li> <li>• Implementation of Communication Strategy – outreach to stakeholders and media advocacy</li> </ul> <p>Contract price Kshs. 38,000,000 exc. of VAT</p>		
<p>Consultancy Services for Development of Sub-Catchment Management Plans for Selected Areas and Capacity Building of WRA Staff and WRUAS</p>	<ul style="list-style-type: none"> <li>i) Develop a methodology and implementation plan of the task assigned and present an inception report detailing the understanding of tasks, methodology and the expected outputs for concurrence with WRA</li> <li>ii) To guide the process of SCMP development and provide technical expertise including prepopulating data and strategic guidance, technical advisory, planning and management</li> <li>iii) Develop key priority activities for implementation of SCMPs that have direct impact on water supply in terms of conservation quality and quantity in enhancing sustainability in water supply</li> <li>iv) Mobilize and build capacity of WRUAs within the prioritized sub catchments. This is important because SCMPs are developed by WRUAs thus the need to identify some of the WRUAs, need for strengthening and rejuvenate them to enhance their capacity to develop and implement SCMP in line with WDC</li> <li>v) Dissemination of SCMPs to stakeholders to create awareness on the contents of the SCMP on water resources</li> <li>vi) Develop SCMP that incorporate measures on Climate Change Adaptation and cooperative management of use of water resources</li> </ul>	<p>Total payment processed Kshs. 12,193,800 – 100%</p>	<p>None</p>

Project Name	Consultancy Scope	Progress to date	Challenges
Development of County Atlases (Kericho, Kajjado and Embu) for WASREB	Development of County Atlases (Kericho, Kajjado and Embu) for WASREB  Start Date: September 2021 End Date: May 2023  Cost: Kshs 5,000,000.00.	Draft report and maps of all schemes submitted to WASREB. Due to delay in revision of draft reports by the consultant, WASREB undertook the assignment under different modalities. Contract has been terminated and closed Total payments received – Kshs 1,000,000 - 20%	Contract terminated

**Independent Panel of Experts-AWWDA**

	Consultancy Scope	Progress to date	Challenges
IOANNIS KARAVOKYRIS ANGELINA NDUTA MWENDE GEORGE T. DOUNIAS LJILJANA SPASIC-GRIL	The Independent Panel of Experts is on course Amounts disbursed by the IPE's for certificates 1-4 are; Ioannis Karavokyris-Kshs 4,270,695.43 Angelina Nduta- Kshs 1,767,806.00 George T. Dounias- Kshs 4,428,002.58 Ljiljana Spasic-Gril- Kshs 10,159,383.23	<ul style="list-style-type: none"> <li>6<sup>th</sup> Mission Report submitted and shared.</li> <li>7<sup>th</sup> and final Mission for the IPE to be scheduled by September 2025.</li> </ul>	<ul style="list-style-type: none"> <li>The contract is on course</li> </ul>

**Progress projects in TAWWDAs area**

Project Name	Project Scope	TIMELINES	Progress to date	Challenges
	<b>Works</b>			
Machakos Water Supply Project	<b>Scope of works</b> <ul style="list-style-type: none"> <li>Construction of Miwongoni 15 m high Earth fill Weir with, storage capacity 2.2 Mm<sup>3</sup>.</li> <li>New Miwongoni Treatment Works of capacity 10,000 m<sup>3</sup>/d.</li> <li>88.309 km raw and treated water mains.</li> <li>3 Storage tanks</li> <li>Rehabilitation works for Maruba Dam and Treatment works.</li> </ul>	<b>Start Date:</b> 8th March, 2021  <b>End Date:</b> 9th October 2025	Progress is at 79.3% <ul style="list-style-type: none"> <li>New Maruba WTP-complete</li> <li>3 No. Water storage tanks complete</li> <li>Laid 88.309km of pipes</li> <li>9km Iveti rising main –100%</li> <li>Works at Machakos water office complete and in use</li> <li>10 BHs drilled and equipped</li> <li>Rehabilitation works – 100%.</li> </ul>	<ul style="list-style-type: none"> <li>Delays in Land Acquisition of site for the Miwongoni dam</li> <li>Delay in KPLC Connection</li> </ul>

Project Name	Project Scope	TIMELINES	Progress to date	Challenges
	<p><b>Works</b></p> <ul style="list-style-type: none"> <li>• Installation of 1500 customer connections</li> <li>• 11 No BHs</li> <li>• Rehabilitation works</li> <li>• Office Block</li> </ul> <p>Cost – Kshs 1,266,913.541.76</p>		<ul style="list-style-type: none"> <li>• 976 No consumer connections completed</li> <li>• WTPs interconnection works – 98%</li> </ul>	
Machakos Sewerage Project Scope of works	<p><b>Scope of works</b></p> <ul style="list-style-type: none"> <li>• Construction of 1 No. wastewater treatment plant capacity 12,500m<sup>3</sup>/day</li> <li>• Laying of 65km trunk and lateral lines within Machakos Town and Environs</li> <li>• Rehabilitation of the existing sewer networks</li> <li>• Construction of 4 Nr. Sanitation Blocks</li> <li>• 3,000 individual sewer connections</li> <li>• Purchase of 1 Nr sewage exhauster truck</li> </ul> <p><b>Cost:</b> Kshs 1,093,443,531.38</p>	<p>Start Date: 15th June,2020</p> <p>End Date: 14th December 2025</p>	<p>Progress is at 91%</p> <ul style="list-style-type: none"> <li>• 52.82km sewer lines completed</li> <li>• 4No ablution blocks completed</li> <li>• Construction of STP at 71.7% - construction of inlet, primary, secondary sedimentation tanks, Sludge drying beds, Trickling filters, Laboratory, Admin building substantially complete</li> <li>• Electromechanical Equipment delivered</li> </ul>	Hard rock excavation along the trunk sewer alignment
Mwala – Mbiuni Water Supply and Sewerage Project	<p><b>Scope of works</b></p> <ul style="list-style-type: none"> <li>• i. Construction of 2m RC Weir.</li> <li>• Construction of Ndarugu Water Treatment Works of Capacity 6,600m<sup>3</sup>/d.</li> <li>• 1km raw main to Gatwanyaga Water treatment plant</li> <li>• Laying 120km Water Lines.</li> <li>• Construction 3 Nr Storage tanks.</li> </ul> <p>Contract sum Kshs 1,473,077,891.78 exclusive of VAT</p>	<p>Start Date: 14<sup>th</sup> December 2023</p> <p>End Date: 14<sup>th</sup> December, 2025</p>	<p>Progress is at 78%</p> <ul style="list-style-type: none"> <li>• Intake Works – 90%</li> <li>• Raw Water Main – 76%</li> <li>• Transmission mains – 98%</li> <li>• Distribution lines – 98%</li> <li>• Construction of WTP at 90%</li> <li>• 1000m<sup>3</sup> Muthei tank – 90%</li> </ul>	Inadequate counterpart for land acquisition

Project Name	Project Scope	TIMELINES	Progress to date	Challenges
	<b>Works</b>			
Last mile connectivity (Kitui and Matuu)	<b>Scope of works</b> 40km water distribution lines 40km Sewer lines Cost – Kshs 860m	Start Date: July 2020 End Date: 31st December 2023	Progress stalled at 44%  97.8km of water distribution lines have been laid. Construction of Matuu water treatment plant at 50% complete Construction of Unoa-Wote water tank at 90% progress Termination of works in progress AfDB issued a No Objection for termination AG has given a go ahead to terminate Final measurements undertaken	<ul style="list-style-type: none"> <li>• Slow process of preparation of final valuation.</li> <li>• Contractor has not signed the joint measurement slowing down the process</li> <li>• New Tender documents being finalized to facilitate relaunching of the procurement</li> </ul>

Consultancies		
Project name	Progress	Challenges
Feasibility study, detailed design and tender documentation for Mwanja/Miwongoni	The consultant has submitted all deliverables under the contract and all payments have been fully made.	None
Consultancy for Oloolotikosh-Kitengela - Kajjado water supply and sanitation project. Oloolotikosh Dam water supply studies.  Contract sum; Kshs. 102,952,533.00 (Exclusive of VAT)	Final design reports, ESIA and RAP reports were submitted and presented on April 2024.  All payments were processed and fully paid.	None
Consultancy services for design and supervision of Mwala cluster water and sanitation.	Consultant was reengaged and his addendum approved to supervise the new contract Total payments received – Kshs 72,524,120 – 72.5%	None
Consultancy services for design review and construction supervision of Machakos water and sewerage works.	Component 1 payments have been fully made. The contract is on course. Consultant has submitted a claim for additional costs for	None

Consultancies		
Project name	Progress	Challenges
	<p>designs and supervision amounting to Kshs 34,755,395.32 which is under review.</p> <p>Total payments received – Kshs 83,554,450 and 353,590 - 83.8% &amp; 91.9%</p>	
<p>Consultancy Services for Design Review and Supervision of Kitui and Matuu Towns Last mile connectivity for Water Supply and Sanitation Works.</p>	<p>Provision of services for supervision stopped by the consultant and handed over to TAWWDA</p> <p>Consultant has submitted a claim for additional costs for designs and supervision including alignment of contract from 9 months to 18 months amounting to Kshs 102,151,016.18 which has been submitted to AfDB. Bank issued comments on contract status. To be concluded after closure of works contract</p> <p>Total payments received – Kshs 32,265,550 - 45%</p>	None
<p>Consultancy Services for Carrying out Feasibility Studies for proposed Ongata Rongai, Ngong and Mavoko Sewerage Infrastructure Project in Tanathi Water Works Development Agency Area</p> <p>Contract sum: Kshs. 37,272,100.00 exclusive of VAT.</p>	<p>Final design reports submitted. ESIA and RAP reports submitted. Final payments under the consultancy processed</p> <p>Total payments processed – Kshs 33,544,890 – 90.1%</p>	None
	<b>Goods</b>	
<p>Supply, Delivery and Installation of an Integrated Enterprise Planning (ERP) System for Tanathi Works development Agency (formerly Tanathi Water Services Board).</p>	<p>The contract is on course and had disbursed up to Kshs 43,465,517.25</p>	None

Progress of contracts under CWWDA's area

Project Name	Project Scope	Timelines	Progress to date	Challenges
	<b>Works</b>			
Construction of Changamwe Repooling water works	<p><b>Scope of works</b> Rehabilitation of approx. 800m of trunk mains</p> <p>Rehabilitation of approx. 9km secondary sewer network</p> <p>Extension of secondary sewer network- Approx. 6 km</p> <p>Construction of approx. 303 No. manholes</p> <p>Cost – Kshs 204,483,295</p>	<p>Start Date: 14th December 2018</p> <p>End Date: 14th January 2022</p>	<p>Stalled at 18.2%</p> <p>3.1km sewers have been laid</p> <p>73 Nr. Manholes have been constructed.</p> <p>Hearing concluded on 4th October 2024. Hearing was set for 28th Nov 2024 to confirm submission and set date for award.</p> <p>This never took place due to unforeseen circumstances. New date will be set</p> <p>ADR has been initiated.</p>	Slow process of arbitration
Pemba Water Supply Project	<p><b>Scope of works</b></p> <p>Rehabilitation of Dam/weir and spillway</p> <p>Installation of new raw water intake</p> <p>Installation of new raw water pumping station and rising main</p> <p>Construction of new conventional water treatment plant of 3,000m<sup>3</sup>/day capacity</p> <p>Construction of new houses for Operators</p> <p>Construction of operation/ lab and chemical stores00</p> <p>Cost: Kshs 324,692,264.99</p>	<p><b>Start Date:</b> 13th December 2018</p> <p><b>End Date:</b> 20th February 2023</p>	<p>Project Complete and operational.</p> <p>Approximately 300No. Household connections served in the service jurisdiction.</p> <p>Pending evaluation of contractor's submission of claim for extended testing – to be paid by Gok</p>	None.
Construction Works for Water Distribution for Malindi/Watamu	<p>Construction of Water Distribution pipelines (90mm - 400mm, Approx. 26kms)</p> <p>Household connections approx. 300</p>	<p><b>Start Date:</b> 26th August 2020</p> <p><b>End Date:</b> 30th December 2023</p>	<p>Substantially complete and operational at 93%</p> <p>27km of water distribution pipelines have been laid.</p> <p>Fittings delivered and installed</p>	None

Project Name	Project Scope	Timelines	Progress to date	Challenges
			105 household connections out of 300No. have been installed.  Contract awarded for additional works under post review modalities.  To commence on 1st August 2025	
	<b>Services</b>			
<b>Consultant Name</b>		<b>Details</b>		
Interconsult Consulting Engineers		Consultancy Services for Design Review and Supervision of Pemba and Changamwe re-pooling Water supply and Sewerage Project. The contract disbursed up to Kshs 53,040,000 - 65%		Contract on course
Interconsult Engineers Limited		Consultancy Services for Design Review and Supervision of Watamu project. Consultant has submitted a claim for additional costs for designs and supervision amounting to Kshs 11,700,000.00. This was returned to the Consultant for further justification. The contract had disbursed up to Kshs 28,747,500 - 91.6%		Contract on course

iii) Indicate the absorption rate for each year since the commencement of the project.

Financial Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/2025	Total
Budget (Kshs)	1,841,623,500	1,650,000,000	1,925,000,000	1,896,000,000	2,031,809,471	1,182,000,000	1,851,100,000	12,377,532,971
Utilization (Kshs)	1,148,706,307	1,056,326,353	1,411,899,171	1,431,998,611	1,982,192,367	1,523,212,830	2,361,134,175	10,915,469,814
<b>Absorption Rate</b>	<b>62%</b>	<b>64%</b>	<b>73%</b>	<b>76%</b>	<b>98%</b>	<b>129%</b>	<b>128%</b>	<b>88%</b>

iv) List the implementation challenges and recommend the next steps.

The following are the major challenges that have faced the project:

- Delayed payment of the Contractors' IPCs affecting their cashflow.
- Delay in Land Acquisition affecting site handover and progress of works
- Inadequate allocation of counterpart funding for RAP implementation

- *Non-Performance of some contractors*
- *Lengthy litigation processes delaying contract processes*

*AWWDA together with the Ministry of Water Sanitation and Irrigation are engaging closely to provide the funds for compensation for Gatundu and Machakos Water projects. Additionally, the Ministry has engaged the parties in mid to end the litigation issues surrounding Changamwe while at the same time engaging the stakeholders for amicable closure of Kitui Matuu Project.*

**2.9 Summary of Project Compliance:**

*The project performed all its activities ensuring compliance with applicable laws and regulations, including the treasury circulars on project investment management, PFM Act 2012 and the attendant regulations. Further all the activities undertaken are aligned to the financing agreement covenants between the GoK and the African Development Bank (AfDB).*

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

#### Introduction

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

The key development objectives of the Kenya Towns Sustainable Water Supply and Sanitation Program- Athi cluster *is* to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns in the Athi cluster's areas of jurisdiction.

#### Progress on attainment of Strategic development objectives

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

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

Project	Objective	Outcome	Indicator	Performance
Kenya Towns Sustainable Water Supply and Sanitation Program	To improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns	1000km	Length of water pipes laid	540.2km
		20	No of water treatment plants constructed/upgraded	3 (5 ongoing)
		17	No. of intake structures constructed /rehabilitated	2(6 ongoing)
		500km	Length of sewer pipes laid	293km
		17	No. of waste water treatment plants constructed/upgraded	1 (2 ongoing)
		67	No. of ablution blocks constructed	6
		11, 19	No. of laboratories constructed, supplied with equipment	2 Lab constructed (6 ongoing) 4 Labs supplied with equipment.
		7	No. of exhausters procured	0
		800 (at least 30% women)	No. of WSP/WSB staff trained	52
		20	No. of climate mainstreamed WSP business plans developed/revised (gender-informed)	0
		12	No. of studies prepared for future investments	3

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

The program is expected to generate positive environmental and socio-economic impacts because of increased access to water and sanitation services. The water supply and sanitation service investments under the program includes infrastructure for water supply including last mile connectivity, wastewater management, upstream activities to ensure sustainability of investments (catchment management for selected sites, community outreach, water quality and quantity monitoring, etc.) and enhanced downstream productive water uses to ensure investment performance.

Key benefits for the project include: (i) spurred economic and employment opportunities leading to socio-economic development of the towns; (ii) increased educational enrolment and attendance for children; (iii) improved household health status; (iv) time savings to engage in other productive activities (women); (v) enhanced climate resilience status of the population and environment; and (vi) reduction in the potential for conflicts in water-stressed areas.

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

In order to ensure sustainability of all the projects developed under the program, the implementing Agency has ensured the following:

- (i) Involvement of the county government and the beneficiary WSPs during planning and implementation of the projects
- (ii) The program has incorporated training for the WSPs and county government officials on operation and maintenance of the systems
- (iii) For sustainability, most of the developed projects use gravity as opposed to pumping thereby reducing energy costs
- (iv) For quick impact, most the projects have a component on last mile connectivity to enhance the WSPs revenue generation capabilities.
- (v) Solarization of the systems have the potential to reduce energy costs for the WSPs hence enhancing their financial sustainability.

##### **2. Environmental performance**

For environmental sustainability the project had identified the risks for the various projects as well as adequate mitigation measures for the same. In adherence to the said measures, all the projects implemented under the program have environmental impact assessments done and licenses issued for each. Additionally, the implementation ensured compliance to the project appraisal mitigation measures as detailed below:

- For sewerage projects including Limuru, Kiambu, Kikuyu, Gatundu and Makutano, the project has ensured that the manholes are able to withstand the loads.
- Additionally, sewerage projects ensure that waste water is collected and safely treated before discharging hence improving the quality of river water

- In projects where we have done Weirs i.e., Kiambu Ruaka, Pemba, Mwala and Gatundu, measures have been put in place to ensure that there is enough storage during flooding so as to maintain environmental flows throughout the year.
- In the implementation of the projects we have embraced use of renewable solar energy thereby reducing the carbon footprint

### **3. Employee welfare**

The project team comprises of AWWDA's staff hence the applicable welfare issues are guided by the institutional policies.

AWWDA always ensures that all the project activities are carried out in line with the Occupational Safety and Health Act of 2007 (OSHA).

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

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

The Agency has put in place systems that the project respects the terms and conditions of contract. This brings about good partnership and effective project delivery. Some of the practices within the project that ensure good business practices, responsible treatment of suppliers including honouring of contracts and respect to payment terms include:

- i. **Contract Negotiation/Pre-contract Clarification:** The Agency engages in fair and transparent contract negotiations with its suppliers. Contracts clearly outline the terms and conditions, including the scope of work, pricing, delivery schedules, quality requirements, and any other relevant details.
- ii. **Compliance with the Terms and Conditions of Contract:** Once contracts are entered into, the Agency adheres to the agreed-upon terms. This includes fulfilling its obligations on timely payments by ensuring prompt and timely payment to suppliers, consultants and contactors to maintain a good relationship. Delays in payments can cause financial strain on these service providers, impacting their ability to implement projects efficiently.
- iii. **Clear Payment Policies:** In compliance with the Agency's service charter, there's clear payment policies that specify payment terms, mode, and timelines which are agreed upon during contract negotiations. The Agency has also invested in automated payment systems ERP that streamline the payment process, reducing the chances of errors and delays for projects.
- iv. **Whenever there are delay in payment, an open and transparent communication channel is maintained.** If any payment delays are anticipated, the organization informs the suppliers in advance and works together to find a mutually acceptable solution.
- v. **Early Payment Programs:** The agency offers early advance payments to suppliers who may benefit from faster access to funds upon presentation of an advance payment guarantee.

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

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

**b) Responsible ethical practices**

AWWDA has ensured that responsible competitive practices within the Agency are practised by promoting ethical behaviour, transparency, and compliance with relevant laws and regulations i.e., PPADA ACT 2015 and its Attendant Regulations, donor funded Rules and Procedures governing Procurement of Goods Works and Services, Executive Orders and Circulars issued from time to time by the NT, and Regulator PPRA.

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

**Code of Conduct and Ethics:** The Agency has established a comprehensive code of conduct that clearly outlines the expected behaviour of all staff during implementation of projects. All staff deployed to the projects, contractors engaged by the institution and other stakeholders are required to uphold the highest ethical standards.

**Compliance reporting:** The Agency Prepares statutory compliance reports to the Various Regulatory Bodies on projects i.e., PPRA, NT, and EACC and reports all the awarded contracts through the PPIP Portal (Public Procurement and Information Portal) which is accessible by the public with disclosures of Beneficial Ownership Information for all awarded contracts. Quarterly reports are also submitted to donors who finance projects and for monitoring of compliance with the financing agreement.

Projects teams are expected to comply with the principles guiding public employees and restriction towards involvement in any political activities. However, good working relationship with all stakeholders including political leaders within projects areas is encouraged as part of public participation towards project delivery.

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

**c) Regulatory impact assessment**

Article 10(2) of the CoK, 2010 indicates that public participation is among the national values and principles of national governance. As such, citizens and stakeholder rights need to be upheld in implementation of projects. The Agency

endeavours to comply with the requirements of the constitution and all the other laws that safeguard citizen and stakeholder's rights and as part of its commitment to achieve the same, the following is practiced in projects:

The Agency ensures projects are scoped in consultation with the citizens' through public participation and engagement. During contracting, procurement is done through open and competitive process ensuring transparency and once contract is signed a framework of continuous monitoring of projects is established to ensure value for money and that the set objectives of the project are fully met, delivered within the set timelines and the set budgetary allocation.

Incorporating initiatives such as Buy Kenya Build Kenya in its performance targets which go a long way in support of local citizens and brings about sustainability of the local industries and involvement of the local communities and stakeholders in the projects. The AGPO programme promotes and safeguards marginalized groups which includes; Youth, Women and Persons living with disability to be able to participate in projects, this brings about diversity and inclusion of small and minority-owned businesses.

#### **5. Community Engagements**

During the 2024/2025FY AWWDA continued to ensure enhanced access to water and sanitation across our area of jurisdiction as well as across the program area of coverage

## 5. Statement of Project Management Responsibilities

The *Chief Executive Officer* for Athi Water Works Development Agency and the *Project Manager* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 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.

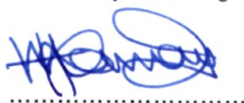
The *Chief Executive Officer* for Athi Water Works Development Agency and the *Project Manager* accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Chief Executive Officer* for Athi Water Works Development Agency and the *Project Manager* 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 *Chief Executive Officer* for Athi Water Works Development Agency and the *Project Manager* 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.

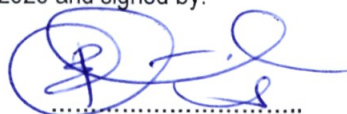
The *Chief Executive Officer* for Athi Water Works Development Agency and the *Project Manager* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used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

### Approval of the Project Financial Statements

The Project financial statements were approved by the *Chief Executive Officer* for Athi Water Works Development Agency and the *Project Manager* on 8<sup>th</sup> September 2025 and signed by:



Name: Eng. Joseph Kamau  
*Chief Executive Officer*



Name: Eng. Bonnie Nyandwaro  
*Project Manager*

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON KENYA TOWNS SUSTAINABLE WATER SUPPLY AND SANITATION PROGRAM - CREDIT NO. P-KE-E00-011 (AFDB LOAN NO.200200000501) FOR THE YEAR ENDED 30 JUNE, 2025 – ATHI WATER WORKS DEVELOPMENT AGENCY

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### 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; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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 Towns Sustainable Water Supply and Sanitation Program - AWWDA set out on pages 1 to 31, which

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Report of the Auditor-General on Kenya Towns Sustainable Water Supply and Sanitation Program - Credit No. P-Ke-E00-011 (AFDB Loan No.200200000501) for the Year ended 30 June, 2025 – Athi Water Works Development Agency

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 Towns Sustainable Water Supply and Sanitation Program - AWWDA 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 Loan Agreement No.2000200000501 dated 9 January, 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 Towns Sustainable Water Supply and Sanitation Program - AWWDA 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.

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2025 reflects a final receipts budget of Kshs.2,029,207,515 and actual on comparable basis of Kshs.2,501,293,894 resulting to a budgetary increase of Kshs.472,086,379 or about 23% of the Budget. Similarly, the Project spent Kshs.2,361,134,175 out of the approved expenditure budget of Kshs.2,029,207,515 resulting to an over expenditure of Kshs.331,926,660 or 16% of the budget.

Management prepared an unrealistic budget and the over expenditure of Kshs.331,926,660 was not budgeted for.

#### **2. Commitment Charges on Undrawn Loan Balances**

Kenya Towns Sustainable Water Supply and Sanitation Program commenced on January, 2017 after the Republic of Kenya entered into a loan agreement with African

Development Bank (ADB) for Kenya Towns Sustainable Water Supply and Sanitation Program on 9 February, 2017 and the last disbursement date was to end on 31 December, 2023. The project has since been extended twice and it is on its second extension that was granted on 25 April, 2023 extending the project closure date from 31 December, 2023 to 31 December, 2025. Review of the financial statements revealed that the donor had committed Kshs.12,866,688,298. However, the project had drawn Kshs.10,342,788,006 resulting to undrawn balance of Kshs.2,523,900,292 which attracted commitment charges of Kshs.6,309,750. Had the balances had been drawn in a timely manner, the commitment charges would have been avoided.

My opinion is not modified in respect of these matters.

## Other Matter

### Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under Emphasis of Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved some of the issues or given any explanation for failure to resolve them as at 30 June, 2025 as shown below:

Issues	Status
Inadequate budgetary allocation for land acquisition for works – Gatundu Water Supply and Sewerage Project	Clearance of compensation monies still pending

### Other Information

The Management is responsible for the Other Information set out on page iii to xxxvi which comprise of Project Information and Overall Performance Statement of Performance against Projects 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, I am required to report that fact. I have nothing to report in this regard.

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

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion

on Lawfulness and Effectiveness in the 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. Anomalies in the Implementation of Gatundu Water Supply and Sewerage Project**

The contract for construction of Gatundu Water Supply and Sewerage Project was awarded to an International Engineering company at a contract sum of Kshs.1,750,800,775 (VAT exclusive) and a contract duration of 18 months, starting 8 February, 2019, with an initial completion date of 8 August, 2020 and a 12-month defects liability period (DLP). As at the close of the financial year Kshs.1,499,638,596 had been paid. However, the project faced multiple extensions of time (EOTs) – from the original completion date of 8 August, 2020 to 31 August, 2025. The consultancy services contract for design and supervision was also extended to 31 December, 2025, including the Defect Liability Period. In addition, out of the out of the unremitted funds for land acquisition of Kshs.357,462,128, only Kshs.30,000,000 was remitted to National Land Commission for compensation leaving an outstanding amount of Kshs.327,462,128 yet to be remitted to the project as part of GOK counterpart funding.

Further, the administration office building which was completed in October 2024 was occupied by the staff on 4 November, 2024. However, there was no evidence provided to indicate that the project was officially handed over.

In the circumstances, there was delayed service delivery to the community and the lack of official handing over poses the risk of lack of accountability for defects.

### **2. Stalled Construction of Kitui and Matuu Town Last Mile Connectivity of Water and Sanitation Project**

Athi Water Works Development Agency (AWWDA) entered into a contract with a Company on 18 September, 2019 for the construction of last mile connectivity for water works in Kitui and Matuu towns. The contract was valued at Kshs.859,948,134 (exclusive VAT) and was originally scheduled for completion within 18 months. Works commenced on 11 March, 2020 with an initial expected completion date of 11 September, 2021. However, the contractor received two (2) extensions of time pushing the revised completion date to 31 December, 2022.

The contractor had been paid a total of Kshs.478,347,894 including an advance payment of Kshs.153,344,130. Despite these payments, the project had stalled at 36% completion as of December, 2022, against a time lapse of 213.9% of the original contract period. Further, the advance payment and performance guarantees submitted by the contractor were not genuine thus AWWDA was not able to liquidate the securities when the contract was terminated due to non-performance.

The advance payments totaled USD1,202,509.21 equivalent to Kshs.51,450,104. However, only Kshs.18,648,504 had been recovered through seven interim payment

certificates (IPCs). This left an unrecovered balance of USD1,202,509.21 equivalent to Kshs.32,801,599, exposing public funds to significant risk of loss.

In addition, three (3) motor vehicles procured under the project are currently at Tanathi Water Works Development Agency-TAWWDA, grounded. The bank gave a “no objection” to contract termination on 30 June, 2023 and the termination was subsequently, approved by the Attorney General on 28 August, 2023 vide letter ref: AG/CONF/21/8/70 Vol. II with advising AWWDA to proceed.

Physical verification conducted on 15 August, 2025 at the Matuu Water Treatment Plant at the NYS Camp revealed extensive vandalism, including cut reinforcement bars erosion from heavy rains and exposed substructure due to flooding from overflowing canal water. Further, The HDE pipes intended for the Project have been left unused and exposed under a tree in Yatta Water and Sanitation Company since 2023.

In the circumstances, value for money on the expenditure incurred on the project and efficient use of public resources could not be confirmed.

### **3.Delay in the Construction Works for Machakos Water Supply Project**

Tender number AWSB/AFDB/KTSWSSP/W/07-A/18 for construction of Machakos Water Supply Project was awarded to a Hydropower Construction Company on 14 December, 2018 at a contract price of Kshs.1,068,550,689 with a completion date of 13 December, 2020.As at the close of the financial year a total of Kshs.927,193,242 had been paid. However, the project completion date has since been revised five times through five (5) extensions of time thereby extending the completion date by 1,744 days to 9 October, 2025. In addition, five thousand cubic meters earth field embankment dam with a cost of kshs.150,151,128 has not been done due to land disputes.

In the circumstances, value for money on the expenditure of Kshs.927,193,242 on the Project could not be confirmed.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **Non-Compliance to Climate Change Regulations**

During the year under review, it was noted that Athi Water Works Development Agency being an implementing Agency (Employer) for Kenya Towns Sustainable Water Supply and Sanitation Program (KTSWSSP) did not develop strategies, laws and policies relating to climate change contrary to the Paris Agreement on Climate Change under the United Nations Framework. These policies are to address:

- i. Climate Change Action Plan and other implementation projections for its legislative and policy functions.
- ii. Establishment of a designated unit with sufficient staff and financial resources, along with appointing a senior officer to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions into sectoral strategies
- iii. Review of record-keeping practices requiring proper documentation of carbon emissions and credits, project outcomes, climate change action initiatives, and transparency of financial transactions.
- iv. Review the effectiveness of mechanisms implemented by the entity to regularly monitor and review the performance of integrated climate change functions.
- v. Review of stakeholder engagement to emphasize the importance of addressing the interests and needs of stakeholders, including local communities, to prevent conflicts and project disruptions.
- vi. Formulate annual reports submitted by to the Council, detailing the status and progress of performance and implementation of all assigned climate change duties and functions.

In the circumstances, Management did not comply with international commitments on climate change.

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 the provisions of the Financing Agreement - Credit No: P-KE-E00-011 dated 09 January, 2017 between the African Development Bank and the Republic of Kenya, except for the matters under Emphasis of Matter, Other Matter and the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, 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.

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 Program'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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the Program'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 ISSAI's 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**

**30 October, 2025**

**Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster  
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>		
Revenue Transfers	6	2,319,310,385
Miscellaneous Revenue	7	4,926,864
<b>Total revenue</b>		<b>2,324,237,249</b>
<b>Expenses</b>		
Employee costs	8	-
Use of goods and services	9	10,734,277
Depreciation and amortization expense	10	-
Transfer to other Government Entities	11	-
Other Transfers/Subsidies/Grants	12	-
Certified Works	13	7,852,000
<b>Total expenses</b>		<b>18,586,277</b>
<b>Other gains/(losses)</b>		
Gain/Loss on sale of assets	14	-
Gain/Loss on foreign exchange transactions	15	-
Impairment loss	16	-
<b>Surplus/ (deficit)</b>		<b>2,305,650,972</b>

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



Chief Executive Officer

Name: Eng. Joseph Mungai Kamau



Project Manager

Name: Eng. Bonnie Nyandwaro



Director Finance

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

*(Paragraph 79 of IPSAS 33 allows for the election by an entity 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.)*

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

	Note	2024/2025	1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	17	140,159,719	173,180,651
Receivables	18	290,938,626	580,523,611
Inventories	19	-	-
Prepayment	20	-	-
<b>Total Current Assets</b>		<b>431,098,345</b>	<b>753,704,262</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment- AWWDA	21	5,216,957,370	5,443,481,457
Property, Plant and Equipment- TAWWDA	21.1	3,625,746,265	2,434,843,398
Property, Plant and Equipment- CWWDA	21.2	259,027,705	588,870,228
Property, Plant and Equipment- WASREB	21.3	-	34,200,000
Intangible Assets	22	-	-
<b>Total Non- Current Assets</b>		<b>9,101,731,339</b>	<b>8,501,395,083</b>
<b>Total Assets (a)</b>		<b>9,532,829,684</b>	<b>9,255,099,344</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	23	262,763,113	764,880,839
Third Party Deposits	24	473,637,306	438,821,891
Deferred Income	25	-	-
<b>Total Current Liabilities</b>		<b>736,400,419</b>	<b>1,203,702,730</b>
<b>Total Liabilities (b)</b>		<b>736,400,419</b>	<b>1,203,702,730</b>
<b>Net Assets (a-b)</b>		<b>8,796,429,265</b>	<b>8,051,396,614</b>
<b>Represented By:</b>			
Accumulated Surplus		8,796,429,265	8,051,396,614
<b>Total Net Assets</b>		<b>8,796,429,265</b>	<b>8,051,396,614</b>

**Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

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The financial statements were approved on 8<sup>th</sup> September 2025 and signed by:



Chief Executive Officer

Name: Eng. Joseph Mungai Kamau



Project Manager

Name: Eng. Bonnie Nyandwaro



Director Finance

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

**Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

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

Description	Accumulated Surplus
	Kshs
<b>As at 30<sup>th</sup> June 2024 (Cash Basis)</b>	<b>173,180,651</b>
Adjustments: (to recognize assets and liabilities)	
Long term assets	8,501,395,083
Receivables	580,523,611
Creditors	(764,880,839)
Retention	(438,821,891)
<b>As at 1<sup>st</sup> July 2024</b>	<b>8,051,396,614</b>
Surplus/(Deficit) for the year	2,305,650,972
Transfers-AWWDA	(902,667,942)
Transfers- TAWWDA	(217,154,406)
Transfers- CWWDA	(374,295,974)
Transfers -WASREB	(66,500,000)
<b>As at 30<sup>th</sup> June 2025</b>	<b>8,796,429,265</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 8<sup>th</sup> September 2025 and signed by:



Chief Executive Officer

Name: Eng. Joseph Mungai Kamau



Project Manager

Name: Eng. Bonnie Nyandwaro



Director Finance

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

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

Description	Note	2024/2025
		Kshs
<b>Cashflow from operating activities</b>		
<b>Receipts</b>		
Revenue Transfers	<u>26</u>	45,833,332
Miscellaneous Revenue	<u>7</u>	4,926,864
<b>Total receipts</b>		<b>50,760,196</b>
<b>Payments</b>		
Employee costs		-
Use of goods and services	<u>9</u>	10,734,277
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		-
<b>Total payments</b>		<b>10,734,277</b>
<b>Net cash flow from operating activities</b>		<b>40,025,919</b>
<b>Cashflow from investing activities</b>		
Acquisition of non-financial assets	<u>27</u>	(91,046,851)
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
<b>Net cash flows from investing activities</b>		<b>(91,046,851)</b>
<b>Cash flow from financing activities</b>		
<i>Loan Revenue received in advance- Kenya towns capacity building</i>	<u>28</u>	18,000,000
<b>Net cash flow from financing activities</b>		<b>18,000,000</b>
Net increase/Decrease in cash and cash equivalents		(33,020,932)
<b>Cash and cash equivalent at 1<sup>st</sup> July 2024</b>		<b>173,180,651</b>
<b>Cash and cash equivalent at end June 2025</b>		<b>140,159,719</b>

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 %
<b>Revenue</b>	Kshs	Kshs	Kshs	Kshs	Kshs	
GoK Revenue Transfers	70,000,000	76,100,000	146,100,000	45,833,332	100,266,668	31%
Loan Transfers	1,450,000,000	205,000,000	1,655,000,000	2,260,614,370	(605,614,370)	137%
Grant	50,000,000	-	50,000,000	16,738,677	33,261,323	33%
Miscellaneous Revenue		4,926,864	4,926,864	4,926,864	-	100%
Fund Balance B/F		173,180,651	173,180,651	173,180,651		100%
<b>Total Revenue</b>	<b>1,570,000,000</b>	<b>459,207,515</b>	<b>2,029,207,515</b>	<b>2,501,293,894</b>	<b>(472,086,379)</b>	<b>123%</b>
<b>Payments</b>						
Employee costs						
Use of goods and services	70,000,000	(3,950,000)	66,050,000	41,835,761	24,214,239	63%
Acquisition of non-financial assets	1,500,000,000	463,157,515	1,963,157,515	2,319,298,414	(356,140,900)	118%
Depreciation and amortization expense	-	-	-	-	-	0%
Transfer to other Government Entities	-	-	-	-	-	0%
Other Transfers/Subsidies/Grants	-	-	-	-	-	0%
Certified Works	-	-	-	-	-	0%
<b>Total Payments</b>	<b>1,570,000,000</b>	<b>459,207,515</b>	<b>2,029,207,515</b>	<b>2,361,134,175</b>	<b>(331,926,661)</b>	<b>116%</b>
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140,159,719</b>	<b>(140,159,719)</b>	<b>7%</b>

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

**12. Notes to the Financial Statements**

**1. General Information**

Athi Water Works Development Agency is established by and derives its authority and accountability from Water Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Nairobi County, Kiambu County and Muranga County.

**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 entity 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 entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity 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 22<sup>nd</sup> August 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>Applicable 1<sup>st</sup> January 2025</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 Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster has leases and hence will not be affected by adoption of this standard.</b></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

**Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster  
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Standard	Effective date and impact:
	<p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b><i>Assets developed under the Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster are not for sale but are meant for service delivery to the citizenry hence will not be affected by adoption of this standard.</i></b></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><b><i>The principal objective of the Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster is to develop water and waste water infrastructure and all the assets are recognized on cost.</i></b></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>The Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster has reported all the assets on cost as the basis of measurement.</i></b></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:
<p>IPSAS 47- Revenue</p>	<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 entity shall apply to report useful information to</p>

**Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Standard	Effective date and impact:
	<p>users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b><i>The Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster will be affected by adoption of this standard since it is majorly financed by loan and support from the GoK. The uncertainty of government transfers affects the recognition of expenses funded by the same.</i></b></p>
<p>IPSAS 48- Transfer Expenses</p>	<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> <p><b><i>The Kenya Towns Sustainable Water Supply and Sanitation Program- Athi Cluster will be affected by adoption of this standard since it is majorly financed by loan and support from the GoK. The uncertainty of government transfers affects the recognition of expenses funded by the same.</i></b></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<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> <p><b><i>The project is managed by AWWDA's staff, it does not handle retirement benefits hence the adoption of this standard has not effect.</i></b></p>

***iii) Early adoption of standards***

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

#### **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 entity 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 Board on 26<sup>th</sup> January 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 entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of 27<sup>th</sup> August 2024 on the FY 2024/2025 budget following the Board's approval. The entity'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 6 under the Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025 of these 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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**Notes to the financial statements**

**d) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 Entity 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. The project did not have any assets held on leasehold basis.

**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.

**f) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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.

**Notes to the financial statements**

**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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification**

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

**Amortized cost**

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

**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 entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**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.

**Impairment**

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

**Financial liabilities**

**Classification**

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

**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 *Entity*.

**i) Provisions**

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

**Contingent assets**

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Entity* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**j) Nature and purpose of reserves**

The project did not have any reserves during the 2024/2025FY.

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

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

**Notes to the financial statements**

**l) Employee benefits**

**Retirement benefit plans**

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. The project has no retirement plan because all the project staff are employees of both the implementing and beneficiary Agencies.

**m) Foreign currency transactions**

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

**n) 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.

**o) Related parties**

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

**Notes to the financial statements**

**p) Service concession arrangements**

The *Entity* 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 *Entity* 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 *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**q) 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.

**r) 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.

**Notes to the financial statements**

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

The preparation of the *Entity'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.

**Estimates and assumptions.**

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

**Useful lives and residual 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 *Entity*.
- 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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

*(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

Notes to the financial statements

6. Revenue Transfers

Description	2024/2025 Kshs
<b>Unconditional Transfers</b>	
Transfers from GoK	23,333,332
Transfers from AfDB	2,295,977,053
<i>Other unconditional transfers</i>	-
<b>Total Unconditional Transfers (a)</b>	<b>2,319,310,385</b>
<b>Conditional Transfers</b>	
AfDB	
Transfers from Development partner 2	-
<i>Other conditional transfers (specify)</i>	-
<b>Total Conditional Transfers (b)</b>	<b>-</b>
<b>Total Transfers for the Year (a + b)</b>	<b>2,319,310,385</b>

(These are funds paid directly by the AfDB for the panel of experts' study which is a preparation for future financing)

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (Current FY)
	Kshs	Kshs	Kshs	Kshs
GoK	23,333,332	-	-	23,333,332
AfDB- Loan AWWDA	876,917,767	-	-	876,917,767
AfDB- Grant AWWDA	3,948,449			3,948,449
AfDB- loan TAWWDA	1,244,070,709			1,244,070,709
AfDB- Grant TAWWDA	21,062,683			21,062,683
AfDB- CWWDA	90,177,445			90,177,445
AfDB- WASREB	59,800,000			59,800,000
<b>Subtotal</b>	-	-	-	-
Deferred Income realized		-	-	-
Transfers in Kind	-	-	-	-
<b>Total</b>	<b>2,319,310,385</b>	<b>-</b>	<b>-</b>	<b>2,319,310,385</b>

Notes to the financial statements

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	4,926,864
<b>Total</b>	<b>4,926,864</b>

8. Employees Costs

The project is managed by full time employees of the implementing and beneficiary Agencies who do not draw any salaries from the project resources

9. Use of Goods and Services

Description	FY 2024/25
	Kshs
Utilities, supplies and services	-
Communication, supplies and services	113,032
Domestic travel and subsistence	6,943,480
Foreign travel and subsistence	-
Fuel and lubricants	-
General office supplies	-
Stationery, Printing, advertising, and information supplies	42,670
Land Acquisition costs	747,253
Office rent	-
Training payments	118,001
Hospitality supplies and services	162,342
Insurance costs	-
Specialized materials and services	1,811,264
Routine maintenance – vehicles and other transport equipment	-
Routine maintenance- other assets	-
Bank charges	796,235
<b>Total</b>	<b>10,734,277</b>

10. Depreciation and Amortization expense

The project did not have any depreciation and amortization expenses in the year

Notes to the financial statements

**11. Transfer to Other Government Entities**

The project did not make any transfers to any other government Agencies within the year

**12. Other Transfers/Subsidies/Grants**

The project did not have other transfers, subsidies or grants to other agencies

**13. Certified Works**

Description	FY 2024/25
	Kshs
Consultancy costs for studies	7,852,000
<b>Total</b>	<b>7,852,000</b>

**14. Gain/Loss on Sale of Assets**

The Project did not dispose any assets in the year

**15. Gain/Loss on foreign exchange transactions**

The project did not have any foreign exchange gain or loss during the year

**16. Impairment Loss**

The project did not incur any impairment loss in the year

**17. Cash and Cash Equivalents**

Description	2024/2025	1 <sup>st</sup> July
	Kshs	Kshs
Cash in Bank	140,159,719	173,180,651
Cash on hand	-	-
Others (Specify)	-	-
<b>Total Cash and Cash Equivalents</b>	<b>140,159,719</b>	<b>173,180,651</b>

**Project Bank Accounts**

Details	2024/2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Foreign Currency Accounts</b>		
N/A	0	-
Others (specify)	0	-
Total Foreign Currency balances	0	-
<b>Local Currency Accounts</b>		
NCBA [A/c No 6206720012]	140,159,719	173,180,651
Others (specify)	-	-
Total local currency balances	140,159,719	173,180,651
<b>Total bank account balances</b>	<b>140,159,719</b>	<b>173,180,651</b>

Notes to the financial statements

18. Receivables

Description	2024/2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
Receivable from GoK-Counter Part Funding	-	22,500,000
Contractor's Advance payments	290,938,626	558,023,611
Other Receivables (specify)	-	-
<b>Total Receivables</b>	<b>290,938,626</b>	<b>580,523,611</b>

Ageing analysis for Receivables

Description	2024/2025		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	0%	243,461,684	42%
Between 1- 2 years	96,697,837	%	-	%
Between 2-3 years		0%	-	%
Over 3 years	194,240,789	67%	337,061,927	58%
<b>Total (a+b)</b>	<b>290,938,626</b>	<b>100%</b>	<b>580,523,611</b>	<b>100%</b>

19. Inventories

The project did not have any inventories.

20. Prepayments

The project had no prepayments as at 30<sup>th</sup> June 2025

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Notes to the financial statements

21. Property, Plant and Equipment AWWDA

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (Plant and Machinery)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	25%	10%	331/3%	10%		
As At 1 July 2024 (opening balances)						
AWWDA					5,353,813,529	5,353,813,529
Transfers to various Agencies						0
Transfers AWWDA			-		-98,795,424	-98,795,424
Adjustments	-	-	-	-	-	0
Retention adjustment AWWDA					264,957,244	264,957,244
Advance adjustment AWWDA					-76,493,892	-76,493,892
<b>Subtotal Opening Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,443,481,456</b>	<b>5,443,481,456</b>
<b>Additions</b>						
AWWDA					607,447,138	607,447,138
<b>Subtotal additions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>607,447,138</b>	<b>607,447,138</b>
Transfers to AWWDA	-	-	-	-	-	-
<b>Subtotal Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-902,667,942</b>	<b>-902,667,942</b>
Adjustments	-	-	-	-	-	-
Retention adjustment AWWDA					- 7,797,174	- 7,797,174
Advance adjustment AWWDA					76,493,892	76,493,892
<b>Subtotal Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,696,717</b>	<b>68,696,717</b>
<b>Subtotal cost as at 30th June 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,216,957,370</b>	<b>5,216,957,370</b>
<b>Depreciation And Impairment</b>						
As at 1 July 2024	0	0	0	0	0	0
Depreciation charge for the year	0	0	0	0	0	0
Impairment loss	0	0	0	0	0	0
Transfers/ Adjustments to Intangible assets	0	0	0	0	0	0
<b>As At 30<sup>th</sup> June 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Values</b>						
Book Value as at 1st July 2024	0	0	0	0	5,443,481,456	5,443,481,456
<b>As at 30<sup>th</sup> June 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,216,957,370</b>	<b>5,216,957,370</b>

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21.1 Property, Plant and Equipment TAWWDA

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (Plant and Machinery)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	25%	10%	331/3%	10%		
As At 1July 2024 (opening balances)					2,847,796,224	2,847,796,224
Transfers to various Agencies						
Transfer to TAWWDA					-	-
Transfers/Adjustments	-	-	-	-		-
Retention adjustment TAWWDA					129,915,843	129,915,843
Advance adjustment TAWWDA					542,868,669	542,868,669
Subtotal Opening Balances	-	-	-	-	2,434,843,398	2,434,843,398
Additions	-	-	-	-		-
TAWWDA					1,145,335,732	1,145,335,732
Subtotal additions	-	-	-	-	1,145,335,732	1,145,335,732
Transfers/ Adjustments						
Transfers	-	-	-	-	217,154,406	217,154,406
Subtotal Transfers/ Adjustments	-	-	-	-	217,154,406	217,154,406
Adjustments	-	-	-	-		-
Retention adjustment TAWWDA					86,561,393	86,561,393
Advance adjustment TAWWDA					176,160,147	176,160,147
Subtotal Adjustments	-	-	-	-	262,721,540	262,721,540
Subtotal cost as at 30th June 2025	-	-	-	-	3,625,746,265	3,625,746,265
Depreciation And Impairment						
As at 1July 2024	-	-	-	-		-
Depreciation charge for the year	-	-	-	-		-
Impairment loss	-	-	-	-		-
Transfers/ Adjustments	-	-	-	-		-
As At 30 <sup>th</sup> June 2025	-	-	-	-		-
Net Book Values						
As at 1 <sup>st</sup> July 2024	-	-	-	-	2,434,843,398	2,434,843,398
As at 30 <sup>th</sup> June 2025	-	-	-	-	3,625,746,265	3,625,746,265

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21.2 Property, Plant and Equipment CWWDA

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (Plant and Machinery)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	25%	10%	331/3%	10%		
As At 1 July 2024 (opening balances)						
CWWDA	5,087,719			20,881,069	600,249,030	626,217,818
Transfers to various Agencies						
Transfer to CWWDA	-5,087,719			-20,881,069		-25,968,788
Transfers/Adjustments	-	-	-	-	-	0
Retention adjustment CWWDA					43,948,804	43,948,804
Advance adjustment CWWDA					-55,327,606	-55,327,606
<b>Subtotal Opening Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>588,870,228</b>	<b>588,870,228</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
CWWDA					73,971,308	73,971,308
<b>Subtotal additions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,971,308</b>	<b>73,971,308</b>
Asset Transfer to CWWDA					-374,295,974	-374,295,974
<b>Subtotal Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-374,295,974</b>	<b>-374,295,974</b>
<b>Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Retention adjustment CWWDA	0	0	0	0	-43,948,804	-43,948,804
Advance adjustment CWWDA					14,430,947	14,430,947
<b>Subtotal Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-29,517,857</b>	<b>-29,517,857</b>
<b>Cost as at 30<sup>th</sup> June 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>259,027,705</b>	<b>259,027,705</b>
<b>Depreciation And Impairment</b>						
As at 1 July 2024	-	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Values</b>						
As at 1 <sup>st</sup> July 2024	0	0	0	0	588,870,228	588,870,228
As at 30 <sup>th</sup> June 2025	0	0	0	0	259,027,705	259,027,705

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21.3 Property, Plant and Equipment WASREB

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (Plant and Machinery)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	25%	10%	331/3%	10%		
<b>As At 1July 2024 (opening balances)</b>						
WASREB	6,641,228				34,200,000	40,841,228
Transfers to various Agencies						-
Transfer to WASREB	- 6,641,228					- 6,641,228
Transfers/Adjustments	-	-	-	-	-	-
<b>Subtotal Opening Balances</b>	-	-	-	-	34,200,000	34,200,000
Additions	-	-	-	-	32,300,000	32,300,000
<b>Subtotal additions</b>	-	-	-	-	32,300,000	32,300,000
Asset Transfer to WASREB					- 66,500,000	- 66,500,000
<b>Subtotal Transfers</b>	-	-	-	-	- 66,500,000	- 66,500,000
Adjustments	-	-	-	-	-	-
N/A						-
<b>Subtotal Adjustments</b>	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-
<b>Depreciation And Impairment</b>						
<b>As at 1July 2024</b>	-	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-
<b>Net Book Values</b>						
<b>As at 1<sup>st</sup> July 2024</b>	-	-	-	-	34,200,000	34,200,000
<b>As at 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-

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**Notes to the financial statements**

**22. Intangible Assets**

The project did not have any intangible assets

**23. Trade and Other Payables**

Description	2024/2025		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	244,763,113		764,880,839	
Employee payables	-		-	
Other payables (Revenue received in advance)	18,000,000		-	
<b>Total trade and other payables</b>	<b>262,763,113</b>		<b>764,880,839</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>2023/2024</b>	<b>% of the Total</b>
Under one year	262,342,057	100%	764,880,839	100%
1-2 years	421,056	0%		0%
2-3 years	-	0%		0%
Over 3 years	-	0%		0%
<b>Total (tie to above total)</b>	<b>262,763,113</b>	<b>100%</b>	<b>764,880,839</b>	<b>100%</b>

(The trade payables relate to certified works and services which were enroute to AfDB by close of the FY as well as monies received in advance to facilitate operation training for project beneficiary counties and WSPs)

**24. Third-Party Deposits**

Description	2024/2025		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Contractor's Retention	473,637,306		438,821,891	
Gratuity	-		-	
Other deposits (specify)	-		-	
<b>Total deposits</b>	<b>473,637,306</b>		<b>438,821,891</b>	
<b>Ageing analysis: (Refundable deposits)</b>	<b>2024/2025</b>	<b>% of the Total</b>	<b>Comparative 2023/2024</b>	<b>% of the Total</b>
Under one year	107,589,645	23%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	366,047,662	77%	438,821,891	100%
<b>Total</b>	<b>473,637,306</b>	<b>100%</b>	<b>438,821,891</b>	<b>100%</b>

(The third-party deposits relate to retention monies unpaid to contractors and it is released 50% upon attainment of substantial completion of works and 50% upon project completion and handover).

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Notes to the financial statements

25. Deferred Income

The project did not have deferred during the period under review

26. Revenue Transfers- GoK Cash Revenue Received

Description	2024/2025
	Kshs
Transfers from GoK-counterpart for the year	23,333,332
Add: opening GoK receivable received in the year	22,500,000
<b>Cash receipts for GoK counterpart</b>	<b>45,833,332</b>

27. Acquisition of non-financial assets- Cash payments

Description	2024/2025
	Kshs
Land AWWDA	30,403,438
Land TAWWDA	31,862,160
Mwala works Kshs component for certificates 3-7	28,781,253
<b>Cash payments for asset acquisition</b>	<b>91,046,851</b>

28. Loan Revenue received in advance- Kenya towns capacity building

Description	2024/2025
	Kshs
Capacity Building for WWDAs, WSPs and Counties cert 1	6,000,000
Capacity Building for WWDAs, WSPs and Counties cert 2	12,000,000
<b>Capacity Building Cash Received in Advance</b>	<b>18,000,000</b>

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29. Cash Generated from Operations

Description	2024/2025
	Kshs
Surplus/Deficit for the year	2,305,650,972
Adjusted for:	
Depreciation	-
Non-cash expenses incurred	7,852,000
Non-cash grants received	(2,295,977,053)
Impairment	-
Gains and losses on disposal of assets	-
<b>Working capital adjustments</b>	
Increase in inventory	-
Increase in receivables	22,500,000
Increase in deferred income	-
Increase in payables	
Increase in payments received in advance	
<b>Net cash flow from operating activities</b>	<b>40,025,919</b>

30. Special Deposit Accounts

The project does not have a special account.

Notes to the financial statements

Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

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**Notes to the financial statements**

**Other related parties include:**

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

Description	2024/2025
	Kshs
<b>Transactions with related parties</b>	
<b>a) Sales to related parties</b>	
Sales of electricity to govt agencies	N/A
Rent income from govt. Agencies	N/A
Others (specify) e.g. interest and bank charges	N/A
<b>Total</b>	-
<b>B) purchases from related parties</b>	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Others (specify)	-
<b>Total</b>	-
<b>b) Grants /transfers from the government</b>	
Grants from national govt	45,833,332
Grants from county government	-
Donations in kind	-
<b>Total</b>	<b>45,833,332</b>
<b>c) Expenses incurred on behalf of related party</b>	
Payments of salaries and wages for xxx employees	-
Payments for goods and services for TAWWDA	31,862,160
<b>Total</b>	<b>31,862,160</b>
<b>d) Key management compensation</b>	
Directors' emoluments	-
Compensation to key management	-
<b>Total</b>	<b>77,695,492</b>

**Notes to the financial statements**

**31. Events after the Reporting Period**

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

**32. Ultimate And Holding Entity**

The Entity is a Semi-Autonomous Government Agency under the Ministry of Water Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

**33. Currency**

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

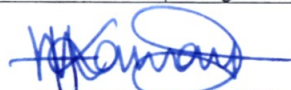
13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
<b>Emphasis of Matter</b>				
1.	<p><b>Budgetary Control and Performance</b> The statement of comparison of budget and actual Amounts for the year ended 30 June, 2024 reflects a final receipts budget of Kshs.1,416,700,335 and actual on comparable basis of Kshs.1,696,393,480 resulting to a budgetary increase of Kshs.279,693,145 or about 20% of the Budget. Similarly, the Project spent Kshs.1,523,212,830 out of the approved expenditure budget of Kshs.1,416,700,335.</p> <p>In the circumstances, the Management prepared an unrealistic budget and ended up incurring an over expenditure of Kshs.106,512,495 which was not budgeted for.</p>	The over-expenditure resulted from budget cuts which were effected bringing the budget below the already incurred expenditure. Requests for budget reinstatement were not actioned	Not resolved	
2.	<p><b>Inadequate Budgetary Allocation for Land Acquisition for Works-Gatundu Water Supply and Sewerage Project</b> The total amount earmarked for the land acquisition was Kshs.701,974,375. However, Kshs.344,512,247 has already been disbursed to various land owners who have then granted access to the contractor and works are ongoing. The outstanding balance of Kshs.357,462,128 is yet to be remitted to the project as part of GOK Counterparts funding for the year.</p> <p>In the circumstances, the project might be delayed owing to non-acquisition of land and hence the public might not get benefits from the project on time.</p>	The project has been making follow-ups with the Ministry for adequate GoK allocation to enable clearance of the pending compensation monies	Not resolved	December 2025
<b>Basis of Conclusion</b>				
1.	<b>Inconsistency in the Valuation of Assets</b>	This results from the variance between the two	Resolved	June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>Inconsistency in the Valuation of Assets The financial statements reflect an amount of Kshs.7,396,121,019 for fixed assets under summary of fixed assets as disclosed in Annex 5. The asset register provided for audit review confirmed that all fixed assets were recorded on an accrual basis of accounting.</p> <p>However, it was noted that assets funded by the donors were reported using the cash basis of accounting, making it difficult to determine their exact value in the financial statements of the project. In the circumstances, the correct value of the Project's fixed assets could not be confirmed.</p>	<p>accounting systems whereby projects are on cash basis while implementing agency is on accrual basis. A reconciliation between the two listing was done confirming correctness of both versions as the variances resulted from unpaid certificates.</p> <p>We further confirm that there will be no variances once the projects reporting shifts to accrual starting Fy 2024/25</p>		
2.	<p><b>Delayed Payment of Consultancy Services</b> The Project signed a contract to provide consulting services for baseline and customer identification survey at a contract sum of Kshs.11, 990,115 on the 13 October, 2022 for a period 12 months. An extension was given from 13 October, 2023 to 13 June, 2024 at no additional cost. However, it was noted that a balance payment of Kshs.3,594,035 had not been paid at the time of the audit.</p> <p>In the circumstances, failure to make timely payments is a violation of the contract terms and the consultant could take legal action for breach of contract. This might lead to disputes, penalties, or compensation claims against the project.</p>	The payment was paid on 31 <sup>st</sup> July 2024	Resolved	
3.	<p><b>Commitment Charges Payable on Undrawn Amounts</b> The Republic of Kenya entered into a loan agreement with African Development Bank (AfDB) for Kenya Towns Sustainable Water Supply and Sanitation Program whose original completion date was 31 December 2021. The AfDB agreed to finance a total of Kshs.12,469,205,010 to AWWDA, TAWWDA and CWWDA being Kshs.6,119,577,734, Kshs.5,211,725,247 and Kshs.1,137,902,029 respectively.</p>	The commitment charges will be greatly reduced because the project is closing by 31 <sup>st</sup> December 2025 and the undisbursed amounts are minimal.	Resolved	December 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>As a result of delays in project completion due to various factors such as delays in processing payments, delay in approving tax exemption certificates and delays in acquisition of land parcels and wayleaves among others, the project's completion date was revised to 31 December, 2025, as indicated in the project status report, leading to accrual of higher amounts of commitment charges. As at 30 June, 2024, a total of Kshs.7,652,878,756 had been received, and Kshs.4,816,326,255 was the undrawn amount for a period of about 7 years, leading to accrual of commitment charges amounting to Kshs.85,940,287.</p> <p>In the circumstances, had the project been completed on time, the commitment charges would have been avoided</p>			
4.	<p><b>Delayed Completion of Projects</b></p> <p>Reference to the signed contractual agreement indicate that the borrower is supposed to repay the principal of the loan following eight (8) years grace period commencing from the date of signature of the agreement, which was signed on 09 January, 2017, meaning the principal will become payable as from 09 January, 2025.</p> <p>Review of project status showed that the projects are at various levels of completion, with the overall project completion status being 67.9% as at 30 June, 2024. It was not clear whether the bank had granted additional time in the contract to allow the entity to complete the projects that were yet to be completed, and if not, the Country may find itself repaying loan amounts that have not been received for the outstanding projects.</p> <p>In the circumstances, public did not receive value for money that was budgeted for the Delayed Completion of Projects</p>	<p>The project is now at 85% progress and we confirm that all the ongoing contracts will have been completed by 31<sup>st</sup> December 2025 which is the expected project completion date.</p>	Resolved	December 2025



Name: Eng. Joseph Kamau  
Chief Executive Officer



Name: Eng. Bonnie Nyandwaro  
Project Manager

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

Receipts/Payments Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
<b>Revenue</b>	Kshs	Kshs	Kshs		
GoK Revenue Transfers	146,100,000	45,833,332	100,266,668	31%	This was caused by non-receipt of the allocated GoK counterpart
Loan Revenue Transfers	1,655,000,000	2,260,614,370	(605,614,370)	137%	The actual disbursements is inclusive of payments relating to opening creditors amounting to Kshs 764,459,733.52 Hence the project is within budget
Grant	50,000,000	16,738,677	33,261,323	33%	Due to budget constraints, the year closed before the payments could be submitted to AfDB for payment. They were processed after supplementary III and they have been reported under creditors
Miscellaneous Revenue	4,926,864	4,926,864	-	100%	Within Budget
Fund Balance B/F	173,180,651	173,180,651		100%	Within Budget
<b>Total Revenue</b>	<b>2,029,207,515</b>	<b>2,501,293,894</b>	<b>(472,086,379)</b>	<b>123%</b>	
<b>Payments</b>					
Employee costs					
Use of goods and services	41,900,000	41,835,761	64,239	100%	Within Budget
Acquisition of non-financial assets	1,987,307,515	2,319,298,414	(331,990,900)	117%	The variance is caused by the fact that actual disbursements are inclusive of opening creditors amounting to Kshs.737,610,249.77 and also the non-receipt of GoK counterpart for land acquisition
Depreciation and amortization expense	-	-	-	0%	
Transfer to other Government Entities	-	-	-	0%	
Other Transfers/Subsidies/Grants	-	-	-	0%	
Certified Works	-	-	-	0%	Within Budget
<b>Total Payments</b>	<b>2,029,207,515</b>	<b>2,361,134,175</b>	<b>(331,926,661)</b>	<b>116%</b>	
<b>Surplus or Deficit</b>	<b>-</b>	<b>140,159,719</b>	<b>(140,159,719)</b>	<b>7%</b>	

Annex 3: Reconciliation of inter-entity transfers

Project Name:				
Break down of transfers from the State Department of Water and Sanitation				
<b>a.</b>	<b>Government Counterpart funding</b>			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		10-Jul-24	22,500,000	2023/2024
		3-Oct-24	5,833,333	2024/2025
		17-Oct-24	5,833,333	2024/2025
		9-Dec-24	5,833,333	2024/2025
		21-Jan-25	5,833,333	2024/2025
		<b>Total</b>	<b>45,833,332</b>	
<b>B.</b>	<b>Direct payments</b>			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Various	764,459,734	2023/2024
		Various	1,494,893,313	2024/2025
		<b>Total</b>	<b>2,259,353,047</b>	
<b>C.</b>	<b>Others</b>			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		<b>Total</b>		
		<b>Total (A+B+C)</b>	<b>2,305,186,379</b>	

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

Annex 4: Other Support Documents

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2025
- ii. Board of Survey Report