



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY	
DATE:	08-MAR-2023 Thursday
TABLED BY:	Hon. Naomi Wagu, MP (Deputy Majority Whip)
CLERK-AT THE TABLE:	Joyce Kemelele

**THE AUDITOR-GENERAL**

**ON**

**HORN OF AFRICA GATEWAY  
DEVELOPMENT PROJECT  
(IDA CREDIT NO. 6768)**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**KENYA REVENUE AUTHORITY**



**KENYA REVENUE AUTHORITY**

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**

**PROJECT GRANT/CREDIT NUMBER. 6768 -KE**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2022**

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



# **HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**

*Annual Report and Financial Statements for the financial year ended June 30, 2022*

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## HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

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### 1. PROJECT INFORMATION AND OVERALL PERFORMANCE

#### 1.1 Name and registered office

**Name:** Horn of Africa Gateway Development Project.

**Objective:**

The key objective of the project is to improve the movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor and the capacity of selected transport related institutions in Kenya

**Address:** Times Towers Building, Nairobi County, Kenya.

**Registered office:**

Times Tower Building,  
Haile Selassie Avenue,  
P.O Box 48240-00100,  
Nairobi, Kenya.

**Contacts:**

Telephone: (254) 020-310900, 2810000, 315553  
E-mail: [callcenter@kra.go.ke](mailto:callcenter@kra.go.ke), [cic@kra.go.ke](mailto:cic@kra.go.ke)  
Website: [www.kra.go.ke](http://www.kra.go.ke)

#### 1.2 Project Information

Project Start Date:	7 <sup>th</sup> October 2020
Project End Date:	30 <sup>th</sup> June 2028
Project Manager:	Mr. Kenneth Mbobua (Chief Manager)
Project Accountant	Mr. Josephat Omondi (DC- Finance)
Project Coordinator:	Mrs Lilian Nyawanda (Commissioner of Customs & Borders Control)
Project Sponsor:	FCCA Githii Mburu, MGH, CBS (Commissioner General)

#### 1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the National Treasury
Project number	<b>6768 -KE</b>
Strategic goals of the project	The strategic goals of the project are Facilitation of Regional Trade and Transport which includes: -

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	<p>(a) Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.</p> <p>(b) Support harmonization of Customs and other border management functions, risk management and control procedures.</p> <p>(c) Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures.</p> <p>(d) Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.</p> <p>(e) Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya.</p> <p>(f) Provision of advisory services, training and capacity building activities to KRA.</p>						
Achievement strategic goals	<p>of The project management aims to achieve the goals through the following means:</p> <table> <tr> <td>Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.</td><td> <ol style="list-style-type: none"> <li>1. Procurement of Enhanced Enforcement Equipment- 3 Armored motor vehicles</li> <li>2. Upgrade of KRA LAN at various Customs Stations to support</li> <li>3. OSBP Baggage Scanners</li> </ol> </td></tr> <tr> <td>Support harmonization of Customs and other border management functions, risk management and control procedures.</td><td> <ol style="list-style-type: none"> <li>1) Geo-fencing of                             <ul style="list-style-type: none"> <li>-Isiolo- Modo Gashe Route</li> <li>-Modogashe – Elwak Route</li> <li>-Rhamu – to Mandera Route</li> </ul> </li> <li>2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs</li> </ol> </td></tr> <tr> <td>Support the use of ICT for revenue collection and for</td><td> <ol style="list-style-type: none"> <li>1. Radio Communications equipment</li> <li>2. Remote CCTV Surveillance Cameras</li> <li>3. Body Worn Cameras, Satellite phones</li> </ol> </td></tr> </table>	Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.	<ol style="list-style-type: none"> <li>1. Procurement of Enhanced Enforcement Equipment- 3 Armored motor vehicles</li> <li>2. Upgrade of KRA LAN at various Customs Stations to support</li> <li>3. OSBP Baggage Scanners</li> </ol>	Support harmonization of Customs and other border management functions, risk management and control procedures.	<ol style="list-style-type: none"> <li>1) Geo-fencing of                             <ul style="list-style-type: none"> <li>-Isiolo- Modo Gashe Route</li> <li>-Modogashe – Elwak Route</li> <li>-Rhamu – to Mandera Route</li> </ul> </li> <li>2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs</li> </ol>	Support the use of ICT for revenue collection and for	<ol style="list-style-type: none"> <li>1. Radio Communications equipment</li> <li>2. Remote CCTV Surveillance Cameras</li> <li>3. Body Worn Cameras, Satellite phones</li> </ol>
Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.	<ol style="list-style-type: none"> <li>1. Procurement of Enhanced Enforcement Equipment- 3 Armored motor vehicles</li> <li>2. Upgrade of KRA LAN at various Customs Stations to support</li> <li>3. OSBP Baggage Scanners</li> </ol>						
Support harmonization of Customs and other border management functions, risk management and control procedures.	<ol style="list-style-type: none"> <li>1) Geo-fencing of                             <ul style="list-style-type: none"> <li>-Isiolo- Modo Gashe Route</li> <li>-Modogashe – Elwak Route</li> <li>-Rhamu – to Mandera Route</li> </ul> </li> <li>2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs</li> </ol>						
Support the use of ICT for revenue collection and for	<ol style="list-style-type: none"> <li>1. Radio Communications equipment</li> <li>2. Remote CCTV Surveillance Cameras</li> <li>3. Body Worn Cameras, Satellite phones</li> </ol>						

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	facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.	4. Implementation of CCTVs and Smart Gates <b>Monitoring command Centre</b> (Established in Times Tower, on the 13 <sup>th</sup> Floor RECTS & Scanner Command Centre)
	Institutional strengthening of the Border Control Unit (enforcement equipment)	<b>Procurement of Enforcement Equipment</b> 1. Portable hand-held scanners –3 for OSBP's 2. Radiation Portal Monitors (RPMs) for Cars and pedestrians 3. Surveillance Drones – 2 (Wajir RRU and Mandera OSBP) 4. Ruggedized / Toughbook laptops – 50 5. Night Vision devices
	Study on trade flows between Kenya, Ethiopia and Somalia	1. Site survey of the route including indicating possible location of Customs Facilitation centres 2. Economic Activities (in the geographical locations of the three countries) 3. Trade volumes and Type of goods traded between the countries 4. Trade Barriers (non-tariff and Tariff Barriers) 5. Existing bilateral or multi-lateral trade agreements 6. Trade flow and trend analysis
	Development and implementation of a Memorandum of Understanding (MOU) between Kenya, Ethiopia and Somalia Customs Services	1. Identifying training needs, 2. Prepare OSBP Manuals 3. Preparing 4. Operationalize the Joint Border Management Structure Joint Training to be included in the Training Plan
	Support the use of ICT for revenue collection and facilitating clearance at the border including systems integration and information sharing	1. Integration between the Customs Management System (iCMS) and the Ethiopia Customs Management System for data exchange 2. Integration between the KRA RECTS System and the KeNHA Weighbridge Monitoring system (KeNHA to install KRA Automated Container Number Recognition (ACNR) Camera's
	Capacity Building and Training of KRA Staff	Capacity Building as per Training Plan
	Operating Costs	Monitoring and Evaluation Missions Site Inspections Feasibility study missions Project Workshops Project equipments
Other important background information of the project	The Project Development Objectives are to improve: (a) the movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor; and (b) the capacity of selected transport related institutions in Kenya.	



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	The northern part of Kenya has poor road networks and digital connectivity, thus making trade along the Isiolo-Modogashe-Wajir-Elwak-Rhumu and Mandera route very difficult. However, there lies the potential of cross border and international trade linking the horn of Africa countries. The role of Kenya Revenue Authority is to provide Trade Facilitation and cargo monitoring along the trade route.
Current situation that the project was formed to intervene	The overarching objective of the HoA Program, which the proposed project will contribute to, is “enhancing connectivity among the HoA countries and access to seaports; facilitation of domestic and regional trade and economic integration, and road safety”. This will be achieved through a sequential improvement in physical and institutional infrastructure and promoting trade and investing in development facilitation interventions. The overall program will be implemented in a Series of Projects (SoPs). The first project of the program (Phase 1- Kenya) focuses on Kenya which is the gateway to HoA for east, south and central Africa. The follow-on Phases will focus on the improvement of adjoining economic corridors, trade facilitation, digital connectivity, human development, and promoting resilience in Somalia and Ethiopia.
Project duration	The project started on 7th October 2020 and is expected to run until 30th June 2028.

### **1.4 Bankers**

National Bank of Kenya Limited,  
Harambee Avenue Branch,  
P.O. Box 41862-00100 Nairobi, Kenya

### **1.5 Auditors**

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

### **1.6 Roles and Responsibilities**

The Project Management Team who worked on the project in the financial year ended 30<sup>th</sup> June 2022 are as stated below. This included a Project Team Leader and all the key stakeholders as stipulated in the Finance Agreement and these where the team involved in the project. Below stated also are their positions, qualification and roles to the project.

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<b>PROJECT IMPLEMENTATION TEAM MEMBERS FOR THE HoAGDP</b>				
	<b>Names</b>	<b>Title/ designati on</b>	<b>Key qualifications</b>	<b>Responsibilit y</b>
1.	Kenneth Mbobua	Manager	Bachelor of Science, Computer Science , Prince 2 Project Management, M&E	Team Leader
2.	Christine Ilahalwa	Manager	MA- International Studies	Social Safeguards Specialist
3.	Daniel Wambua	Manager	MBA, Strategic Management	Technical officer
4.	Jacqueline Osango	Manager	CPA(K), MBA (Finance)	Project Accountant
5.	Margaret Ngari	Chief Manager	MBA Procurement and Supply chain management, MCIPS, CPA(K)	Procurement Manager
6.	Paul Nyathore	Supervisor	MBA (Supply Chain Management), Chartered Institute of Procurement and Supply, UK,	Procurement Officer
7.	Sheila Mwalekwa	Assistant Manager	MBA, Project Management	Customs and Border Control
8.	Margaret Muturi	Supervisor	B.A. Economics, Project Planning & Management	Monitoring and Evaluation
9.	Jeremiah Kosgei	Customs Policy	MBA, Strategic Management Bachelor Of Commerce	Customs and Border Control
10.	Hilda Mwangi	Assistant Manager	Bachelor of Education	Human Resource Specialist
11.	Mohamed Abdi	Assistant Manger	BSC. Electrical and Electronic Engineering, CCNA.	ICT Specialist
12.	Maximilla Anyango	Manager	M.A. Communication	Diplomacy, Marketing & communication
13.	Charles Anino	Officer	BTECH Civil Engineering	Facilities and Logistics specialist
14.	Samwel Ribiro	Assistant Manager	Master of Science, Data Communications	Security Specialist
15.	Alfrida Chepkirui	Officer – Customs BTO	Bachelor of Science, Computer Science (Computer Information Systems)	Secretariat
16.	Ruth Rugwe	Assistant Manager	M.A, Economics	Monitoring & Evaluation
17.	Ferdinand Amaumo	Assistant Manager	B.A Economic /Maths CPA (K)	Technical Officer

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### 1.7 Funding summary

The Project is for a duration of eight years from 2020 to 2028 with an approved budget of Euro 6.45 million equivalent to KShs 799 million (converted at 124.02 EURO CBK rate as at 30<sup>th</sup> June 2022) as highlighted in the table below:

Below is the funding summary:

#### PROJECT INFORMATION AND OVERALL PERFORMANCE

##### A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 <sup>th</sup> June 2022)		Undrawn balance to date (30 <sup>th</sup> June 2022)	
	EUR '000'	KShs '000'	EUR '000'	KShs '000'	EUR '000'	KShs '000'
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
International Development Association (IDA)	5,300	657,306	970	124,214	4,330	533,092
<b>(ii) Loan</b>						
International Development Association (IDA)	-	-	-	-	-	-
<b>(iii) Counterpart funds</b>						
Government of Kenya	1,150	142,623	-	-	1,150	142,623
<b>Total</b>	<b>6,450</b>	<b>799,929</b>	<b>970</b>	<b>124,214</b>	<b>5,480</b>	<b>675,715</b>



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**B. Application of Funds**

Application of funds	Amount received to date - (30 <sup>th</sup> June 2022)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2022)		Unutilised balance to date – (30 <sup>th</sup> June 2022)	
	EURO '000'	KShs '000'	EURO '000'	KShs '000'	EURO '000'	KShs '000'
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>i) Grant</b>						
International Development Association (IDA)	970	124,214	2	297	968	123,917
<b>ii) Loan</b>						
	-	-	-	-	-	-
<b>iii) Counterpart funds</b>						
Ggovernment of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>970</b>	<b>124,214</b>	<b>2</b>	<b>297</b>	<b>968</b>	<b>123,917</b>

**1.8 Summary of Overall Project Performance:**

The overall project performance was 20% as at year ended 30<sup>th</sup> June 2022.

**Sub component B – Facilitation of Regional Trade and Transport**

**a) (i) Strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies:-**

- 1) Procurement of Enhanced Enforcement Equipment;-3 Armored Motor Vehicles
- 2) Upgrade of KRA LAN at various Customs Stations
- 3) OSBP Baggage Scanners

		<b>Procurement of Enhanced Enforcement Equipment;-3 Armored Motor Vehicles, Upgrade of KRA LAN at various Customs Stations, OSBP Baggage Scanners</b>
1.	Contractor / Supplier	To be identified after requirements are identified and approved
2.	Contract Type	Goods
3.	Projected Commencement Date	Jan to June 2023
4.	Projected Completion Date	Dec 2024
5.	Projected Contract amount:	KES 216M
6.	Progress Status	User requirements in the process of being identified
7.	Payments	Nil
8.	Issue/challenge to report and Mitigation	<b>None</b>



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### **(ii) Support the implementation of an integrated border management system:-**

Institutional Strengthening of Customs and Border Control Department to enhance coordination of other border Agencies

#### ***Cargo Tracking System along the Isiolo-Mandera Corridor***

- 1) Geo-fencing of
  - Isiolo- Modo Gashe Route
  - Modogashe – Elwak Route
  - Rhamu – to Mandera Route
- 2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs

		<b>Geo-fencing of the routes / Installation of Smart Gates Solutions</b>
1.	Contractor	To be identified
2.	Contract Type	Goods
3.	Projected Commencement Date	Jan 2023 to June 2024
4.	Projected Completion Date	June 2025
5.	Projected Contract amount:	KES 54M
6.	Progress Status	User requirements gathering from various stakeholders in KRA. Installation of Smart Gates Solution will be implemented after construction of the OSBPs.
7.	Payments	Nil
8.	Issue/challenge to report and Mitigation	<b>None</b>

### **b) Support harmonization of Customs and other border management functions, risk management and control procedures:-**

- 1) Purchase of CCTV Surveillance Cameras, Body Worn cameras, Satellite Phones and implementation of CCTV's and Smart Gate Monitoring command center
- 2) Purchase Rugged/ Toughbook Laptops, Surveillance Drones (Wajir RRU and Mandera OSBP, Night Vision devices and portable hand-held Devices

		<b>1) Purchase of Various Customs and other Border management equipment &amp; Training</b>
9.	Contractor	To be identified
10.	Contract Type	Goods & Training
11.	Projected Commencement Date	Jan 2023 to June 2025
12.	Projected Completion Date	Dec 2025
13.	Projected Contract amount:	KES 218M
14.	Progress Status	User requirements gathering from various stakeholders in KRA.
15.	Payments	Nil
16.	Issue/challenge to report and Mitigation	<b>None</b>

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### **c) Support implementation of the MOU between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and Republic of Kenya and Federal Republic of Somalia:-**

- 1) Identify Training needs, Prepare OSBP Manuals and operationalize the joint Border Management Structure.
- 2) Joint Training
- 3) Provision of Working equipment's to operationalize the JBM

		<b>Consultancy, Training &amp; Working equipment provision between Kenya, Ethiopia &amp; Somalia</b>
17.	Contractor	To be identified
18.	Contract Type	Consultancy & Goods
19.	Projected Commencement Date	Jan 2023 to June 2025
20.	Projected Completion Date	Dec 2025
21.	Projected Contract amount:	KES 54M
22.	Progress Status	User requirements gathering from various stakeholders in KRA.
23.	Payments	Nil
24.	Issue/challenge to report and Mitigation	<b>None</b>

### **d) Support the use of ICT for revenue collection and facilitating clearance at the border:-**

- 1) Integration between the Customs Management System (iCMS) and the Ethiopia Customs Management System for data exchange
- 2) Integration between the KRA RECTS System and the KeNHA Weighbridge Monitoring system (KeNHA to install KRA Automated Container Number Recognition (ACNR) Camera's

		<b>Consultancy integration between ICMS and Ethiopia Customs management system</b>
	Contractor	Yet to Begin
	Contract Type	Consultancy
	Projected Commencement Date	June 2025
	Projected Contract amount:	KES 54M
	Payments	Nil
	Issue/challenge to report and Mitigation	<b>None</b>

### **e) Study on trade flows between Kenya, Ethiopia and Somalia:-**

Study on Trade Flows between Kenya, Ethiopia and Somalia

This includes the identification of the following;

- Site survey of the routes including indicating possible location of customs facilitation centers
- Economic activities (in the geographical locations of the three countries)
- Trade volumes and the type of goods traded between the countries
- Trade barriers (Tariff and non-tariff)

## **HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**

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- Existing bilateral and Multilateral trade agreements
- Trade flows and trade analysis

		<b>Study of trade flows between Kenya, Ethiopia and Somalia</b>
1.	Contractor	Pending
2.	Contract Type	Consultancy
3.	Projected Commencement Date	Dec 2022
4.	Projected Completion Date	Dec 2024
5.	Projected Contract amount:	KES 63M
6.	Progress Status	1) Already received No objection approval from World Bank 2) The Terms of Reference for engagement of a consultant already identified 3) Procurement process ongoing to on board the consultant
7.	Payments	Nil
8.	Issue/challenge to report and Mitigation	<b>None.</b>

### **f) Capacity Building & Training & Operational Costs :-**

		<b>Capacity Building and Training of KRA Staff &amp; Operational Costs</b>
1.	Contractor	Various
2.	Contract Type	Training
3.	Projected Commencement Date	Aug 2022
4.	Projected Completion Date	June 2026
5.	Projected Contract amount:	KES 179M
6.	Progress Status	Annual Training Plan already send to PMO office, In process of requesting Counter-part funding to cater for costs in relation to preparation for construction of RRU activities in conjunction with KENHA
7.	Payments	Nil
8.	Issue/challenge to report and Mitigation	<b>None</b>

## **9 Summary of Project Compliance:**

The project complied with the applicable laws, regulations and financing agreement.

**2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES****Introduction**

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

The key development objectives of the project's 2020-2028 plan are:

- (a) Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.
- (b) Support harmonization of Customs and other border management functions, risk management and control procedures.
- (c) Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures.
- (d) Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.
- (e) Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya.
- (f) Provision of advisory services, training and capacity building activities to KRA.

**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:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Horn of Africa Gateway Development Project	a) Provision of technical assistance and advisory services to KRA in (i) Strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the	Increased efficient clearance of people, goods and services	Clearance Times	Under Implementation



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	implementation of an integrated border management system.	Increased revenue collection and trade facilitation	No. of consignments under customs control tracked to destination	Under Implementation
	b)Support harmonization of Customs and other border management functions, risk management and control procedures	Secure trade facilitation centre	Completed border post	Under Implementation
	c)Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures	Efficient and effective Prevention and detection of illicit trade	No. of Customs interceptions and compliance levels	Under Implementation
	d)Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.	Seamless flow of data and information on clearance of goods and services	Increased revenues and reduced clearance time	Under Implementation
	e) Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya	Increased revenue collection and trade facilitation	No. of consignments under customs control tracked to destination	Under Implementation
	f) Provision of advisory services, training and capacity building activities to KRA.	Trained officers	No. of officers trained	Under Implementation

**3. ENVIROMENTAL AND SUSTAINABILITY REPORTING**

The Kenya Revenue Authority's project team is considering implementation of various Corporate Social Responsibility initiatives in liaison with the Kenya National Highways Authority (KeNHA) for the next financial year 2022/23. The activities align with the KRA corporate CSR strategy.

Most of the Social and Environmental safeguards will not be undertaken as stand-alone activities, but they will be incorporated in other activities, such as construction of the OSBPS and RRUs, etc.

**1. Social and environmental safeguards**

KRA proposes to undertake the following initiatives;

**a) Public participation/community engagement and training/ sensitization**

With the expected rise in trade activities, and road traffic within the corridor, there is an expected rise in population which has both a positive and negative impact. To mitigate against influences of community vices such as drug abuse, early marriages and spread of diseases, the project team intends to conduct workshops to sensitize the community in the major towns along the corridor in the following areas:

- i. Overall appraisal, to facilitate community appreciation of the project
- ii. Safety and security
- iii. Gender mainstreaming and HIV/AIDS
- iv. Sustainability of economic activities and taxation
- v. Environmental conservation

KRA, in June 2022, submitted a proposal to the World Bank for No Objection to undertake the inaugural community engagement in Isiolo, Wajir and Mandera, in readiness for the commencement of implementation of the Horn of Africa Gateway Development Project (HoAGDP).

This engagement aims at:

- i. Providing the community with an overall appraisal, and the role of KRA in the project.
  - ii. Sensitization on HIV Aids and Gender mainstreaming, in order to mitigate effects of possible social risks associated with projects of such nature.
  - iii. Establishing community needs in regards to social safeguards, to be incorporated in other activities, and carried out in conjunction with KeNHA
- b) Meeting with consultants/ contractors and utility providers for the development of plans to factor in mitigation measures of risks identified during the inaugural public participation exercise.

These plans are to incorporate community needs such as boreholes, and other physical amenities when constructing KRA facilities ie OSBPs and RRUs

**c) Employee welfare**

The project shall be registered with the Directorate of Occupational Safety and Health Services where officers of the Department will carry out routine safety inspections and recommendations are to the manager in charge of safety, health and welfare.

The contractor(s) will be required to factor in aspects of safety and welfare of employees both working to actualize the project (ie engineers, masons, groundsmen, drivers, etc) and put in place facilities and amenities that will promote welfare of the end users of the project. These facilities/ amenities include public toilets, water points, covered waiting areas, etc.

**d) Drilling of water bore holes within proposed KRA facilities**

With most of the areas within the corridor being semi-arid, proposal to drill water at the proposed KRA sites (OSBPs and RRUs), for sharing with communities around these facilities can leave a lasting impression. Traveling long distances in search for water exposes children and women and children to risks associated with rising populations of travellers and traders. Having access to clean water close to the communities will not only deter unnecessary exposure but also improve sanitation that is vital for good health, within the community.

**e) Planting of drought resistant trees**

In order to boost environmental conservation and increase the plant cover, it is recommended that drought resistant trees are planted around government facilities. Trees are important in providing shade against the scorching sun, act as wind breakers and later, provide benefits such as fruit, timber and other products. Some drought resistant trees and shrubs also provide fodder for livestock, and this will benefit the pastoralist community.

**2. Project sustainability**

The sustenance of the project should be vested on the community leadership, as well as the Government agencies poised to benefit from the project.



**4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2022, and of the Project's financial position as at that date. The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control. The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial statements**

The Project financial statements were approved by the Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project and signed on

*7th October 2022*

Josephat Omondi Project  
Accountant: ICPAK Member  
No. 3473

Mrs Lilian Nyawanda  
Project Coordinator

FCCA Githii Mburu, MGH, CBS  
Project Sponsor

Amb. Francis K. Muthaura, MBS, EGH  
Chairman





# REPUBLIC OF KENYA

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**HEADQUARTERS**  
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P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (IDA CREDIT NO. 6768) FOR THE YEAR ENDED 30 JUNE, 2022 – KENYA REVENUE AUTHORITY**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

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

#### **Opinion**

I have audited the accompanying financial statements of Horn of Africa Gateway Development Project set out on pages 1 to 25, which comprise the statement of financial assets as at 30 June, 2022, and the statement of receipts and payments, statement of



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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Horn of Africa Gateway Development Project, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 and comply with the Financing Agreement Credit No.6768 dated 7 October, 2020 between the Government of Kenya and International Development Association and the Subsidiary Grant Agreement between the Government of Kenya and the Kenya Revenue Authority dated 11 December, 2020.

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.142,241,000 and Kshs.70,066,000 respectively resulting to an under-funding of Kshs.72,175,000 or 51% of the budget. Similarly, the Project spent a total of Kshs.297,000 against an approved budget of Kshs.142,241,000 resulting to an under-expenditure of Kshs.141,944,000 or 99.8% of the budget. Management has attributed the underfunding and underperformance to delayed implementation of the Project due to COVID-19 pandemic and delayed approval of the 'letter of no objection' from the World Bank.



The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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

### Conclusion

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

### Basis for Conclusion

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

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

### Conclusion

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

### Basis for Conclusion

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association Credit No.6768 dated 7 October, 2020, I report based on my audit, that:

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

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

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

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

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

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

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in



an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

12 October, 2022

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022.

Note	Receipts and payments controlled by the entity	2021-2022		Total	Receipts and payment controlled by the entity	2020-2021		Total	Cumulative to-date (From inception)
		KShs '000'	Payments made by third parties			KShs '000'	Payments made by third parties		
1	Transfer from Government	-	-	-	-	-	-	-	-
2	Proceeds from domestic and foreign grants	70,066	-	70,066	54,148	-	-	54,148	124,214
3	Income from external development partners	-	-	-	-	-	-	-	-
4	Miscellaneous receipts	-	-	-	-	-	-	-	-
	<b>TOTAL RECEIPTS</b>	<b>70,066</b>	<b>-</b>	<b>70,066</b>	<b>54,148</b>	<b>-</b>	<b>-</b>	<b>54,148</b>	<b>124,214</b>
	<b>PAYMENTS</b>								
5	Compensation of employees	-	-	-	-	-	-	-	-
6	Purchase of goods and services	297	-	297	-	-	-	-	297
7	Capital security benefits	-	-	-	-	-	-	-	-
8	Acquisition of non-financial assets	-	-	-	-	-	-	-	-
9	Transfers to other government entities	-	-	-	-	-	-	-	-
	<b>TOTAL PAYMENTS</b>	<b>297</b>	<b>-</b>	<b>297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>297</b>
	<b>TOTAL PLUS/ MINUS/ DEFICIT</b>	<b>69,769</b>	<b>-</b>	<b>69,769</b>	<b>54,148</b>	<b>-</b>	<b>-</b>	<b>54,148</b>	<b>123,917</b>


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



Project Accountant

Josephat Omondi

AK, Member, No: 3473



Project Coordinator

Mrs Lilian Nyawanda



Project Sponsor

FCPA Githii Mburu, MGH, CBS

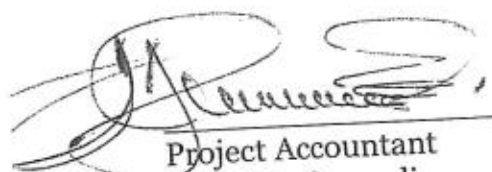




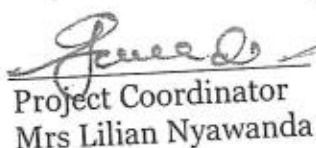
**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022**

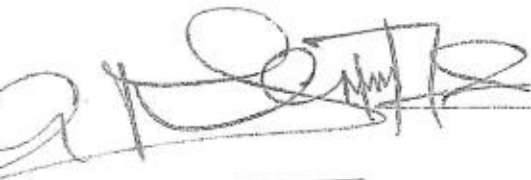
	Note	2021-2022 KShs '000'	2020-2021 KShs '000'
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	11.A	123,917	54,148
Cash Balances	11.B	-	-
Cash Equivalents (short-term deposits)	11.C	-	-
<b>Total Cash and Cash Equivalents</b>		<b>123,917</b>	<b>54,148</b>
Imprest and Advances	12	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>123,917</b>	<b>54,148</b>
<b>FINANCIAL LIABILITIES</b>			
Deposits and Retentions	13	-	-
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
Fund balance b/fwd	14	54,148	-
Prior year adjustments	15	-	-
Surplus/(Deficit) for the year		69,769	54,148
<b>NET FINANCIAL POSITION</b>		<b>123,917</b>	<b>54,148</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 7th October 2022 and signed by:

  
 Project Accountant  
 Josephat Omondi

ICPAK Member Number: 3473

  
 Project Coordinator  
 Mrs Lilian Nyawanda

  
 Project Sponsor  
 FCPA Githii Mburu, MGH, CBS.

**8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2022.**

		2021-2022	2020-2021
	Note	KShs '000'	KShs '000'
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from domestic and foreign grants	2	70,066	54,148
<b>Total Receipts</b>		<b>70,066</b>	<b>54,148</b>
<b>Payments</b>			
Purchase of goods and services	6	(297)	-
<b>Adjustments during the year</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	16	-	-
Prior Year Adjustments	17	-	-
<b>Net cash flow from operating activities</b>		<b>69,769</b>	<b>54,148</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of non-financial assets	8	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3	-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>69,769</b>	<b>54,148</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	11	<b>54,148</b>	<b>-</b>
<b>Cash and cash equivalent at END of the year</b>	11	<b>123,917</b>	<b>54,148</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 7th October 2022 and signed by:

  
Project Accountant  
Josephat Omondi  
ICPAK Member Number: 3473

  
Project Coordinator  
Mrs Lilian Nyawanda

  
Project Sponsor  
FCPA Githii Mburu, MGH, CBS



# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2022

## 9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	D	e=c-d	f=d/c %
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
<b>Receipts</b>						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	142,241	-	142,241	70,066	72,175	49%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
<b>Total Receipts</b>	<b>142,241</b>	<b>-</b>	<b>142,241</b>	<b>70,066</b>	<b>72,175</b>	<b>49%</b>
<b>Payments</b>						
Purchase of goods and services 1) MOU Development 5,400/=	90,855	-	90,855	297	90,558	0.3%
2) Study of Trade flows 54,148/=		-				
3) Capacity Building 31,307/=		-				
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets 1) Enforcement Equipments 51,386/=	51,386	-	51,386	-	51,386	0%
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
<b>Total Payments</b>	<b>142,241</b>	<b>-</b>	<b>142,241</b>	<b>297</b>	<b>141,944</b>	<b>0.3%</b>

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



Project Accountant  
Josephat Omondi  
ICPAK Member Number: 3473



Project Coordinator  
Mrs Lilian Nyawanda



Project Sponsor  
FCPA Githii Mburu, MGH, CBS

## **10. SIGNIFICANT ACCOUNTING POLICIES**

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

### **10.1 Statement of compliance and basis of preparation**

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

The accounting policies adopted have been consistently applied to all the years presented.

### **10.2 Reporting entity**

The financial statements are for Horn of Africa Gateway Development under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

### **10.3 Reporting currency**

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

### **10.4 Recognition of receipts**

Horn of Africa Gateway Development recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

#### **i) Transfers from the Exchequer**

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

#### **ii) External Assistance**

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

#### **iii) Other receipts**

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



**Significant Accounting Policies (Continued)**

Statements the time associated cash is received.

***iv) Donations and grants***

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

***v) Proceeds from borrowing***

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

***vi) Undrawn external assistance***

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

**10.5 Recognition of payments**

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

***i) Compensation of employees***

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

***ii) Use of goods and services***

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

***iii) Interest on borrowing***

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

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

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

**Significant Accounting Policies (Continued)**

**v) Acquisition of fixed assets**

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

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

**10.6 In-kind donations**

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

**10.7 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**10.8 Restriction on cash**

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

**10.9 Imprest and Advances**

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

## **Significant Accounting Policies (Continued)**

### **10.10 Contingent Liabilities**

A contingent liability is:

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

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

**Annex 5** of this financial statement is a register of the contingent liabilities in the year.

### **10.11 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.

### **10.12 Pending bills**

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

### **10.13 Budget**

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

## **HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**

### ***Annual Report and Financial Statements for the financial year ended June 30, 2022***

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separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

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

#### **10.14 Third party payments**

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

During the year there were no loans disbursements received in form of direct payments from third parties or payment made on behalf of third parties.

#### **10.15 Exchange rate differences**

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

#### **10.16 Comparative figures**

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

#### **10.17 Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2022.

#### **10.18 Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in *note 15 of these financial statements*



# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2022

## 11. NOTES TO THE FINANCIAL STATEMENTS

### 1. TRANSFER FROM GOVERNMENT ENTITIES

During the 12 months to 30 June 2022 there was no counterpart funding or other receipts from government.

	2021/22	2020/21	Cumulative to-date (from inception)
	KShs '000'	KShs '000'	
<b>Counterpart funding through Ministry</b>			
Counterpart funds	-	-	-
	-	-	-
<b>Other transfers from government entities</b>			
Ministry	-	-	-
Appropriations-in-Aid	-	-	-
Total	-	-	-

### 2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30<sup>th</sup> June 2022 KES 70 Million funding was received from development partners (World Bank-International Development Agency).

	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total	
		2021/22				2021/22	2020/21
		Euro '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-
International Development Agency	-16 <sup>th</sup> April 2021 -4 <sup>th</sup> Jan 2022	547	70,066	-	-	70,066	54,148
Grants Received from Local Individuals and organizations						-	-
Total		547	70,066	-	-	70,066	54,148

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT***Annual Report and Financial Statements for the financial year ended June 30, 2022***NOTES TO THE FINANCIAL STATEMENTS(Continued)****3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 12 months to 30th June 2022 no funding was received from development partners (World Bank-International Development Agency).

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs '000'	
		EURO '000'	KShs '000'	KShs '000'	2020/21	2019/20
Loans Received from Bilateral Donors (Foreign Governments)		-	-	-	-	-
Loans Received from Multilateral Donors (International Organizations)		-	-	-	-	-
<b>Total</b>		-	-	-	-	-

**4. MISCELLANEOUS RECEIPTS**

During the 12 months to 30 June 2022 no Miscellaneous receipts were received.

	2021/22			2020/21	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	-

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT***Annual Report and Financial Statements for the financial year ended June 30, 2022***NOTES TO THE FINANCIAL STATEMENTS(Continued)****5. COMPENSATION OF EMPLOYEES**

During the 12 months to 30 June 2022, no compensation costs was paid to employees because there were no employees that were assigned to the project on full time basis. The employee handling the project as per the roles & responsibilities indicated in item 1.6 above are Kenya Revenue Authority staff.

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
-	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
<b>Total</b>	-	-	-	-	-



**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT***Annual Report and Financial Statements for the financial year ended June 30, 2022***NOTES TO THE FINANCIAL STATEMENTS(Continued)****6. PURCHASE OF GOODS AND SERVICES**

During the 12 months to 30 June 2022 Kshs 297,450 was incurred in capacity building training for KRA Officers and related subsistence costs. The Other Operating payments relate to Bank Charges.

	2021/22			2020/21	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	295	-	295	-	295
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and – information supplies & services	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	-	-
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialised materials and services	-	-	-	-	-
Other operating payments	2	-	2	-	2
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance – other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
<b>Total</b>	<b>297</b>	<b>-</b>	<b>297</b>	<b>-</b>	<b>297</b>



## HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

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### NOTES TO THE FINANCIAL STATEMENTS(Continued)

#### 7. SOCIAL SECURITY BENEFITS

As disclosed in Note 9.7 above there were no employees assigned to the project thus no Social Security Benefits as disclosed in the table below:

	2021/22			2020/21	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

#### 8. ACQUISITION OF NON-FINANCIAL ASSETS

During the 12 months to 30 June 2022 no assets were acquired or constructed as disclosed in the table below:

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment	-	-	-	-	-

# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

*Annual Report and Financial Statements for the financial year ended June 30, 2022*

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payment s made by third parties	Total Payment s		
of construction and civil works					
Purchase of vehicles & other transport equipment	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT***Annual Report and Financial Statements for the financial year ended June 30, 2022***NOTES TO THE FINANCIAL STATEMENTS(Continued)****9. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

During the 12 months to 30 June 2022, no funds were transferred to other reporting government entities.

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
<b>Transfers to National Government entities</b>					
Ministry	-	-	-	-	-
Project	-	-	-	-	-
<b>Transfers to County Government</b>					
County	-	-	-	-	-
County	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-

**10. OTHER GRANTS AND TRANSFERS AND PAYMENTS**

During the 12 months to 30 June 2022, no funds were transferred to Grants.

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
<b>Total</b>	-	-	-	-	-



## HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

*Annual Report and Financial Statements for the financial year ended June 30, 2022*

### NOTES TO THE FINANCIAL STATEMENTS(Continued)

#### 11. CASH AND CASH EQUIVALENTS

	2021/22	2020/21
	KShs '000'	KShs '000'
Bank accounts (Note 11A)	123,917	54,148
Cash in hand (Note)	-	-
Cash equivalents (short-term deposits) (Note 11 C)	-	-
<b>Total</b>	<b>123,917</b>	<b>54,148</b>

The project has one bank account as shown below.

#### 11. A Bank Accounts

##### Project Bank Accounts

	2021/22	2020/21
	KShs '000'	KShs '000'
<b>Local Currency Accounts</b>		
National Bank of Kenya- A/C No 01071233555600	123,917	54,148
<b>Total local currency balances</b>	<b>123,917</b>	<b>54,148</b>
<b>Total bank account balances</b>	<b>123,917</b>	<b>54,148</b>

#### Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

#### Special Deposit Accounts Movement Schedule

	2021/22	2020/21
	EURO '000'	EURO '000'
Central Bank of Kenya- A/C No 1000474831		
Opening balance	577	0
Total amount deposited in the account	1	1,000
Total amount withdrawn (as per Statement of Receipts & Payments)	(547)	(423)
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>31</b>	<b>577</b>

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



**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT***Annual Report and Financial Statements for the financial year ended June 30, 2022***NOTES TO THE FINANCIAL STATEMENTS(Continued)****11 B Cash In Hand**

During the 12 months to 30 June 2022, there was no Cash on hand in the reporting period.

	2021/22	2020/21
	KShs 000	KShs 000
Time Towers	-	-
<b>Total cash balances</b>	=	=

**11 C Cash equivalents (short-term deposits)**

During the 12 months to 30 June 2022, there were no Cash equivalents.

	2021/22	2020/21
	KShs 000	KShs 000
Time Towers	-	-
<b>Total cash equivalents</b>	=	=

**12. IMPRESTS AND ADVANCES**

During the year end as at 30<sup>th</sup> June 2022, there was no pending Imprests or Salary advances in the reporting period.

Description	2021-2022	2020-2021
	Kshs000	Kshs000
Government Imprests	-	-
Salary advances	-	-
<b>Total</b>	-	-

**12B: BREAKDOWN OF IMPRESTS AND ADVANCES**

During the 12 months to 30 June 2022, there were no outstanding Imprests or advances.

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2021	Balance 2020
None	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT***Annual Report and Financial Statements for the financial year ended June 30, 2022***NOTES TO THE FINANCIAL STATEMENTS(Continued)****13. DEPOSITS AND RETENTION MONIES**

During the 12 months to 30 June 2022, there were no accounts payable.

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs000</b>	<b>Kshs000</b>
Retention	-	-
Deposits	-	-
<b>Total</b>	-	-

**14. FUND BALANCE BROUGHT FORWARD**

During the 12 months to 30 June 2022, there was no funds balance brought forward as this is a new project that was signed off on 11<sup>th</sup> December 2020.

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs '000'</b>	<b>KShs '000'</b>
Bank accounts	54,148	-
Cash in hand	-	-
Outstanding imprests and advances	-	-
<b>Total</b>	<b>54,148</b>	-

## HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

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### 15. PRIOR YEAR ADJUSTMENT

During the 12 months to 30 June 2022, there were no Prior year adjustments as disclosed in the table below:

	Balance b/f FY 2021/2022 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2020/2021
Description of the error	KShs '000'	KShs '000'	KShs '000'
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others ( <i>specify</i> )	-	-	-
	-	-	-

### 16. CHANGES IN RECEIVABLE

During the 12 months to 30 June 2022, there were no accounts receivables

Description of the error	2021 - 2022	2020 - 2021
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July 2020 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

### 17. CHANGES IN ACCOUNTS PAYABLE

During the 12 months to 30 June 2022, there were no accounts payable- Deposits and retentions.

Description of the error	2021 - 2022	2020 - 2021
	KShs	KShs
Deposit and Retentions as at 1 <sup>st</sup> July 2021 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-



## HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

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### 12. OTHER IMPORTANT DISCLOSURES

#### 1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

During the 12 months to 30 June 2022, the projects didn't have any pending bills.

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
	-	-	-	-
	-	-	-	-
	-	-	-	-
<b>Total</b>	-	-	-	-

#### 2. PENDING STAFF PAYABLES (See Annex 3B)

As disclosed in Note 5 above there were no any employees on a full time basis thus no Pending Staff Payables as disclosed in the table below:

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
<b>Total</b>	-	-	-	-

#### 3. OTHER PENDING PAYABLES (See Annex 3C)

During the 12 months to 30 June 2022, there were no other pending payables as disclosed in the table below:

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
<b>Total</b>	-	-	-	-



## HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

*Annual Report and Financial Statements for the financial year ended June 30, 2022*

### OTHER IMPORTANT DISCLOSURES (Continued)

#### 4. External Assistance

During the 12 months to 30 June 2022, there was no other external assistance toward this project in addition to the above disclosed loan from World Bank- International Development Agency

	FY 2021/2022	FY 2020/2021
Description	KShs '000'	KShs '000'
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	-	-

##### *a) External assistance relating loans and grants*

	FY 2021/2022	FY 2020/2021
Description	KShs '000'	KShs '000'
External assistance received as loans	-	-
External assistance received as grants	-	-
<b>Total</b>	-	-

##### *b) Undrawn external assistance*

	Purpose for which the undrawn external assistance may be used	FY 2021/2022	FY 2020/2021
Description		KShs '000'	KShs '000'
Undrawn external assistance - loans	-	-	-
Undrawn external assistance - grants	-	-	-
<b>Total</b>	-	-	-

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT***Annual Report and Financial Statements for the financial year ended June 30, 2022***OTHER IMPORTANT DISCLOSURES (Continued)****c. Classes of providers of external assistance**

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>KShs '000'</b>	<b>KShs '000'</b>
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

**d. Non-monetary external assistance**

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>KShs '000'</b>	<b>KShs '000'</b>
Goods	-	-
Services	-	-
<b>Total</b>	-	-

**e. Purpose and use of external assistance**

<b>PAYMENTS MADE BY THIRD PARTIES</b>	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
	<b>KShs '000'</b>	<b>KShs '000'</b>
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
<b>TOTAL</b>	-	-

**f. External Assistance paid by Third Parties on behalf of the Entity by Source**

During the 12 months to 30 June 2022, there was no external assistance paid directly by third parties to settle obligations on behalf of Kenya Revenue Authority.

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT***Annual Report and Financial Statements for the financial year ended June 30, 2022*

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>KShs '000'</b>	<b>KShs '000'</b>
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-



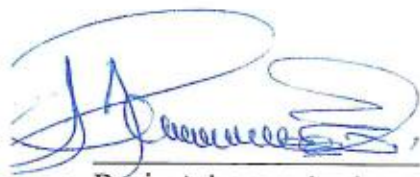
## HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

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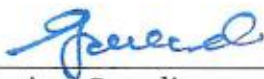
### 3. PRIOR YEAR AUDITOR-GENERAL RECOMMENDATIONS

This being the first year of the project, there were no prior year issued raised by the external auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
AUD/OAG /KRA.01/ 2020-2021/(6)	There were no material issues noted and no significant deficiency				



Project Accountant  
Josephat Omondi  
ICPAK Member Number: 3473



Project Coordinator  
Mrs Lilian Nyawanda



Project Sponsor  
FCPA Githii Mburu, MGH, CBS

# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2022

## 14. ANNEXES

### ANNEX 1 - VARIANCE EXPLANATIONS – COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	Kshs '000'	Kshs '000'			
<b>Receipts</b>	a	b	c=a-b	d=b/a %	
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	142,241	70,066	72,175	49%	
Proceeds from borrowings					
Miscellaneous receipts	-	-	-	-	
<b>Total Receipts</b>	<b>142,241</b>	<b>70,066</b>	<b>72,175</b>	<b>49%</b>	
<b>Payments</b>					
Purchase of goods and services 1) MOU Development 5.4M/=					1) The project was commissioned by World Bank of 6th November 2021.
2) Study of Trade flows 54M/=					2) There was delay in approval of the Capacity Building Training proposal which has not been approved to date. Kes 54M/=
3) Capacity Building 31M/=					3) Consultancy on Study of Trade flows got a world bank no objection in Mid-June and procurement process begun in July FY 2022/23 Kes 62M/=
Social security benefits	90,855	297	90,558	0.3%	
Acquisition of non-financial assets	-	-	-		
1) Enforcement Equipments 51M/=	51,386	-	51,386	0%	
Transfers to other government entities	-	-	-		
Other grants and transfers	-	-	-		
<b>Total Payments</b>	<b>142,241</b>	<b>297</b>	<b>141,944</b>	<b>0.3%</b>	

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**  
*Annual Report and Financial Statements for the financial year ended June 30, 2022*

**ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS**

<b>PROJECT NAME: HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT</b>				
<b>Break down of Transfers</b>				
<b>a. Government Counterpart</b>				
<b>Funding</b>				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		-		
		-		
		-		
	<b>Total</b>	-		
<b>b. Direct Payments</b>				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		-		
		-		
		-		
	<b>Total</b>	-		
<b>c. Others</b>				
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
		-		
		-		
	<b>Total</b>	-		
	<b>TOTAL(a+b+c)</b>	-		



**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**  
*Annual Report and Financial Statements for the financial year ended June 30, 2022*

**ANNEX 3A - ANALYSIS OF PENDING BILLS**

During the 12 months to 30 June 2022, there were no pending bills on the project.

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
	a	b	KShs '000' c	KShs '000' d=a-c		
<b>Supply of services</b>						
1.	-	-	-	-	-	
2.	-	-	-	-	-	
3.	-	-	-	-	-	
<b>Sub-Total</b>						
<b>Grand Total</b>	-		-	-	-	

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**  
*Annual Report and Financial Statements for the financial year ended June 30, 2022*

**ANNEX 3B - ANALYSIS OF PENDING STAFF BILLS**

During the 12 months to 30 June 2022, there were no pending staff compensated on the project thus there were no staff bills.

Name of Staff	Job Group	Original Amount	Date Payable Contract ended	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
Permanent Employees - Management		a	b	c	d=a-c		
None	-	-	-	-	-	-	
Sub-Total							
Permanent Employees – Others							
None	-	-	-	-	-	-	
Sub-Total							
Temporary employees							
None	-	-	-	-	-	-	
Sub-Total							
Others ( <i>specify</i> )							
None	-	-	-	-	-	-	
Sub-Total							
Grand Total							

# **HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**

*Annual Report and Financial Statements for the financial year ended June 30, 2022*

## **ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							



**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**  
*Annual Report and Financial Statements for the financial year ended June 30, 2022*

**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Opening Cost (KShs'000) 2020/2021 (a)	*Purchases/Additions in the Year (KShs'000) 2021/2022 (b)	**Disposals in the Year (KShs'000) 2021/2022 (c)	Transfers in/(out) Kshs000 2021/2022 (d)	Closing Cost (KShs000) 2021/2022 (e)= (a)+ (b)-(c)+(-)d
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment,					
Other Machinery and Equipment					
Heritage and cultural assets					
Biological assets					
Infrastructure assets roads, rails					
Intangible assets					
Work in Progress					
<b>Total</b>					

**ANNEX 5 CONTINGENT LIABILITIES REGISTER**

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

**ANNEX: 6 REPORTING OF CLIMATE RELEVANT EXPENDITURE**

Name of the Organization  
 Telephone Number  
 Email Address  
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

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



## ANNEX 7 DISASTER EXPENDITURE REPORTING TEMPLATE

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## **HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT**

### ***Reports and Financial Statements***

***For the financial year ended June 30, 2022***

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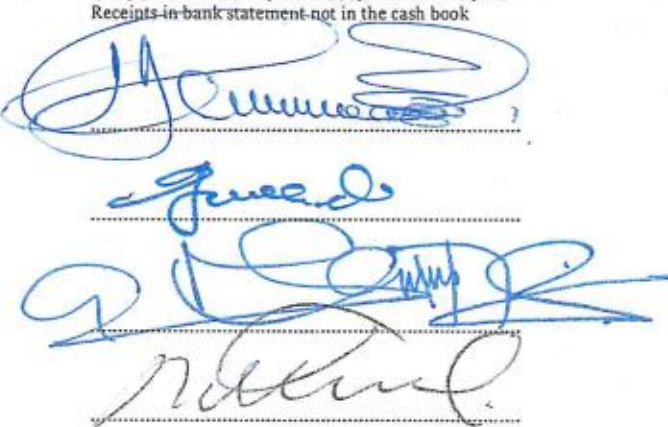
#### **ANNEX 8: OTHER SUPPORT DOCUMENTS**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30<sup>th</sup> June 2022
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance

# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2022

## APPENDIX ii – BANK RECONCILIATION STATEMENT AS AT 30<sup>TH</sup> JUNE 2022

<b>MINISTRY:</b> <b>IMPLEMENTING AGENCY:</b> <b>PROJECT NAME:</b> <b>IDA CREDIT:</b> <b>REPORT:</b> <b>THIS SCHEDULE:</b> <b>Bank and Branch:</b> <b>Account No.:</b> <b>PERIOD OF REPORT:</b> <b>CURRENCY:</b>		<b>FINANCE</b> <b>KENYA REVENUE AUTHORITY</b> <b>HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT</b> <b>No. 6768-KE</b> <b>Interim Financial Report (IFR)</b> <b>Bank Reconciliation Statement</b> <b>National Bank of Kenya Ltd - Times Tower Nairobi</b> <b>01071233555600</b> <b>Year ending 30th June 2022</b> <b>Kenya shilling</b>		
		<b>Note.</b>	<b>Kshs</b>	<b>Kshs</b>
01/07/2021	Balance b/fwd			54,148,484
	Receipts	13/01/2022	70,065,803	
	Interest			70,065,803
	Total Receipts			124,214,287
Less:				
	Bank charges as at 30/06/2022		2,050	
	Payments as at 30/06/2022		295,400	297,450
Add:				
	Unpresented cheque		0	0
30/06/2022	Balance as per bank statement			123,916,837
<b>KENYA REVENUE AUTHORITY</b> <b>PROJECT A/C 01020014867900</b>			<b>Kshs</b>	<b>Kshs</b>
30/06/2022	Balance per Bank Statements			123,916,837
	Add:			
30/06/2022	Receipts in cash book not yet credited by Bank		0	
30/06/2022	Payments in Bank statement and not in the cash book		0	0
	Deduct:			
30/06/2022	Cheques not debited by Bank (Unpresented cheques)		0	
30/06/2022	Receipts in bank statement not in the cash book		0	0
	Balance per Cash Book			123,916,837
<b>Notes:</b> Josephat Omondi Project Accountant - ICPAK Member No. 3473 Lilian Nyawanda Project Coordinator FCPA Githii Mburu, MGH, CBS Project Sponsor Commissioner General AMB. DR. Francis K. Muthaura, MBS, EGH Chairman				



# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2022

## APPENDIX iii – BOARD OF SURVEY REPORT

Bank Reconciliation 21

Appendix 3a

MINISTRY: THE NATIONAL TREASURY  
 IMPLEMENTING AGENCY: KENYA REVENUE AUTHORITY  
 PROJECT NAME: HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT  
 IDA CREDIT: NO. 5768KE  
 REPORT: Bank Reconciliation Statement  
 Bank and Branch: National Bank of Kenya Ltd - Times Tower Nairobi  
 Account No. 01071233555600  
 PERIOD OF REPORT: 30th June, 2022

		Kshs	Kshs
01/06/2022	Balance b/fwd		123,915,836.65
	Receipts		
	Interest		
	Total Receipts		123,915,836.65
Less:			
	Bank charges as at 30/06/2022		
	Payments as at 30/06/2022		
Add:			
	Unpresented cheque		
30/06/2022	Balance as per bank statement		123,915,836.65
KENYA REVENUE AUTHORITY			
PROJECT A/C 01071233555600			
		Kshs	Kshs
30/06/2022	Balance per Bank Statements		123,915,836.65
	Add:		
30/06/2022	Receipts in cash book not yet credited by Bank		
30/06/2022	Payments in Bank statement and not in the cash book		
	Deduct:		
30/06/2022	Cheques not debited by Bank (Unpresented cheques)		
30/06/2022	Receipts in bank statement not in the cash book		
	Balance per Cash Book		123,915,836.65

	NAME	DESIGNATION	SIGNATURE	DATE
Prepared by:	George Ouya	Supervisor		01/07/2022
Checked by:	Alex Mwangi	Asst. Manager		01/07/2022
Approved by:	Jacqueline Osango	Manager		1st July 2022

Board of Survey

Checked & Confirmed

1) W.O. Gogole/leader: 01/07/2022

2) George Madara 01-01/07/2022

# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2022

## BOARD OF SURVEY REPORT (CONTINUATION)



KRA HORN OF AFRICA  
GATEWAY DEVELOPMENT  
PROJECT

Branch Name : National Bank of Kenya  
Limited-Times Tower  
Account Number : 01071233555600  
Account Type : CURRENT  
Statement Period : 01/01/2022 to 30/06/2022

A Subsidiary of KCB Group PLC

National  
Bank

Transaction Date	Value Date	Transaction Details	Transaction Ref No	Debit	Credit	Book Balance
06-Jan-22	06-Jan-22	INHOUSE CHEQUE:120360 000001. KRA HORN OF AFRICA	0001203606012 215480511379	25,200.00		54,035,833
13-Jan-22	13-Jan-22	FT22013RDX91,THE NATIONAL TREASURY, /ROC/0010009525	FT22013RDX91		70,065,802.85	124,101,636
21-Mar-22	21-Mar-22	On Us Cheque Encashment MARY MWANGI	0001203621032 216150534290	38,500.00		124,063,136
1-Mar-22	21-Mar-22	On Us Cheque Encashment ANN WAMUCHI	0001203621032 216140534289	38,500.00		124,024,636
21-Mar-22	21-Mar-22	On Us Cheque Encashment JACQUELINE OSANGO	0001203621032 216120534287	74,900.00		123,949,736
21-Mar-22	21-Mar-22	On Us Cheque Encashment fredrick kibor	0001203621032 216120534288	38,500.00		123,911,236
30-Mar-22	30-Mar-22	C28: 254722938105: MPESAREF:OCU6J225VM : 01071233555600: JACQUELINE ANUNDA OSANGO -2022-03-30 12:	208913037325		5,600.00	123,916,836
Total				215,600.00	70,071,402.85	

Cleared Balance as at : 123,916,836.65  
Effects Not Cleared : 0.00  
Book Balance as at : 123,916,836.65

-----End of Internet Banking Statement-----

Please call our 24-hour Contact Centre on +254 703 088900 or +254 732 118000, or email us at customer@nationalbank.co.ke if you have any queries.

# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2022

## BOARD OF SURVEY REPORT (CONTINUATION)

National  
Bank

2(a)  
2(a)

National Bank of Kenya Limited  
Head Office, National Bank Building  
Harambee Avenue,  
P.O. Box 72866 - 00200 Nairobi, Kenya  
Tel: +254 (0) 20 282 8000  
Cell: +254 (0) 711 038 000  
Email: info@nationalbank.co.ke  
Website: www.nationalbank.co.ke

### Certificate of Balance

July 1, 2022

National Bank of Kenya-Times Tower Branch

Certifies that the Account Balance for:

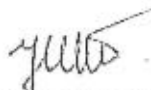
KRA HORN OF AFRICA DEVELOPMENT KES A/C


Current Account No. A/C 01071233555600 as at

The close of Business on 30<sup>TH</sup> JUNE 2022 was Kenya Shillings

ONE HUNDRED TWENTY THREE MILLION NINE HUNDRED SIXTEEN  
THOUSAND EIGHT HUNDRED THIRTY SIX CENTS SIXTY FIVE ONLY

Kshs. 123,916,836.65 CR

  
Authorized Signatory

  
Authorized Signatory



# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2022

## APPENDIX iv – BANK RECONCILIATION SPECIAL DEPOSIT ACCOUNT CENTRAL BANK OF KENYA

<b>MINISTRY:</b>	<b>KENYA REVENUE AUTHORITY</b>
<b>IMPLEMENTING AGENCY</b>	<b>HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT</b>
<b>PROJECT NAME:</b>	<b>No. 6768-KE</b>
<b>IDA CREDIT:</b>	<b>Interim Financial Report (IFR)</b>
<b>REPORT:</b>	<b>Summary statement of receipts and expenditure</b>
<b>THIS SCHEDULE:</b>	<b>Bank Reconciliation Statement</b>
<b>Bank and Branch</b>	<b>Central Bank of Kenya LTD</b>
<b>Account No.</b>	<b>1000474831</b>
<b>PERIOD OF REPORT:</b>	<b>Year ending 30th June 2022</b>
<b>CURRENCY:</b>	<b>EURO</b>

	Note.	EURO	EURO
01/07/2021	Balance b/fwd		577,000
Add:	Receipts	699	
	Interest	0	699
	Total Receipts		577,699
Less:	Payments as at 30/06/2022	546,832	546,832
	Unpresented cheque		0
30/06/2022	Balance as per bank statement		30,867

Josephat Omondi  
Project Accountant - ICPAK Member No. 3473

Lilian Nyawanda  
Project Coordinator

FCPA Githii Mburu, MGH, CBS  
Project Sponsor  
Commissioner General

AMB. DR. Francis K. Muthaura, MBS, EGH  
Chairman

# HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30, 2022

## APPENDIX iv – TRIAL BALANCE PROJECT

MINISTRY:	FINANCE
IMPLEMENTING AGENCY	KENYA REVENUE AUTHORITY
PROJECT NAME:	HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
IDA CREDIT:	NO. 6768-KE
REPORT:	TRIAL BALANCE FOR YEAR 2021/2022

TRIAL BALANCE HORN OF AFRICA GATEWAY PROJECT AS AT 30TH JUNE 2022			
GL Code	Item Description	2021/2022	
		DR (Kshs)	CR (Kshs)
ASSETS			
13000251	Bank Bal c/d as at 30th June 2022	123,916,836.65	
NON-CURRENT LIABILITIES			
2210010	Fund Bal b/f		54,148,483.80
2210010	Fund Received in Year		70,065,802.85
2210010	Grant Received in Year (Direct Payments)		-
EXPENSES			
60002020	Local Accomodation	295,400.00	
60024010	Bank Charges	2,050.00	
TOTAL BALANCES		124,214,286.65	124,214,286.65
Josephat Omondi Project Accountant - ICPAK Member No. 3473			
Lilian Nyawanda Project Coordinator			
FCPA Githii Mburu, MGH, CBS Project Sponsor Commissioner General			
AMB. DR. Francis K. Muthaura, MBS , EGH Chairman			