# IN THE REPUBLIC OF KENYA IN A DOMESTIC ARBITRATION

#### **BETWEEN**

# NANCY AND MAY ENTERPRISES LIMITED - CLAIMANT **AND**

### **COUNTY GOVERNMENT OF MIGORI – RESPONDENT**

# **ARBITRATION AWARD**

Juridical Seat: Nairobi, Kenya

**Arbitrator: Isaac Aluochier, FCIArb** 

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#### The Parties

1 The Claimant is Nancy and May Enterprises Limited, a limited liability company incorporated in Kenya, whose address is P O Box 22-40300, Homa Bay. The Respondent is the County Government of Migori, one of the 47 county governments in Kenya, whose address is P O Box 195-40400, Suna-Migori and email addresses procurement@migori.go.ke and migoricountygov@gmail.com.

## Background To The Arbitration

- 2 Following public open tendering, the Parties entered into contract CGM-PH-66-2019-2022, Construction of Kikongo Dispensary, at a contract price of Kshs 4,800,000.00, over a contract period of 120 days, signed on 18<sup>th</sup> June, 2020.
- 3 The instant arbitration is deemed to have commenced on 23<sup>rd</sup> August, 2024, upon the Claimant providing the arbitral institution, Aluochier Dispute Resolution (ADR), with requisite claims information and a filing fee.

#### The Claims

4 In essence, the Claimant's statement of claim provides that the Claimant claims to have completed and handed over the project, but has not received any payment whatsoever from the Respondent.

# Reliefs Sought

- 5 The reliefs that the Claimant is seeking from the Respondent are:
  - 5.1 Payment of the amount of **Kshs 4,800,000.00** on the CGM/PH/66/2019-2020 20 contract Construction of Kikongo Dispensary.
  - 5.2 Compensation, by way of interest, at commercial rates, for delayed payment.

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- 5.3 An order that the Respondent implements Article 226(5) of the Constitution against the public officers within the Respondent who are responsible for the extra costs that have arisen on the contract, at the Respondent's expense.
- 5.4 The costs of the arbitration.

## Arbitration Proceedings

- 6 The record of the arbitration is published at <a href="https://www.aluochier.co.ke/cases/adrc2024-005.html">https://www.aluochier.co.ke/cases/adrc2024-005.html</a>. In the record, the following is noted:
  - **6.1** The arbitration request is dated 23<sup>rd</sup> August, 2024.
  - 6.2 Service of the arbitration request by the arbitral institution, ADR, upon the Respondent was on 23<sup>rd</sup> August, 2024.
  - 6.3 Apart from minor queries from the Respondent shortly after service, the Respondent did not respond to the arbitration request within the requested 30 days. There is therefore no statement of response from the Respondent.
  - 6.4 On 2<sup>nd</sup> October, 2024, following failure by both parties to nominate an arbitrator to preside over and decide their dispute, the arbitral institution, ADR, appointed as arbitrator Isaac Aluochier, FCIArb.
  - 6.5 On 2<sup>nd</sup> October, 2024 the arbitral tribunal issued directions on the resolution of the dispute and directed as follows:
    - 6.5.1 The Respondent to respond to the said Claimant's bundle of documents within 14 days of notification and publication of the same to the arbitral institution's website at <a href="https://www.aluochier.co.ke/cases/adrc2024-005.html">https://www.aluochier.co.ke/cases/adrc2024-005.html</a>.
    - 6.5.2 The Claimant to have 14 days for any rejoinder to the Respondent's response to the Claimant's witness statements.
    - 6.5.3 The Tribunal shall then, after 28 days of today's date, give further directions on the place, time, date and manner of carrying out the hearing of this dispute.
    - 6.5.4 All responses and rejoinders to be served via the arbitral institution at <a href="mailto:aluochierdisputeresolution@gmail.com">aluochierdisputeresolution@gmail.com</a>.
  - 6.6 In hearing directions dated 4<sup>th</sup> November, 2024, the arbitral tribunal noted that pursuant to its directions dated 2<sup>nd</sup> October, 2024, and taking note that no response had been received from the Respondent as at that date, the tribunal further directed, pursuant

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to section 25 of the Arbitration Act, 1995, that:

- 6.6.1 No oral hearing shall be held for the presentation of evidence or for oral argument.
- 6.6.2 The proceedings shall be conducted on the basis of documents furnished under section 24 of the Arbitration Act, 1995, which documents have been made available to the parties.
- 6.6.3 Parties will be notified of the arbitration award once it is ready.

#### Issues For Consideration

- 7 Taking the above into consideration, the arbitral tribunal frames the following issues for resolution:
  - 7.1 In light of the dispute resolution clause in the contract, does the tribunal possess jurisdiction in the resolution of the dispute?
  - 7.2 Is the Claimant entitled to the reliefs it has sought, and if so, to what extent?
  - 7.3 What orders lend themselves in light of the findings and holdings of the arbitration?

#### Issue 1: Tribunal's Jurisdiction

#### **Dispute Resolution Clause**

- 7.4 The Contract Agreement signed between the Claimant and the Respondent has a dispute resolution clause 9 that reads:
  - "(i) The parties agree that avoidance or early resolution of dispute is crucial for a smooth execution of the contract and the success of the assignment. The parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this contract or its interpretation.
  - (ii) Any dispute between the parties as to matters arising pursuant to this contract that cannot be settled amicably within (30) days after receipt by one part of the part of the other party's request for such amicable settlement may proceed to settle the same in a competent court ... of law in Kenya."

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#### Supreme Law Of Kenya

- 7.5 Article 2(1) of the Constitution provides that this Constitution is the supreme law of the Republic and binds all persons and all State organs at both levels of government. The Claimant, as a juridical person, and the Respondent, as a State organ, are both bound by this Constitution the supreme law of Kenya.
- 7.6 Article 2(4) of the Constitution provides that any law, including customary law, that is inconsistent with this Constitution is void to the extent of the inconsistency, and any act or omission in contravention of the Constitution is invalid. Consequently, clause 9 above must be consistent with the Constitution for it not to be void.
- 7.7 Article 1(3)(c) of the Constitution provides that sovereign power under this Constitution is delegated to the State organs of the Judiciary and **independent tribunals**, which shall perform their functions in accordance with this Constitution. Article 159(1) provides that judicial authority is derived from the people and vests in, and shall be exercised by, the courts and **tribunals** established by or under this Constitution. Judicial authority in Kenya therefore rests with the courts and independent tribunals, having been delegated to them by the people of Kenya, to whom all sovereign power belongs, as provided for in Article 1(1).

#### **Dispute Resolution Right**

- Article 50(1) of the Constitution provides that **every person** has the right to have any dispute that can be resolved by the application of law decided in a fair and public hearing before a court or, if appropriate, another independent and impartial tribunal or body. Article 260 provides, in part, that "**person**" includes a company, association or other body of persons whether incorporated or unincorporated. The Claimant, being an incorporated company, is recognised in the Constitution as a person, and is therefore possessed of the right at Article 50(1). The Respondent, on the other hand, not being a "person", but described as a State organ in Article 1(3), cannot be said to be possessed of the right at Article 50(1).
- 7.9 Under Article 50(1) of the Constitution, every person, including the Claimant,

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possesses the right of choice of dispute resolution forum as between a court or another independent and impartial tribunal or body. Clause 9 of the signed contract purports to limit the forum of dispute resolution to only a court, excluding other independent and impartial tribunals or bodies. Is this clause valid in its purported limitation of Article 50(1) – seeking to deny the Claimant its choice by right of dispute resolution forum as between a court and any other independent and impartial tribunal or body?

### **Contractual Limitation Of The Dispute Resolution Right?**

- 7.10 Article 19(3) of the Constitution provides that the rights and fundamental freedoms in the Bill of Rights (a) belong to each individual and are not granted by the State; (b) do not exclude other rights and fundamental freedoms not in the Bill of Rights, but recognised or conferred by law, except to the extent that they are inconsistent with this Chapter; and (c) are subject only to the limitations contemplated in this Constitution.
- 7.11 The Bill of Rights makes up Chapter Four of the Constitution of Kenya, 2010, spanning from Article 19 to Article 59. Article 50(1) is therefore part of the Bill of Rights.
- 7.12 Is the above-mentioned contract clause 9 limitation contemplated in this Constitution a limitation that purports to limit the Article 50(1) right to select a dispute resolution forum as between a court or another independent and impartial tribunal?
- 7.13 Article 24 of the Constitution provides for limitation of rights and fundamental freedoms. Article 24(1) provides that a right or fundamental freedom in the Bill of Rights **shall not be limited except by law**, and then only to the extent that the limitation is reasonable and justifiable in an open an democratic society based on human dignity, equality and freedom, taking into account all relevant factors.
- 7.14 The above-mentioned contract clause 9 is not law, being simply an agreement between the Parties that purports to be compliant with the law, and hence enforceable as between the Parties. But seeing that it purports to limit Article 50(1) of the Constitution, and specifically the right of the Claimant to select its choice of dispute resolution forum as between a court or another independent and impartial tribunal or body, it is indeed inconsistent with Article 50(1). Consequently, pursuant to Article 2(4), clause 9 is void to the extent of inconsistency with Article 50(1).

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#### **Contractual Inconsistencies With Article 50(1) Of The Constitution**

- 7.15 To what extent is contract clause 9 inconsistent with Article 50(1) of the Constitution? Just to the extent of seeking to exclude a non-court independent and impartial tribunal or body? Contract clause 9 seeks to exclude non-court independent and impartial tribunals or bodies from available forums of dispute resolution.
- 7.16 Seeing that contract clause 9 does not provide for compliance with Article 50(1) of the Constitution, it is the opinion of this tribunal that the said clause 9 is void in its entirety. The Claimant was therefore free to exercise his Article 50(1) rights, both with respect to choice of dispute resolution forum as between a court or another independent and impartial tribunal or body, and from among non-court independent and impartial tribunals or bodies, the Claimant remained free to select any of such tribunals or bodies, provided the selected tribunal or body complied with the independent and impartial attributes of fair and public dispute resolution by the application of law.

#### **Appointing A Sole Arbitrator**

- 7.17 When exercising its Article 50(1) of the Constitution dispute resolution right, the Claimant chose to select a non-court independent and impartial tribunal, this being an arbitral tribunal selected under the ADR Arbitration Rules. Rule 7 provides for Appointment of Arbitral Tribunal. Rule 7.1 provides that the default number of arbitrators is one, unless the parties agree that the dispute shall be decided by three arbitrators. In the instant dispute the parties did not agree on the number of arbitrators. Rule 7.8 then became applicable, providing that where the parties have not agreed on the number of arbitrators the Institute shall appoint a sole arbitrator, unless it appears to the Institute that the dispute warrants the appointment of three arbitrators. As already noted, ADR appointed a sole arbitrator.
- 7.18 Section 3(1) of the Arbitration Act, 1995 provides that, in part, "arbitration" means any arbitration whether or not administered by a permanent arbitral institution. The instant arbitration is administered by a permanent arbitral institution ADR. Section 3(5) of the Arbitration Act provides that where a provision of this Act, except section 29,

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leaves the parties free to determine a certain issue, such freedom includes the right of the parties to authorize a third party including an institution to make that determination.

#### Section 12(2)(c) Of Arbitration Act Void!

7.19 Section 12(2)(c) of the Arbitration Act, 1995 provides that the parties are free to agree on a procedure of appointing the arbitrator or arbitrators and any chairman and failing such agreement, in an arbitration with one arbitrator, the parties shall agree on the arbitrator to be appointed. But section 12(2)(c) does not provide for the circumstance where the parties fail to agree on the arbitrator to be appointed, effectively resulting in a stalemate in the circumstance of failure to agree on the arbitrator – a stalemate indefinitely staying the arbitration proceedings, resulting in no resolution 10 of the parties dispute! As such an outcome is in conflict with the right to the resolution of a person's dispute in Article 50(1) of the Constitution, section 12(2)(c) of the Arbitration Act, 1995 is void to the extent that it does not provide a mechanism for the appointment of the arbitrator where the parties do not agree on one. In such a circumstance, relief is sought in section 3(1) and (5) considered above – the decision on appointment of the arbitrator falling to an arbitral institution in an arbitration administered by a permanent arbitral institution.

#### **Arbitral Tribunal Clothed With Jurisdiction**

7.20 Taking the above into consideration, as the Claimant had invoked his Article 50(1) of the Constitution right to dispute resolution, a right that gives him the choice of 20 instituting dispute resolution proceedings either before a court or another independent and impartial tribunal, and a right that cannot be limited by a contractual provision such as contract clause 9, the arbitral tribunal appointed by the arbitral institution ADR, the arbitral institution approached by the Claimant for the administration of its dispute with the Respondent, is possessed of jurisdiction to preside over and decide this contractual dispute between the Claimant and the Respondent.

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## Issue 2: Reliefs Sought By Claimant

#### **Information Supporting Financial Claims**

- 7.21 The Claimant has sought for the payment of interest on its overdue payment(s). Going by the limited information provided in the arbitration, the tribunal makes note of the following:
  - 7.21.1 Contract price: Kshs 4,800,000.00.
  - 7.21.2 Contract period: 120 days.
  - **7.21.3** Contract commencement: 18<sup>th</sup> June, 2020.
  - **7.21.4** Contract completion date: 16<sup>th</sup> October, 2020.
  - **7.21.5** There being no counterclaim on the part of the Respondent, with respect to delayed completion of the contract, it is assumed that the contract was completed on 16<sup>th</sup> October, 2020.
  - **7.21.6** It is assumed that the defects liability period was 180 days, ending 14<sup>th</sup> April, 2021.
  - 7.21.7 It is noted that the Claimant has not presented information on when it submitted its invoice for works done to the Respondent. In the circumstance, the standard procurement contracts that are applicable to public procurement prevail, for guidance purposes. For section 58(1) of the Public Procurement and Asset Disposal Act, 2015 (PPAD Act) provides that an accounting officer of a procuring entity shall use standard procurement and asset disposal documents issued by the Authority in all procurement and asset disposal proceedings.
  - 7.21.8 As at the contract signing date of 18<sup>th</sup> June, 2020, the applicable standard procurement contract form was the Standard Tender Document for Procurement of Works (Building and Associated Civil Engineering Works) Issued by the Public Procurement Oversight Authority in January 2007. Section III of this document is titled Conditions of Contract. Clause 32 of the Conditions of Contract is titled Final Account. Clause 32.1 reads:

"The Contractor shall issue the Project Manager with a detailed account of the total amount that the Contractor considers payable to him by the Employer under the Contract before the end of the Defects Liability Period. The Project Manager shall issue a Defects Liability Certificate and certify any final payment

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that is due to the Contractor within 30 days of receiving the Contractor's account if it is correct and complete. If it is not, the Project Manager shall issue within 30 days a schedule that states the scope of the corrections or additions that are necessary. If the final account is still unsatisfactory after it has been resubmitted, the Project Manager shall decide on the amount payable to the Contractor and issue a Payment Certificate. The Employer shall pay the amount due in the Final Certificate within 60 days."

#### 60 Days Maximum Payment Period

7.21.9 Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020 (PPAD Regulations) provides that:

"Subject to the availability of funds and after proper certification of the goods, services or works have been done, a procuring entity shall make prompt payments for all performed contracts including enterprises owned by youth, women or persons with disabilities and shall make payment within sixty days from the date of receipt of the invoice."

**7.21.10** Final payment due date: 13<sup>th</sup> June, 2021.

#### **Mandatory Interest On Overdue Payments**

7.21.11 Section 140 of the PPAD Act provides that:

"The following shall apply with respect to delayed performance and overdue amounts by a procuring entity and a contractor under a contract for a procurement — (a) unless the contract provides otherwise, the procuring entity shall pay interest on the overdue amount; ... (c) the interest and liquidated damages to be paid under paragraphs (a) and (b) shall be in accordance with the prevailing mean commercial lending rate as determined by the Central Bank of Kenya ..."

**7.21.12** Consequently, interest accrues after 13<sup>th</sup> June, 2021 until paid in full.

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#### **Claims Calculations**

**7.21.13** Annex IA/01 shows the interest calculations using the mean commercial lending rates as published by the Central Bank of Kenya (CBK). They show that as at 12<sup>th</sup> November, 2024, cumulative simple interest stood at **Kshs 2,250,461.33**. Adding this to the principal amount of Kshs 4,800,000.00, the total overdue amount as at 12<sup>th</sup> November, 2024 stood at **Kshs 7,050,461.33**.

#### **Costs Of The Arbitration**

7.22 The Claimant has sought for the costs of the arbitration. Section 32(1) of the Arbitration Act, 1995 provides that unless otherwise agreed by the parties, the costs and expenses of an arbitration, being the legal and other expenses of the parties, the fees and expenses of the arbitral tribunal and any other expenses related to the arbitration, shall be as determined and apportioned by the arbitral tribunal in its award under this section, or any additional award under section 34(5). Rule 31 of the ADR Arbitration Rules provides for arbitration and legal costs. Rule 31.1 provides that the costs of the arbitration shall, except the legal and other costs incurred by the parties, be determined by the Institute in accordance with the First Schedule. Part 4 of the First Schedule provides for fees and costs in domestic arbitration. Paragraph A.2 of Part 4 provides that the fees shall be 50% of those in paragraph 1 above where the dispute is disposed of ex parte, by consent or by a decision on a preliminary question of law not dependent on fact. As the instant dispute has been disposed of ex parte, with the Respondent not having submitted its statement of response or any submissions, the arbitral tribunal fees are 50% of those in paragraph A.1 of Part 4 of the First Schedule of the ADR Arbitration Rules.

#### **Arbitration Costs Calculations**

7.23 Annex IA/01 also contains the costs of the arbitration as at 12<sup>th</sup> November, 2024. Arbitral tribunal fees amount to Kshs 105,252.31. Arbitral institution fees amount to Kshs 42,100.92. Claimant's legal costs, on the principle of costs following the event, amount to Kshs 70,168.20 – assessed on a party and party basis under Schedule 11 of the

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#### **Procurement Officials Liability Under Article 226(5) Of The Constitution**

- 7.24 The Claimant has sought for an order that the Respondent implements Article 226(5) of the Constitution against the public officers within the Respondent who are responsible for the extra costs that have arisen on this contract, at the Respondent's expense. Article 226(5) provides that if the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not.
- 7.25 Section 44(1) of the PPAD Act provides that an accounting officer of a public entity shall be primarily responsible for ensuring that the public entity complies with the Act. Section 45(5) provides that for the avoidance of doubt, all public officers or State officers involved in procurement or asset disposal processes shall bear responsibility for their actions and omissions. Consequently, while primary responsibility for compliance with the PPAD Act lies with the accounting officer, all other public officers or State officers involved in the procurement process bear secondary responsibility for their actions and omissions.
- 7.26 Had the contract been administered in compliance with the PPAD Act, paying special attention to timely payments to the Claimant, as provided for in regulation 139(6) of the PPAD Regulations, only the contract sum of Kshs 4,800,000.00 would have been due from the Respondent to the Claimant, and would have been paid no later than 13<sup>th</sup> June, 2021. But, on account of failure to adhere to the timely payment requirements in the PPAD Act and PPAD Regulations, additional costs on top of the contract sum have been incurred, including overdue payment interest, arbitral tribunal fees, arbitral institution fees and legal costs, all amounting to Kshs 2,467,982.77 as at 12<sup>th</sup> November, 2024!
- 7.27 These additional costs were all avoidable, had those responsible for contract administration duly undertaken their duties in compliance with the law these being the accounting officers from the date the contract was signed to the present point in time, and the other public officers involved in the procurement, including contract

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administration, of this contract. Pursuant to Article 226(5) of the Constitution, the Respondent must ensure that all these avoidable additional costs are duly recovered from the responsible accounting officers and other public officers, and should commence the said additional costs recovery proceedings within 60 days of the date of this arbitration award.

## Summary Of Findings And Holdings

- 8 In summary, the following are the findings and holdings in this arbitration:
  - 8.1 Under Article 50(1) of the Constitution, every person, including the Claimant, possesses the right of choice of dispute resolution forum as between a court or another independent and impartial tribunal or body.

8.2 Pursuant to Article 19(3) of the Constitution, the rights and fundamental freedoms contained in the Bill of Rights, including Article 50(1), are subject only to the limitations contemplated in this Constitution.

- 8.3 Pursuant to Article 24(1) of the Constitution, a right or fundamental freedom in the Bill of Rights shall not be limited except by law. A contractual provision purporting to limit a person's Article 50(1) right is void, voided by Article 2(4), on account of being inconsistent with this Constitution. Consequently any contractual provision purporting to limit a person's right to choose its dispute resolution forum as between a court or another independent and impartial tribunal or body is indeed void, and so is unenforceable.
- 8.4 Section 12(2)(c) of the Arbitration Act, 1995 is void to the extent that it does not provide a mechanism for the appointment of a sole arbitrator where the parties do not agree on one, as such an outcome is in conflict with a person's right in Article 50(1) of the Constitution to the resolution of its dispute.
- Resolution (ADR), the arbitral institution approached by the Claimant for the administration of its dispute with the Respondent, is possessed of jurisdiction to preside over and decide this contractual dispute between the Claimant and the Respondent.
- 8.6 On account of the Respondent's silence in this arbitration, noted by its failure to file its statement of response including information that sections 44(2)(d) and 68(1) of the PPAD Act requires it to keep in safe custody for up to six years following the

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completion of a procurement contract, this arbitral tribunal has not considered any counterclaims that the Respondent could have lodged, but did not.

- 8.7 As at 12<sup>th</sup> November, 2024, cumulative simple interest, on account of overdue payments, stood at **Kshs 2,250,461.33**. Adding this to the principal amount of Kshs 4,800,000.00, the total overdue amount as at 12<sup>th</sup> November, 2024 stood at **Kshs 7,050,461.33**.
- 8.8 The costs of the arbitration as at 12<sup>th</sup> November, 2024 are as follows: Arbitral tribunal fees amount to **Kshs 105,252.31**. Arbitral institution fees amount to **Kshs 42,100.92**. Claimant's legal costs, on the principle of costs following the event, amount to **Kshs 70,168.20** assessed on a party and party basis under Schedule 11 of the Advocates Remuneration Order issued under the Advocates Act.
- 8.9 On account of failure to adhere to the timely payment requirements in the PPAD Act and PPAD Regulations, additional costs on top of the contract sum have been incurred, including overdue payment interest, arbitral tribunal fees, arbitral institution fees and legal costs, all amounting to **Kshs 2,467,982.77** as at 12<sup>th</sup> November, 2024!
- **8.10** Pursuant to Article 226(5) of the Constitution, the Respondent must ensure that all these additional and avoidable costs are duly recovered from the responsible accounting officers and other public officers involved in the procurement, including contract administration, of this contract, and should commence the said additional costs recovery proceedings within 60 days of the date of this arbitration award.

## Legal Status Of Arbitral Award

9 Before closing with the final orders of this arbitral award, the provisions of section 32A of the Arbitration Act, 1995 ought to be considered. The section provides that except as otherwise agreed by the parties, an arbitral award is final and binding upon the parties to it, and no recourse is available against the award otherwise than in the manner provided by this Act.

#### Final Orders

In conclusion, the final orders of this arbitral award are as follows:

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10.1 As at 12<sup>th</sup> November, 2024, cumulative simple interest, on account of overdue payments, stood at **Kshs 2,250,461.33**. Adding this to the principal amount of **Kshs 4,800,000.00**, the total overdue amount as at 12<sup>th</sup> November, 2024 stood at **Kshs 7,050,461.33**. Until fully settled, simple interest continues to accrue at the Central Bank of Kenya mean commercial lending rates, as provided for in the Public Procurement and Asset Disposal Act, 2015.

10.2 The costs of the arbitration as at 12<sup>th</sup> November, 2024 are as follows: Arbitral tribunal fees amount to **Kshs 105,252.31**. Arbitral institution fees amount to **Kshs 42,100.92**. Claimant's legal costs, on the principle of costs following the event, amount to **Kshs 70,168.20** – assessed on a party and party basis under Schedule 11 of the Advocates Remuneration Order issued under the Advocates Act. Arbitral tribunal and arbitral institution fees are payable to the arbitral institution, Aluochier Dispute Resolution, while the Claimant's legal fees are payable to the Claimant, all payable by the Respondent. Until fully settled, monthly compound interest accrues at the Central Bank of Kenya mean commercial lending rates, pursuant to the authority granted in section 32C of the Arbitration Act, 1995.

10.3 Pursuant to Article 226(5) of the Constitution, the Respondent must ensure that all additional and avoidable costs, amounting to **Kshs 2,467,982.77** as at 12<sup>th</sup> November, 2024, are duly recovered from the responsible accounting officers and other public officers involved in the procurement, including contract administration, of this contract, and should commence the said additional costs recovery proceedings within 60 days of the date of this arbitration award.

Dated and signed at Rongo this 12<sup>th</sup> November, 2024 With the juridical seat being Nairobi, Kenya

Isaac Aluochier, FCIArb

luother

Arbitrator

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# Annexure: Overdue Amounts and Costs Breakdown

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# **Annex IA/01**

#### Kikongo

CENTRAL BA	ANK OF K	ENYA												
COMMERCIA			AVERGE F	RATES										
Date	Year	Month	Deposit	Savings	Lending	Overdraft	Principal	Overdue payment interest	Cumulative overdue interest	Total overdue	Arbitral Tribunal fees	Arbitral institution fees	Legal costs	Avoidable procurement losses
2021-06-01	2021	June	6.37	2.55	12.02	11.18	4,800,000.00	27,245.33	27,245.33	4,827,245.33				
2021-07-01	2021	July	6.34	2.51	12.09	11.44	4,800,000.00	48,360.00	75,605.33	4,875,605.33				
2021-08-01		August	6.3	2.64	12.12	11.38	4,800,000.00	48,480.00	124,085.33	4,924,085.33				
2021-09-01		September	6.34	2.57	12.1	11.34	4,800,000.00	48,400.00	172,485.33	4,972,485.33				
2021-10-01	2021	October	6.39	2.58		11.33	4,800,000.00	48,480.00	220,965.33	5,020,965.33				
2021-11-01		November	6.43	2.6			4,800,000.00	48,600.00		5,069,565.33				
2021-12-01		December	6.5	2.55			4,800,000.00	48,640.00		5,118,205.33				
2022-01-01		January	6.53	2.55		11.57	4,800,000.00	48,480.00	366,685.33	5,166,685.33				
2022-02-01		February	6.61	2.56			4,800,000.00	48,680.00		5,215,365.33				
2022-03-01		March	6.5	2.48		11.5	4,800,000.00	48,600.00	463,965.33	5,263,965.33				
2022-04-01	2022		6.58	2.56			4,800,000.00	48,800.00		5,312,765.33				
2022-05-01	2022		6.59	2.52			4,800,000.00	48,880.00		5,361,645.33				
2022-06-01		June	6.62	2.5			4,800,000.00	49,080.00		5,410,725.33				
2022-07-01	2022		6.74	2.94			4,800,000.00	49,400.00		5,460,125.33				
2022-08-01		August	6.93	3.47	12.43	12.1	4,800,000.00	49,720.00		5,509,845.33				
2022-09-01		September	6.82	3.44			4,800,000.00	49,640.00		5,559,485.33				
2022-10-01		October	7.01	3.46			4,800,000.00	49,560.00		5,609,045.33				
2022-11-01		November	7.11	3.5			4,800,000.00	50,560.00		5,659,605.33				
2022-12-01		December	7.17	3.56			4,800,000.00	50,680.00		5,710,285.33				
2023-01-01		January	7.47	3.6			4,800,000.00	51,080.00		5,761,365.33				
2023-02-01		February	7.54	3.58			4,800,000.00	52,240.00		5,813,605.33				
2023-03-01		March	7.6	3.55			4,800,000.00	52,360.00		5,865,965.33				
2023-04-01	2023		7.69	3.59			4,800,000.00			5,918,365.33				
2023-05-01	2023		7.7	3.55			4,800,000.00			5,971,205.33				
2023-06-01		June	7.8	3.92			4,800,000.00			6,024,445.33				
2023-07-01	2023		8.1	3.97			4,800,000.00			6,078,445.33				
2023-08-01		August	8.39	4.05			4,800,000.00			6,133,765.33				
2023-09-01		September	9.11	3.98			4,800,000.00			6,190,405.33				
2023-10-01		October	9.48	4.01			4,800,000.00			6,248,125.33				
2023-11-01		November	9.48	4.01			4,800,000.00			6,305,845.33				
2023-12-01		December	10.1	4.24			4,800,000.00			6,364,365.33				
2024-01-01		January	10.18	3.69			4,800,000.00			6,425,165.33				
2024-02-01		February	10.32	3.33			4,800,000.00			6,488,685.33				
2024-03-01		March	10.52	3.9			4,800,000.00			6,553,805.33				
2024-04-01	2024	April	10.77	4.14	16.45	16.37	4,800,000.00	65,800.00	1,819,605.33	6,619,605.33				

#### Kikongo

CENTRAL B	ANK OF K	ENYA												
COMMERCIAL BANKS WEIGHTED AVERGE RATES														
Date	Year	Month	Deposit	Savings	Lending	Overdraft	Principal	Overdue payment interest	Cumulative overdue interest	Total overdue	Arbitral Tribunal fees	Arbitral institution fees	Legal costs	Avoidable procurement losses
2024-05-01	2024	May	11.13	4.45	16.6	16.52	4,800,000.00	66,400.00	1,886,005.33	6,686,005.33				
2024-06-01	2024	June	11.48	5.11	16.85	16.78	4,800,000.00	67,400.00	1,953,405.33	6,753,405.33				
2024-07-01	2024	July	11.28	4.56	16.84	16.43	4,800,000.00	67,360.00	2,020,765.33	6,820,765.33				
2024-08-01	2024	August	11.59	4.62	16.84	16.39	4,800,000.00	67,360.00	2,088,125.33	6,888,125.33				
2024-09-01	2024	September			16.91		4,800,000.00	67,640.00	2,155,765.33	6,955,765.33				
2024-10-01	2024	October			16.91		4,800,000.00	67,640.00	2,223,405.33	7,023,405.33				
2024-11-01	2024	November			16.91		4,800,000.00	27,056.00	2,250,461.33	7,050,461.33	105,252.31	42,100.92	70,168.20	2,467,982.77