

REPUBLIC OF KENYA



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REPORT

OF

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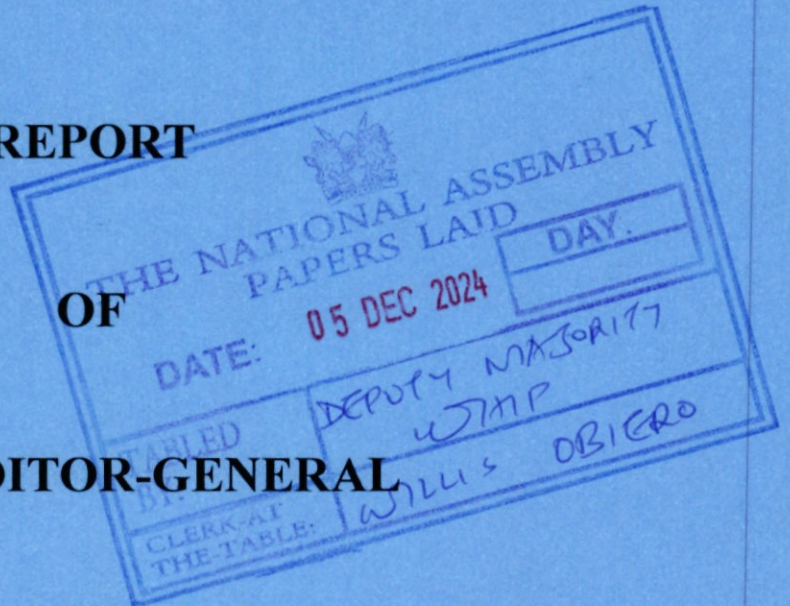
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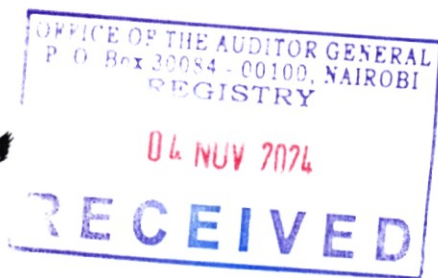
**INTEGRATED PROGRAMME TO BUILD
RESILIENCE TO CLIMATE CHANGE AND
ADAPTIVE CAPACITY OF VULNERABLE
COMMUNITIES IN KENYA (CREDIT NO:
KEN/NIE/MULTI/2013/1)**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**NATIONAL ENVIRONMENT MANAGEMENT
AUTHORITY**

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**PROJECT NAME: INTEGRATED PROGRAMME TO BUILD RESILIENCE TO
CLIMATE CHANGE AND ADAPTIVE CAPACITY OF VULNERABLE
COMMUNITIES IN KENYA**

**IMPLEMENTING ENTITY: NATIONAL ENVIRONMENT MANAGEMENT
AUTHORITY**

PROJECT GRANT/CREDIT NUMBER: KEN/NIE/MULTI/2013/1

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

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1. Acronyms and Glossary of Terms

ADRA	Adventist Development Relief Agency
AF	Adaptation Fund
CDA	Coast Development Authority
CPA (K)	Certified Public Accountant (Kenya)
CBK	Central Bank of Kenya
EEs	Executing Entities
EECs	Economic Empowerment Committees
FCS	Farmers Cooperative Societies
ICPAK	Institute of Certified Public Accountants of Kenya
KEFRI	Kenya Forest Research Institute
KSHS	Kenya Shilling
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NCE	No Cost Extensions
NEMA	National Environment Management Authority
NIE	National Implementing Entity
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
SUB-EEs	Sub-Executing Entities
TARDA	Tana and Athi Rivers Development Authority,

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USD	United States Dollar
VIRED	Victoria International Research and Development
VSLA	Village Savings and Loans Associations

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2. Project Information and Overall Performance

2.1 Name and registered office

Name

The programme's official name is "Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya".

Objective

The key objective of the programme is to enhance resilience and adaptive capacity to climate change for selected communities in various counties in Kenya in order to increase food security and environmental management.

Address

The programme headquarters offices are at Elland House on Popo Road, Off Mombasa Road, Nairobi, Kenya. The address of its registered office is: P.O. Box 67839-00200, Nairobi.

The project also had 3 Executing Entities (EEs) and 7 Sub-Executing Entities (Sub-EEs) as follows:

Executing Entities (EEs)

1. The Managing Director,
Kenya Forest Research Institute (KEFRI),
P.O. Box 20412-00200 Nairobi.
Email: director@kefri.org
Contact person: Dr. James Ndufa
Telephone: 0722983238

2. The Managing Director,
Tana and Athi Rivers Development Authority,
P.O. Box 47309-00100, Nairobi.
Email: Info@tarda.co.ke

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Contact Person: Mr. Peter Muli

Telephone: 0723582056

3. The Managing Director,
Coast Development Authority,
P.O. Box 1322-80100, Mombasa
Email: cda@cda.go.ke

Contact person: Ms. Mwanasiti Bendera

Telephone: 0724793887

Sub-Executing Entities (Sub-EEs)

1. Kenya Red-Cross

Contact person: Mr. Elijah Muli

Telephone: 0721428841

2. VIRED International (Kisumu)

Contact person: Prof. Philip Raburu

Telephone: 0717631789

3. HornAid Kenya (Garissa & Wajir)

Contact person: Mr. Abbas Hajir

Tel. 0701691818 / 0704380300

4. Nasaru Women group (Kajiado)

Contact person: Ms. Juliana Rono

Telephone: 0720805235

5. CARITAS (Nyeri) Contact person:

Fr. Stephen Ndungú Gitonga

Telephone: 0721392835

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6. ADRA Kenya (Kitui)

Contact Person: Ms. Stella Wanjau

Telephone: 0722808488

7. Kenyatta University

Contact Person: Mary Baaru

Telephone. 0722267824

Contacts: The following are the programme contacts

P.O. Box: 67839

Telephone: (254) 724253398 / (254) 723363010 / (254) 735013046

E-mail: info@nema.go.ke

Website: www.nema.go.ke

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Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The programme official start date is 01/05/2016
Project End Date:	The initial programme end date was 30/04/2019. NEMA had sought 4 No Cost Extensions (NCEs) <ul style="list-style-type: none"> • 1st NCE was a 12-month extension; the programme completion date was extended to 30/06/2020. • 2nd NCE was granted due to the delay occasioned by the COVID 19 for a duration of 18 months; the programme completion date was extended to 30/12/2021. • The 3rd NCE was a 9 months' extension granted till 30/09/2022. • The 4th NCE was a 9 months' extension granted from September 2020 to 30/06/202 • The 5th NCE was a one year's extension upto 30th June 2024
Project Manager:	The programme manager is M/S Anne Omambia, PhD
Project Sponsor:	The programme sponsor is The Adaptation Fund Board

2.3 Project Overview

Line Ministry/State Department of the project	The programme is under the supervision of the Ministry of Environment, Climate Change and Forestry.
Project number	KEN/NIE/Multi/2013/1
Strategic goals of the project	The strategic goals of the programme are as follows: <ul style="list-style-type: none"> (i) To enhance Climate resilient agricultural, agro-forestry, pastoral and agro-pastoral production

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	<p>systems to improve food security in selected Counties in Kenya</p> <ul style="list-style-type: none"> (ii) To improve climate resilient water management systems to enhance food security in selected Counties in Kenya (iii) To increase resilience to the effects of rise in sea level and shoreline changes through Integrated Shoreline and Mangrove Ecosystem Management at Vanga and Gazi in the Coastal region of Kenya (iv) To reduce disaster risk among targeted vulnerable communities for climate related risks in Kenya (v) To strengthen institutional capacity, knowledge management, awareness raising and promotion of adaptation mechanisms in improving resilience on climate change to selected vulnerable communities in Kenya.
<p>Summary of Project Strategies for achievement of strategic goals</p>	<p>Since inception, the Programme has achieved the following:</p> <ul style="list-style-type: none"> (i) Provision and support of drought tolerant and high value crops through the use of adaptation villages. The Adaptation Village is a climate innovation providing holistic climate solutions comprising of a water asset mainly solar powered borehole, community water kiosk, sanitation facilities, cattle troughs, a demo farm and a community hall for training purposes. (ii) Establishment of tree nurseries with various species planted to rehabilitate water catchments areas in Kajiado County.

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- (iii) Provision and support for fruit farming as an alternative livelihood in Kajiado ,Kitui and Marsabit .
- iv) 15 water pans constructed in Kajiado, Makueni, Embu and Kilifi counties
- v) Provision of water infrastructure by drilling and equipping of boreholes.
- vi) Construction of 2 sump wells in Kitui county
- vii) Construction of 1 Djabia in Wasini Island, Kwale county
- viii) Construction of 2 smallholder irrigation scheme in Thome Laikipia county and in Masinga Machakos county
- ix) Distribution of drip kits among the women groups in Kajiado county
- x) A banana fruit processing plant has been established in Njegas, Kirinyaga County.
- xi) Coral reef rehabilitation and sea grass restoration done with 27 natural transfers and 173 artificial transfers of corals (2 acres)
- xii) A Coral reef and Sea grass Habitat Mapping report is available
- xiii) The National Coral Reef Restoration Protocol had been developed in both Swahili and English Versions to show how communities could undertake the coral reef restoration that is under implementation in the Wasini Conservation Area
- xiv) Soil accretion control in Mawembe area in Kwale county

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	<ul style="list-style-type: none"> xv) Construction of Water Harvesting Structures in 5 schools in Coast Region complete in Kwale and Taita Taveta counties namely Orkung'u Primary School, Makwenyeni Secondary, Karimboni Primary, Bandari secondary and Kajire Girls xvi) 60 Km of Canals in Kakol and Kupuon areas have been de-silted and opened up in Nyando river basin helping easing the flooding in Kisumu County xvii) An ice cooling facility construction in Homabay County ; xviii) Construction of fish cooling plant in Ekalakala , Machakos county , complete xix) Construction of a 4km dyke completed along River Asao in Kisumu County xx) 4 evacuation centres complete in 4 schools in Kisumu County as follows ; Migingo Primary, St. Alloys Primary, Ombaka Primary and Kibarwa Primary
<p>Other important background information of the project</p>	<p>NEMA was accredited to be Kenya's National Implementing Entity (NIE) for the Adaptation Fund (AF) in 2012 after being nominated by the PS, Ministry of Environment and Natural Resource who is the National Designated Authority to AF. Adaptation Fund is established under Kyoto protocol, which Kenya is a party member state, to fund concrete adaptation interventions in developing countries. The role of NEMA as an NIE is to be the fund's manager for funded adaptation programmes/projects.</p>

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	<p>xxi) The NIE is supposed to receive money from AF and oversee execution of the project by the Programme Executing Entities. NEMA received its re-accreditation as an NIE in May 2019 that is valid till 2024</p>
<p>Areas that the project was formed to intervene</p>	<p>The programme was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> i) Climate change is increasing the vulnerability of communities in the program areas to food insecurity and their ability to cope. There is need to adapt agriculture to the changing climate. ii) Climate change is worsening the already water insecurity in arid and semi-arid areas with consequences on access to water for irrigation, livestock and domestic use. To reduce vulnerability and enhance community resilience, there is need to invest in water harvesting and storage capacity iii) Kenya's coastal and marine ecosystems are a rich repository of resources (fisheries, coastal forests, mangrove forests, seagrass beds, coral reefs, river basins, deltas and estuaries, beaches and sand dunes as well as natural and cultural heritage sites). However, these resources are threatened by climate change among other threats. iv) The level of preparedness for climate related risks such as floods and droughts in the program areas is weak. In particular, perennial floods have ravaged most parts of lower Nyando catchment causing loss of lives and livelihoods.

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	Climate change information, best practices, technologies and success stories are not always shared effectively among stakeholders to catalyze climate change response.
Project duration	v) The programme started on 01/05/2016 and came to a close on the 30/06/2024

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Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

Kenya Commercial Bank Ltd (KCB), Gateway House Branch

P.O. Box 27618-00506, Nairobi

NEMA Adaptation Fund Kshs Account - No. 1218639164

2.5 Independent Auditor

The project is audited by :

Office of the Auditor-General

P.O. Box 30084-00100, Nairobi-Kenya.

2.6 Roles and Responsibilities

List of different people who are working on the project. This list includes the project manager and all the key stakeholders who are involved with the project, their roles, and positions.

Names	Title designation	Key qualification	Responsibilities
Mamo B. Mamo, EBS	Director General	Masters in Environmental Education	Overall programme direction and leadership
CPA Kennedy Ochuka	Director Corporate Services	Masters in Business Administration, Certified Public Accountants of Kenya	Overall programme financial management

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Anne Omambia PhD	NIE Coordinator	PhD in Environmental Engineering and Climate Change	Overall Programme Coordination
Mr. John Wafula	Deputy NIE Coordinator	Masters in Environmental Planning and Management	Program management
Ms Sarah Muthoni	Knowledge Management Officer	Masters Community Development	Knowledge management
Mr. Harron Wanjohi	Program Officer	Masters in Environmental Planning and Management	Support program management
CPA Obiere Peter	NIE Accountant	Masters in Business Management, Certified Public Accountants of Kenya	Financial Management and accounting

2.7. Funding summary

The Programme was for a duration of 3 years from May 2016 to April 2019 with an approved budget of USD 9,998,302 equivalent to Kshs 1 Billion. NEMA has sought 5 No cost extension that were all approved by the Adaptation Fund Board. The 1st extension was from January 2019 to June 2020. The 2nd extension was from June 2020 to December 2021. The 3rd extension was from December 2021 to September 2022. The 5th and final extension was upto 30th June 2024.

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NEMA received the first tranche of USD 4,956,893 (equivalent to Kshs 488,944,727) in December 2014. The second tranche of USD 3,954,163 (equivalent to Kshs 399,783,277) was received in October 2018 while the last tranche of the programme budget of USD 1,087,220 (equivalent to Kshs 117,759,951) was received on 18th August 2020.

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Below is the funding summary:

A. Source of Funds

..						
Adaptation Fund Board	9,998,302	1,006,487,955	9,998,302	1,006,487,955	-	-
(ii) Counterpart funds						
Proceeds from Caritas Nyeri	-	-	-	743,151	-	-
Miscellaneous Receipts (Exchange gain/loss)	-	-	-	138,739,427	-	-
Total	9,998,302	1,006,487,955	9,998,302	1,145,970,533	NIL	NIL

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Project information and overall performance (continued)

A. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date (30 th June 2024)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
Adaptation Fund Board	9,998,276	1,006,487,955	9,998,276	999,903,708	-	6,584,247
(ii) Counterpart funds						
Miscellaneous Receipts (Exchange gain/loss)	-	138,739,427			138,739,427	138,739,427
Proceeds from Caritas Nyeri	-	743,151			743,151	743,151
Total	9,998,276	1,145,970,533	9,998,276	999,903,708	1,394,826	146,066,835

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

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

NEMA has received a total of USD 9,998,276 Kshs equivalent 1,006,487,955, being the programme's total budget. For the financial 2023-2024, NEMA spent Kshs **106,771,238** for the implementation of the project against a budget of Kshs 187,000,000. Cumulatively NEMA has spent Kshs 999,903,703 and exchange gain of Kshs 138,739,437 was realized during the project period.

Therefore the absorption rate as at 30th June 2024 was 87%

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

The Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya Programme has made significant progress in achieving the five programme components defined in the Kenya Climate Change Adaptation Funds Programme Budget. The following are the key achievements made under each component:

Component 1: Enhancing Climate resilient agricultural, forestry, pastoral and agro-pastoral production systems to improve food security in selected Counties in Kenya.

- Approximate 8,335 farmers (1,667 households) supported to adopt drought tolerant food crops and high value crops
- Five (no) of value chains under implementation: Fruit Value chain, Aloe - vera, Fish Value chain, Grains Value chain and Horticulture value chain.
- Fruit: 1500 households supported to adopt fruit farming (Mangoes, Citrus, watermelon, butter nuts, guavas) as an alternative livelihood in Kajiado, Kitui and Marsabit. 280 fruit trees to be planted in the 28 adaptation villages in the 9 counties. A banana fruit processing plant has been established in Njegas, Kirinyaga County.

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- **Fish:** An ice cooling facility is established in Homabay; 400 fishermen identified for support with a fish cooling plant in Ekalakala and the civil works are complete for the fish cooling in Ekalakala.
- **Aloe Vera:** Aloe Vera is one of the drought tolerant plant planted in the established adaptation villages, and particularly in Kajiado County. This will diversify the livelihood among the largely pastoralists communities. The communities were trained on how to grow aloe, establish small scale cottage enterprises like aloe vera soap / gel making, and market the products.
- **Grains and Horticulture Value chain:** The communities around the established adaptation villages are being trained on the various drought tolerant crops to be grown in their respective counties. Demo farms established use the farmer field approach to impart knowledge and skills in planting the drought tolerant food crops ensuring food security and driving livelihoods.
- 1500 households (Approximately 4,500 individuals) have adopted alternative livelihoods
- 714 Households using irrigation Kajiado, laikipia, Marsabit and Machakos
- Trainings were factored on the formation of Farmers Cooperative Societies (FCS) Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees (EECs)
- 2 Grass demos sites of an average of 2 acres established in Kajiado; pasture crops integrated among fodder crops promoted in the adaptation villages
- 120 bales of hay harvested in Marsabit
- Hay bailers procured to support women and youth groups in Kajiado to bulk and sell hay during drought.
- 150 farmers practicing ecological land conservation strategies

Component 2: Improving climate resilient water management systems to enhance food security in selected counties

- Construction of 6 waterpans of 18,000m³ per water pan at Imbirikani, Rombo, Kimana, Entonent, Lenkisim and Kuku wards in Kajiado by KEFRI complete.

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- Construction of 3 water pans of 20,000 m³ by HornAid Kenya in Wajir and Garissa: Boji Yare, Alan Gondere, Daad Bulle complete
- Construction of 2 water pans of 5000m³ – Kupuon Kamuga water pan in Kochieng west location and Dak Ongolo water pan in Kakola Ombaka location, Nyando by VIRED complete
- A 12,000m³ Cubic Meter water pan at Midoina in Kilifi Sub-County by CDA is complete and in use.
- Completed the Construction of Machanga water pan in Embu
- Construction of intake works in Muranga County Kigumo Constituency (Ajibika) complete
- Completed the Construction of Othaya Constituency Small Earth Dam (Gakina);
- Construction of small earth dam (Wanduli), Makuenu County, Kibwezi West Constituency complete
- 1Djabia constructed in Wasini Island, Kwale county
- 27 boreholes successfully drilled and adaptation villages established
- Construction of water harvesting structures in 5 schools in the coast region complete
- Construction of the Thome Irrigation scheme by Caritas complete
- Completed the Construction of Masinga small-holder irrigation project
- Construction of two sump wells in Kitui County – the project consist of pipeline to the demonstration farm, installation of two 10M² plastic water tanks on a 6m high steel tower, water kiosk, installation of solar system and a solar pump ; farmers using the infrastructure in the demo farms

Component 3: Increase resilience to climate change of Shoreline and Mangrove Ecosystem in Kenyan coastal zone

- Shoreline stabilization civil works complete in Mwaembe
- 90 ha of mangroves rehabilitated (224,199 mangrove seedlings planted) in both Gazi and Vanga mangrove ecosystem

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- 2 acres of Wasini CCA restored with corals. Community sensitization and training of Wasini BMU members on improved management of coral reef and seagrass ecosystems including Baseline survey, Actual transplanting on both shallow and deep waters, Data recording and monitoring.
- The National coral reef restoration protocol developed, validated and published entitled "The Kenya National Coral Reef Restoration Protocol"
- Coral reef and sea grass mapping report complete
- Coral reef restoration documentaries and reports developed and shared through social media and public fora.
- GIS database established
- A total of 485No. of sacks used for the sea grass restoration recorded, 9,700 sea grass seedlings successfully transplanted in both shallow and deep waters
- Stakeholder and technical meetings for the development of a Management Plan for Diani Chale Marine Protected Area held

Component 4: Disaster risk reduction and increasing preparedness among vulnerable communities

- 60 Km of blocked drainage channels opened in 3 sub counties in Nyando basin.
- Construction of a 4km dyke completed along River Asao in Kisumu County, including an early warning system for floods
- 4 evacuation centres complete in 4 schools in Kisumu County as follows ; Mgingo Primary, St. Alloys Primary, Ombaka Primary and Kibarwa Primary
- Two workshops held where 113 community members were trained on early warning systems; One workshop for school for 24 teachers

Component 5: Strengthening institutional capacity, knowledge management, awareness raising and promotion of adaptation mechanisms in improving resilience on climate change to selected vulnerable communities in Kenya

- Web based information system developed for the programme hosted in the NEMA website; "<http://www.kccap.co.ke/>" Website Developed by CDA;
- Project sites branded;

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- Project banners and brochures developed;
- Adaptation Fund documentary developed among others
 - iii) Value-for-money achievements
- i) Establishment of a functional adaptation village in Lechugu Secondary School in Laikipia County complete with a borehole, sanitation block, kiosk, demonstration block and basic hall
- ii) Construction of two sump wells at Kamanyi and Nyanyaa in Kitui County – the project consist of pipeline to the demonstration farm, installation of two 10M2 plastic water tanks on a 6m high steel tower, water kiosk, installation of solar system and a solar pump
- iii) Construction of 2 water pans and 3 water storage tanks for harvesting of flood and rain water at the Thome Small holder irrigation project in Laikipia
- iv) Establishment of a functional adaptation village in Vota Primary School in Machakos County complete with a borehole, sanitation block and a water kiosk. The VOTA borehole has a desalinization plant ensuring the water is potable.
- v) Baseline study for cropping system completed by Kenyatta University.
- vi) Construction of Water Harvesting Structures in 5 schools in Coast Region complete – Kwale and Taita Taveta counties namely Orkung'u Primary School, Makwenyenu Secondary, Karimboni Primary, Bandari secondary and Kajire Girls
- vii) Trainings on Drought Tolerant crops management and on drip kits installation and management done by NASARU
- viii) 4 functional adaptation villages established in Kajiado County in Mosiro, Oletepesi, Olekejuodo and Mashuruu equipped with solarized system, borehole, water tanks, cattle dips, basic halls and demo block.
- ix) A 12,000 Cubic Meter water pan at Midoina in Kilifi Sub-County has been completed and is in currently use.
- x) 90 Ha of land has been rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in Vanga and Gazi areas

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- xi) 3 km of Coral reef rehabilitation and sea grass restoration done with 27 natural transfers of corals and 173 artificial transfers of corals (2 acres)
- xii) Construction of 3 Water pans; 2. in Wajir County and 1 in Garissa County of an average capacity of 20.000 cubic metres capacity namely; Boji Yare, Daad Bulle and Alan Godere respectively.
- xiii) Construction of 6 Water Pans at Imbirikani, Rombo, Kuku, Kimana, Lenkinsim and Entonent
- xiv) 1700 seedlings of 6 varieties of mangoes, 1700 seedlings of 4 varieties of citrus distributed to households in Kajiado ; 13,900 tree seedlings of various species planted to rehabilitate watering points and along rivers by KEFRI.
- xv) 3 check dams complete at Machanga, Wanduli and Gakina
- xvi) Intake work complete at Muranga, Ajibika Project in Gatare forest.
- xvii) Smallholder irrigation infrastructure project at Masinga is fully operational.
- xviii) Construction of a fish cooling plant and fruit processing plant completed in Machakos and Kirinyaga County respectively.
- xix) 2 water pans completed using voucher for work namely Dak Ongolo and Kupuon of average capacity of 4500 cubic meters.
- xx) 60 Km of blocked drainage channels opened in 3 sub counties using voucher for work done by VIRED.
- xxi) 3 adaptation villages established in Kisumu County at ,Wasare primary, Ogal Primary and Mingingo Primary
- xxii) 5 Adaptation villages established in Homabay county in ; St. Nicansius Maranyona, Malele Primary school, Langi Dispensary , Ngou Primary and Kanyangasi Dispensary.
- xxiii) 22,000 grafted mango seedlings have been distributed by ADRA and planted by the community with a 70% success rate
- xxiv) The National Coral Reef Restoration Protocol had been developed in both Swahili and English Versions to show how communities could undertake

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the coral reef restoration that is under implementation in the Wasini Conservation Area

- xxv) Assessment of impacts of sea walls complete. A website for the project is in place (<http://www.kccap.co.ke>)
- xxvi) Construction of 4 evacuation centres is complete in 4 schools in Kisumu County in the following schools ; Migingo Primary, St. Alloys Primary, Ombaka Primary and Kibarwa
- xxvii) 5 Adaptation villages established in Wajir and Garrisa Counties
- xxviii) Construction of a 4km dyke complete along River Asao in Kisumu County

Absorption Analysis

2015/16	4,957	488,945	-	488,945	59,641	429,304
2016/17	-	-	429,304	-	255,676	173,628
2017/18	-	-	194,080	-	90,110	83,518
2018/19	3,954	399,783	104,370	399,783	27,559	455,742
2019/20	-	-	476,844	-	84,761	370,981
2020/21	1,086	117,760	392,082	117,760	107,291	381,450
2021/22	-	-	402,551	-	140,326	241,124
2022/23			384,473	-	167,116	74,008
2023/24					106,771	-32,763

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Add:Other receipts & exchange gain						
Exchange gain				138,739		105,976
Receipts from Caritas				743		106,719
Refunds from EEs					(39,348.01)	146,066.8
Balance for AF USD						
Total	9,997.12	1,006,488	2,383,704	1,145,970	999,903	146,067

Implementation Challenges

Delay of civil works completion by the procured contractors	A few of the contractors establishing civil works of the adaptation assets have delayed completion of the assigned works,	Monitoring of the project activity status and contract management meeting have been employed to ensure close follow up with the contractors
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2.9 Summary of Project Compliance:

There were no significant cases of non-compliance with applicable laws and regulations, and external financing agreements/ Covenants.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

The overall objective of the Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya is to contribute to enhanced resilience and adaptive capacity to climate change for selected communities in various Counties in Kenya in order to increase food security and environmental management

The key development objectives of the *programme's agreement/* plan are to:

- a) **Objective 1:** Enhance Climate Change resilience for improved food security in selected Counties
- b) **Objective 2:** Improve climate resilient water management systems to enhance food security in selected Counties
- c) **Objective 3:** Increase resilience to climate change of Shoreline and Mangrove Ecosystem in Kenyan coastal zone
- d) **Objective 4:** Disaster risk reduction and increasing preparedness among vulnerable communities
- e) **Objective 5:** Strengthen capacity and knowledge management for Program Implementation and Climate change adaptation

Progress on attainment of strategic development objectives

The table below indicates the progress attained on the strategic development objectives.

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Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome / Target	Indicator/ Means of Verification	Performance
Component 1: Enhancing Climate resilient agricultural, forestry, pastoral and agro-pa systems to improve food security in selected Counties in Kenya.				
Output 1.1	Increased adoption of drought tolerant food crops and high value crops	15,000 individuals adopting drought tolerant and high value food crops;	1.1.1 No. of individuals adopting drought tolerant and high value food crops	Approximate 8 households) su drought toleran value crops
		6value chains approaches adopted/enhanced	1.1.2 No. and types of value chain approaches adopted/enhanced	Five (no) of valu progress: 1)Fruit Value ch 2)Aloe - vera 3)Fish Value ch 4)Grains Value 5)Horticulture v

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Output 1.2	Diversified alternative livelihood sources	2No and type (fish &fruit) of alternative livelihood strategies adopted	1.2.1 No and type of alternative livelihood strategies adopted	1) Fruit: 1500 households supported to adopt fruit farming (Mangoes, Citrus, watermelon, butter nuts, guavas) as an alternative livelihood in Kajiado, Kitui and Marsabit. 280 fruit trees to be established in the adaptation villages 2) Fish: An ice cooling facility is completed Homabay; 400 fishermen supported through a fish handling facility in Ekalakala
		5000 individuals adopting alternative climate-resilient livelihoods	1.2.2 No. of individuals adopting alternative climate-resilient livelihoods	1500 households (Approximately 4,500 individuals) have adopted alternative livelihoods
Output 1.3	Increased food production through appropriate and efficient	25% average increase in food production per Ha.	1.3.1 Percentage increase in food production (kgs) per Ha	Activities to support this output including irrigation , drip kit distributions, seed distribution and trainings are done
		3,000 individuals using irrigation methods	1.3.2 No of individuals using irrigation methods	714 Households using irrigation Kajiado, laikipia, Marsabit and Machakos

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	irrigation methods			
Output 1.4	Enhanced efficient food utilization through implementation of post-harvest strategies and value chain approach	140 Common grain stores for farmer groups, 61 Farmers Cooperative Societies (FCS), Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees(EEs) formed and supported	1.4.1 No. of preservation, storage techniques established 1.4.2 No. of Farmers Cooperative Societies (FCS), Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees(EEs) formed and supported	None: 27 Adaptation villages completed that serve as centres of demonstrations and promotion of preservation, storage techniques None: Replaced by adaptation villages where training has been factored on the formation of Farmers Cooperative Societies (FCS) Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees(EEs)
Output 1.5.	Increased animal production through	100 Hay machines distributed	1.5.1 Percentage increase in available fodder	120 bales harvested in Marsabit; 2 Grass demos' sites of an average of 2 acres established in Kajiado Hay bailers procured to support



	adoption of drought tolerant animal breeds, pasture conservation and emergency fodder banks			women and youth groups in Kajiado to bulk and sell hay during drought.
			1.5.2 No of animals receiving sufficient fodder	Haybaliers given to farmer groups for bailing hay in kajiado county
Output 1.6	Enhanced land productivity through ecological land use systems , conservation strategies and	5ecological land use and management systems adopted	1.6.1 No and type of ecological land use and management systems	3 Ecological and land use and management systems promoted: Types: (a) Agro forestry (b) Soil and Water conservation (c) Rehabilitation of water catchments areas
		2000 individuals practicing conservation strategies	1.6.2 No. of individuals practicing conservation strategies	150 farmers

	management technologies			
Component 2: To improve climate resilient water management systems to enhance food security in selected Counties in Kenya				
Output 2.1	Established appropriate physical assets and infrastructure for water harvesting, storage and irrigation.	78 water pans water constructed. Construction of 300mm pipeline approximately 9km 29 boreholes 2 sumpwells 2 djabias 5 roof catchment structures	The physical assets and infrastructure for water harvesting, storage and irrigation are not available in the project sites	12 water pans constructed 2 (No) Irrigation infrastructure established in Masinga and Laikipia with pipeline of approx 11.9Km 25 boreholes drilled and equipped 3 check dams established 2 sumpwells done and equipped 1 djabia established 5 roof catchment structures established in schools
Component 3: To increase resilience to the effects of rise in sea level and shoreline changes through Integrated Shoreline and Mangrove Ecosystem Management at Vanga and Gazi in the Coastal region of Kenya				
Output 3.1	Implemented Integrated	Shoreline stabilized civil	3.1.1 Length of shoreline stabilized.	Shoreline stabilized civil works complete at Mwaembe

Shoreline and Mangrove Ecosystem Management (ISMEM) plan	works ongoing at Mwaembe		
		3.1.2 No. of HHs secured from the effects of sea level rise and shoreline changes.	
	• 90 Ha rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in Vanga and Gazi areas	3.1.3 Area in Ha of Mangroves Ecosystem rehabilitated in Vanga and Gazi.	• 90 Ha rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in Vanga and Gazi areas
	• 3 km of Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173	3.1.4 Length of coral reefs rehabilitated and protected along the Shimoni-Vanga shoreline.	• 3 km of Coral reef rehabilitation and sea grass restoration done and there have been 27 natural transfers of corals and 173 artificial transfers of corals (2 acres) A total of 485No. of sacks used for the sea grass restoration recorded, 9,700

		artificial transfers of corals (2 acres)		sea grass seedlings successfully transplanted in both shallow and deep waters
			3.1.5 Length of shoreline where erosion and accretion has been controlled.	
		• Inventory and GIS database in place.	3.1.6 Inventory and GIS database for the shoreline and mangrove ecosystem in place.	• Inventory and GIS database in place.
Component 4: To reduce disaster risk among targeted vulnerable communities for climate related risks in Kenya				
Output 4.1	Enhanced disaster risk reduction and increasing preparedness among	(a) Construction of 4kms of Dykes (b) Desilting/opening of 10kms of canals (c) Construction of	4.1.1: Number of infrastructures developed or modified to respond to new conditions arising from climate change related disasters	(a) 60 Km of blocked drainage channels opened in Nyando river basin helping reduce flooding in Kisumu County; (b) 4 km dykes constructed along river Asao (c) 4 evacuation centers completed

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	vulnerable communities	4 evacuation Centers		
		2 Early warning system established; Developed system of sending disaster alerts	4.1.2: No. of early warning systems	1 early warning system on the River Asao Dyke completed
		8 Drills/forums	4.1.3: Number of sensitization forums / drills held to build the capacity of the vulnerable communities and stakeholders for increasing knowledge & skills in arresting climate change disaster	Two workshops held where 113 community members were trained on early warning systems; One workshop for school for 24 teachers

Component 5: To strengthen institutional capacity, knowledge management, awareness raising and promotion of adaptation mechanisms in improving resilience on climate change to selected vulnerable communities in Kenya.				
Output 5.1	Established information systems for documenting program implementation processes, information and best practices/lessons learnt	1 Policy makers, ministerial training 10 farmer exchange field tours One conference to profile disseminate best practices One empirical research study	5.1.1 Number of information systems / materials(database, website, website Communication and visibility tools) developed documenting program implementation processes, information and best practices/lessons learnt	<ul style="list-style-type: none"> • Web based information system - webpage developed for the programme hosted in the NEMA website; Webpage on project Developed by CDA; "http://www.kccap.co.ke/" • All project sites branded; Project banners and brochures developed; Project activities documentary under developed; 20,000 brochures done and distributed by Vired; 2500 brochures, fliers, posters, 33 shirts and banners for project visibility done by NIE secretariat • Project activities highlighted in NEMA website

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				<ul style="list-style-type: none"> • Adaptation fund programme featured in a national news t.v station "https://www.youtube.com/watch?v=ZnldXagxUQ4&feature=youtu.be" • Coastal region Project activities documentary developed and shared on social media "https://web.facebook.com/TheNextFrontierKe/videos/498005837484572"
Output 5.2	Knowledge generation and dissemination	12 Radio talk shows on DRR	5.2.1 Number of meetings, forums and information materials generated	None: Planned

<p>Output 5.3</p>	<p>Awareness creation and sensitization on climate change adaptation.</p>	<p>Participation in short courses international meetings, seminars, national workshops on climate Change, project management</p>	<p>5.3.1 Number of radio/T.V shows/ programmes aired, peer reviewed publications, community forums, information materials generated and trainings conducted</p>	<p>(a) Participated in 1 International seminar in South Africa (b) Held the NIEs Readiness workshop in Kenya in April 2018; (c) Participated in 1 International seminars - Climate Finance readiness Seminar in Antigua & Barbuda in August 2019: (e) 2020 Annual Climate Finance Readiness Seminar for Accredited NIEs (f) Participated in the 2020 Virtual Annual Climate Finance Readiness Seminar for Accredited NIEs (g) Participated in the AF Virtual Knowledge Fair in December 2020 (h) Participated in 2021 annual NIE virtual seminar (i) Participated in UNEA, 2020 and 2021 in Nairobi, Kenya</p>
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Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

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<p>Output 5.4</p>	<p>Strengthening capacity for program implementation and Climate change adaptation</p>	<p>1 Climate Change adaptation meeting</p>	<p>5.4.1 No. of International meetings, seminars, national workshops and short courses on program management and Climate Change adaptation attended</p>	<p>Participated in UNFCCC COP 25 in Madrid, Spain and COP 26 in Glasgow, UK. Participated in the country exchange for national implementing entities – NIEs from 5-9 June 2023 in Pekalongan, Indonesia</p>
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4. Environmental and Sustainability Reporting

i) Environmental and Sustainability reporting

The National Environment Management Authority (NEMA) is the principal instrument of Government for the implementation of all policies relating to environment. Below is an outline of the organisation's policies and activities that promote sustainability.

ii) Sustainability strategy and profile

The Constitution of Republic of Kenya has elevated right to clean environment as a basic human right. Delivery of Environment services is the core mandate of NEMA, and more so efficient and effective delivery of Environmental services. NEMA operates within the environmental principles as enshrined in EMCA No.8 of 1999, such as the principles of Environmental sustainability, precautionary principle, polluter pay principle and the Principle of public participation. The Authority, in its Sustainability Policy has identified twelve key sectors within and external to the Authority that requires major focus in order to attain mainstreaming of environmental sustainability in NEMA operations. The sectors includes: Transport sector, Procurement and tender of services, Procurement of equipment, Disposal of NEMA assets, Energy supply and use, Water supply and use, Waste Disposal, Climate change and carbon footprints, Guidelines and regulations, ISO Standard operating procedures, Management systems and Staff attitude, both for NEMA staff and regulated organizations.

iii) Environmental performance

The Authority has an Environmental Sustainability Policy that informs mainstreaming of Environmental and Climate Change in NEMA operations, internally as well as externally with its client.

Policy Objectives

- Guide NEMA in mainstreaming Environmental sustainability into its operations

- Customize internal operation of the Authority in order to reduce its Carbon footprints and to contribute to greening NEMA.
- Assist NEMA to mobilize its departments to review their ISO standards operating procedures (SOP), tools and instruments and introduce elements that enhances environmental sustainability and climate change compliant
- Assist NEMA to examine their tools, instruments of engagement with the partners, stakeholders and regulated constituencies in order to integrate aspects that demonstrate environmental sustainability and climate change compliance

The Kenya National Environmental Performance Index (KEPI) is one of the Authority's success stories in environmental sustainability. KEPI is a new environmental management frontier championed by the National Environment Management Authority (NEMA) to lead to further creation of opportunities in environmental management knowledge, skills and experience at National and County levels. This report presents the baseline results for the KEPI and County EPIs'. The report was developed in close consultation with the line ministries, government departments, government agencies, County officers and private sector institutions.

Purpose and Objectives of the KEPI

The EPI provides a tool for continually assessing progress towards established targets for priority setting and potentially for resource allocation. This tool assists the MDAs and line ministries to lobby decision makers for appropriate resource allocation in underperforming areas. Other objectives of the EPI are to:

1. Be part of a knowledge management system aimed to inform future policy and programming, thereby contributing to the promotion of policy dialogue
2. Acts as a tool for enhancing compliance and enforcement
3. Assist in building collaborative partnerships between the public and the private sector

4. Act as a supportive tool for capacity development

The KEPI also evaluated all the 47 counties based on County indicators agreed upon with stakeholders.

Other milestones the Authority has made in environmental sustainability include;

1. Reviewing of EMCA, 1999 so as to strengthen the regulatory framework for Environmental Management,
2. Implementation on the Ban of single use plastic bag
3. Green points design and construction incorporated aspects such as rainwater harvesting, wastewater recycling technologies, low energy consumption, among other features in order to practically interpret the green economy concept in our context here in Kenya.
4. Development of environmental sustainability curriculum for internal and external clients training
5. Implementation of the pollution control strategy for Nairobi River Basin

Challenges

Issues of environmental management in Kenya such as air pollution, climate change impacts, water pollution, biodiversity loss, poor waste management, invasive species, deforestation, encroachment of riparian reserves and wetland ecosystems, poor land use planning and limited knowledge on environmental protection continue to pose a big challenge to the authority's mandate. Nationally, resource allocation for environment sector is a key inhibiting factor for effective management of environment.

iv) **Employee welfare**

NEMA has human resource policies and procedures manual which guides on the recruitment process from vacancy identification to new hire induction. The policy takes into account the gender, women and disability considerations.

On careers, we have a progressive career guideline. Annual staff performance appraisals are conducted and rewards and sanctions determined. Capacity building of staff is through formal and on job trainings. NEMA is working on safety policy which will be in compliance with Occupational Safety and Health Act of 2007, (OSHA)

V) Market place practices-

a) Responsible Supply chain and supplier relations-

The project ensures all procurement activities are carried out in accordance with the Government of Kenya public procurement law and regulations. The Authority (NEMA) adheres to the Presidential directive on Access to Government Procurement Opportunities (AGPO) which ensures youth, women and people living with disabilities as individuals or in organized groups benefit. The Authority also submitted to PPRA a summary of procurements allocated to the target group in the format provided in the PPRA website, www.tenders.go.ke and also submitted to National Council for Persons with Disabilities (NCPWD) a summary of procurement opportunities allocated to Persons with Disabilities (PWD).

All suppliers are paid within reasonable time after executing their contractual obligations.

b) Responsible ethical practices

The project is guided by NEMA anti-corruption policy. Adherence to NEMA core values ensures ethical and responsible political involvement.

c) Regulatory impact assessment

The project is committed to promoting transparency and accountability this ensures citizen and stakeholder's rights are safeguarded.

vi) Community Engagements

The Authority's CSR program is focused on creating and maintaining a strong bond with the community and its stakeholders. To this end, the Authority's CSR initiatives provide communities with opportunities for engagement that touch on the three (Environmental, Economic and Social) broad CSR pillars.

During the financial year, the Authority undertook the following CSR activities;

- Donation of a 10,000 litres water tank to Emborogo Children's home in Kisumu County and capacity building on climate change, waste management and tree planting in two schools in Murayu primary in Kakamega and Mikayu primary in Bungoma.
- Planted 2,500 seedlings at Gambela and fenced 40% of Lake Kisima.
- Donated food items to a children's home in Homabay County, 17 tanks, 105 beehives and 8 improved goats to communities in Embu during WED & WDDD 2024

5. Statement of Project Management Responsibilities

The Director General and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya 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, 2024. 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 (v) Making accounting estimates that are reasonable in the circumstances.

The Director General and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya 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 Director General and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya 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, 2024, and of the Project's financial position as at that date. *The Director General* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya further confirm the completeness of the accounting records maintained for the Programme, 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 *Director General* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya confirm that the Programme has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Programme funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the *Director General* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya on 27th, September, 2024 and signed by:


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Mamo B. Mamo, EBS

Director General


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Ann Omambia, PhD

Programme Coordinator


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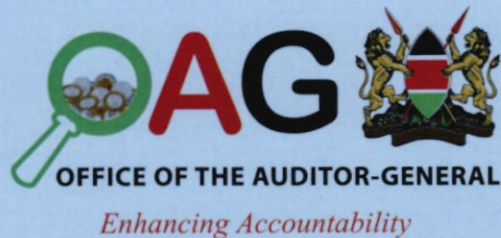
CPA Kennedy Ochuka

**Director Corporate
Services**

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REPORT OF THE AUDITOR-GENERAL ON INTEGRATED PROGRAMME TO BUILD RESILIENCE TO CLIMATE CHANGE AND ADAPTIVE CAPACITY OF VULNERABLE COMMUNITIES IN KENYA (CREDIT NO: KEN/NIE/MULTI/2013/1) FOR THE YEAR ENDED 30 JUNE, 2024 - NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

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 the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

Report of the Auditor-General on Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya (Credit No. KEN/NIE/MULTI/2013/1) for the year ended 30 June, 2024 - National Environment Management Authority

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya (Grant No.KEN/NIE/MULTI/2013/1) set out on pages 1 to 40, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya as at 30 June, 2024, 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 comply with the Financing Agreement between Adaptation Fund Board and National Environment Management Authority (NEMA) and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.187,000,000 and Kshs.187,000,000 respectively. However, the project spent Kshs.106,771,238 against actual receipts of Kshs.187,000,000 resulting to under-utilization of Kshs.80,228,762 or 43% of the actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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 Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Project Implementation

The project commenced on 1 May, 2016 and was to be completed by 30 April, 2019. However, the project was not completed as planned with the project implementing unit seeking extensions which were granted as summarized below:

Extension	Start Date	End Date
Extension 1	30 June, 2019	30 June, 2020
Extension 2	1 July, 2020	30 December, 2021
Extension 3	31 December, 2021	30 September, 2022
Extension 4	1 October, 2022	30 June, 2023
Extension 5	1 July, 2023	30 June, 2024

Further, at the end of the last extension, the project had unspent balance in the bank of Kshs.146,066,835 (page xvii) or 15% of the total fund received. In addition, two project activities were still ongoing with a completion of 91% and 70% respectively with a total contract sum of Kshs.60,366,388 and had been certified to the tune of Kshs.48,594,510.

In the circumstances, value for money on certified works of Kshs.48,594,510 on the two projects may not have been realized by citizens.

2. Use of Non-Designated Bank Account

The statement of financial assets and liabilities reflects Kshs.149,760,255 as cash and cash equivalents balance as disclosed in Note 6 to the financial statements. However, included in this balance is an amount of Kshs.3,693,419 for a project of CGF Devolved. Further, the balances were held in a commercial bank account which was different from the account approved in the financing agreement. No reasons have been provided for the change in the bank accounts.

In the circumstances, Management did not comply with the project financing agreement.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 ISSAIs 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the financing agreement between Adaptation Fund Board and National Environment Management Authority (NEMA), 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 those records of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Programme, so far as appears from the examination of those records; and
- iii. The Projects financial statements are in agreement 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 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 Programme or to cease its 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 November, 2024

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

7. Statement of Receipts and Payments for the Year Ended 30th June 2024

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total		Receipts and payment controlled by the entity	Payments made by third parties	
				2023-2024	2022-2023			
		Kshs.	Kshs.	Kshs.		Kshs.	Kshs.	
Receipts								
Proceeds from domestic and foreign grants	1	-	-	-		-	-	
Proceeds from donors		-	-			(10,280,665)	-	(10,280,665)
Proceeds from Caritas		-	-	-		-	-	
Refunds from Executing Entities		-	-	-		10,280,665		10,280,665
Miscellaneous receipts	2	-	-	-		55,420,356	-	55,420,356
Total receipts		-	-	-		55,420,356		55,420,356
Payments								
Compensation to employees		-	-	-		-	-	

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

Purchase of goods and services	3	14,374,867	-	14,374,867	54,978,354	-	54,978,354	215,126,075
Acquisition of non-financial assets	4	92,296,633	-	92,296,633	96,221,053	-	96,221,053	407,560,272
Transfers to other government entities	5	-	-	-	-	-	-	376,409,780
Other grants and transfers /payments (bank charges)		99,736	-	99,736	200,374	-	200,374	807,581
Total payments		106,771,236		106,771,236	151,399,781	-	151,399,781	999,903,708
Surplus/ (deficit)		(106,771,236)		(106,771,236)	(95,979,425)		-95,979,425	146,066,835

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

Mamo B. Mamo, EBS
Director General

Anne Omambia, PhD
Programme Coordinator

CPA Kennedy Ochuka
Director Corporate Services
ICPAK Member No: 3872

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

8. Statement of Financial Assets and Liabilities as at 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents	6	149,760,255	259,427,460
Imprests and Advances		-	-
Total Financial Assets (A)		149,760,255	259,427,460
Financial Liabilities			
Third party Deposits and Retention	7	(19,375,717)	-
Total Financial Liabilities (B)		(19,375,717)	
Net Financial Assets (A-B)		130,384,538	259,427,460
Represented By			
Fund Balance B/fwd.	8	259,427,460	
Prior Year adjustments		(22,271,686)	(39,348,009)
Outstanding imprests			(8,839,659)
Surplus/(Deficit) for the Year		(106,771,236)	(95,975,425)
Net Financial Assets		130,384,538	259,427,460

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27th, September, 2024 and signed by:

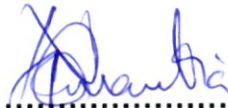
Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024



.....
Mamo B. Mamo, EBS

Director General



.....
Anne Omambia, PhD

Programme Coordinator



.....
CPA Kennedy Ochuka

Director Corporate Services

ICPAK Member No:

3872

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

9. Statement of Cash flows for the year ended 30th June 2024

Receipts			
Refunds from Executing Entities		-	10,280,665
Proceeds from domestic and foreign grants			
Miscellaneous receipts	2	-	55,420,356
Total receipts		-	65,701,021
Payments			
Compensation of employees		-	-
Purchase of goods and services	3	(14,374,867)	(54,978,354)
Social security benefits			
Transfers to other government entities	5		
Other grants and transfers (bank charges)		(99,736)	(200,374)
Total Payments		(14,474,603)	(55,178,728)
Net receipts/(payments)		(14,474,603)	10,522,287
Adjustments during the year			
Prior year adjustments	9	(22,271,686)	(39,348,009)
Decrease/(increase) in accounts receivable		-	(19,116,321)
Increase/(decrease) in accounts payable:	7	19,375,717	
Net cash flow from operating activities		(17,370,572)	(58,464,330)
Cashflow from investing activities		(17,370,572)	
Acquisition of non-financial assets	4	(92,296,633)	(96,221,050)
Net cash flows from investing activities		(92,296,633)	(96,221,050)
Cash flow from financing activities			
Proceeds from foreign borrowings	3	-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		(109,667,205)	(144,163,093)
Cash & cash equivalent at beginning of the year	6	259,427,460	403,590,553
Cash and cash equivalent at end of the year	6	149,760,255	259,427,460

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Proceeds from domestic and foreign grants (Bal. bf)	187,000,000		187,000,000	187,000,000	0.0	100%
Total Receipts	187,000,000		187,000,000	187,000,000	0.0	-
Payments						
Purchase of goods and services	9,000,000	-	9,000,000	14,374,867	(5,374,867)	160%
Acquisition of non-financial assets	177,900,000		177,900,000	92,296,633	85,603,367	52%
Transfers to other government entities	-	-	-	-	-	
Other payments	100,000		100,000	99,736	264	99.7%
Total Payments	187,000,000		187,000,000	106,771,236	80,228,764	57%
Surplus or Deficit				80,228,764		

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

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

11. Significant Accounting Policies

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

a) 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.

b) Reporting entity

The financial statements are for under the Stat Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya. The financial statements are for the reporting Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya as required by Section 81/ Section 164 of the PFM Act, 2012.

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

(The Project) recognizes all receipts from various sources when an event occurs, and the related cash is received.

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

This includes Appropriation-in-Aid and relates to receipts such as proceeds from the disposal of assets and the sale of tender documents. These are recognized in the financial statements when 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 payment advice is received by the recipient entity or by the beneficiary. In the case of a grant/donation in kind, such grants are recorded upon receipt of the grant item and its value determined. The transaction date is the value date indicated on the payment advice.

v) Proceeds from borrowing.

Borrowing includes external loans acquired by the Project or any other debt the Project may take and 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 the reporting date specified in a binding agreement and relate to funding for the Project currently under development,

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

where conditions have been satisfied, or their ongoing satisfaction is highly likely, and the project is anticipated to continue to completion. The funding summary analyzes the Project's undrawn external assistance.

e) Recognition of payments

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

i) Compensation to employees

Salaries, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments when the goods/services are consumed and paid for. If not paid for when 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 incur and paid for.

iv) Repayment of borrowing (principal amount)

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

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

Significant Accounting Policies (continued)

v) Acquisition of fixed assets

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

f) In-kind donations

In-kind contributions are donations 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.

g) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

Significant Accounting Policies (Continued)

h) 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.

i) Imprests 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.

j) 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,

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

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

k) Contingent Assets

National Environment Management Authority (NEMA) 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 *NEMA* 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.

l) 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 are recorded as 'memorandum' or 'off-balance.' 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.

m) 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

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

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 separately. These transfers are recognized 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.*

n) 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.

o) 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/period are converted into 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 recognized in the statements of receipts and payments.

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

p) 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.

q) 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, 2024.

r) 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 of these financial statements*.

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

12. Notes to the Financial Statements

1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we did not receive grants from donors as detailed in the table below:



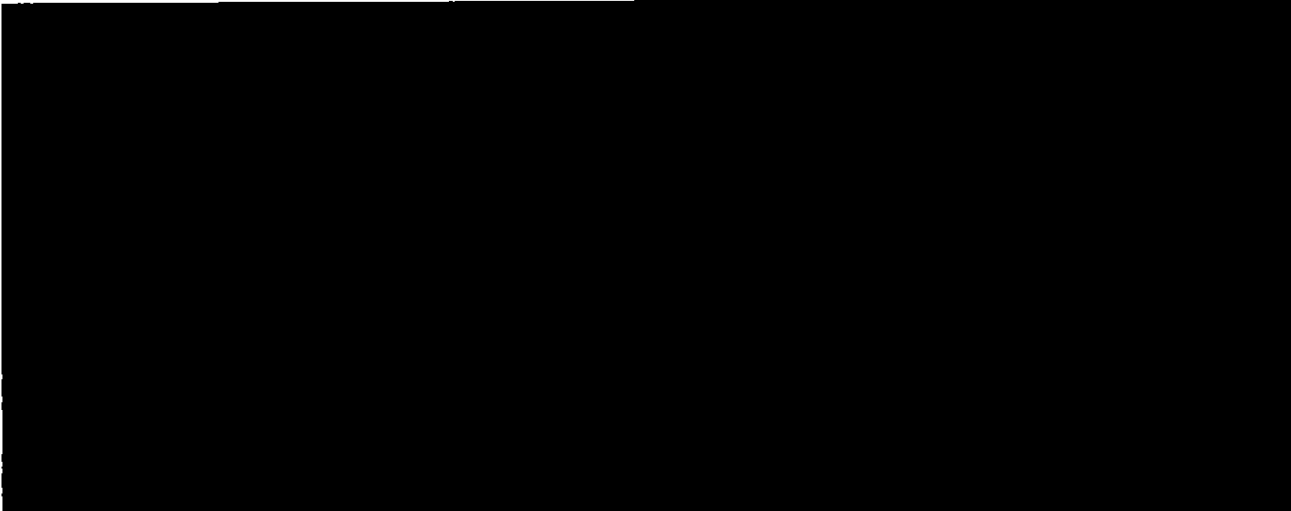
Adaptati on Fund Board	-	-	-	-	-	-	-	1,006,487,955
Total	-	-	-	-	-	-	-	1,006,487,955

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

2. Miscellaneous receipts



	Kshs	Kshs	Kshs	Kshs	Kshs
Other receipts not classified elsewhere*	-	-	-	55,420,356	138,739,427
Total	-	-	-	55,420,356	138,739,427

The miscellaneous receipts relate to exchange gain/loss for the project period

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

3. Purchase of Goods and Services

	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	6,830	-	6,830	1,259,269	6,223,883
Domestic travel and subsistence	6,405,392	-	6,405,392	41,355,847	162,344,514
Foreign travel and subsistence	591,302	-	591,302	5,882,267	14,661,701
Printing, advertising, and information supplies	5,502,399	-	5,502,399	624,230	8,274,629
Training payments	-	-	-	-	1,485,200
Hospitality supplies and services	1,743,944.14	-	1,743,944.14	1,193,009	8,012,244
Specialized materials and services	125,000	-	125,000	3,358,000	6,498,600
Other operating payments (casual payments)				1,305,732	1,305,732

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

Routine maintenance- other assets	-	-	-	-	817,172
Total	<u>14,374,867</u>	-	<u>14,374,867</u>	<u>54,978,354</u>	<u>215,126,075</u>

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

4. Acquisition of Non-Financial Assets

	Kshs.	Kshs.	Kshs	Kshs	Kshs
Construction of civil works	90,838,812	-	90,838,812	96,221,053	387,381,815
Purchase of vehicles & other transport equipment	-	-	-	-	14,268,620
Purchase of household furniture & institutional equipment					4,200,214
Purchase of office furniture & general equipment	569,165	-	569,165		820,967
Rehabilitation & renovation of plant, equipment & machinery	497,206	-	497,206	-	497,206

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

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Purchase of certified seeds, breeding stock and live animals	391,450	-	391,450	-	391,450
Total	92,296,633	-	92,296,633	<u>96,221,053</u>	<u>407,560,272</u>

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

5. Transfers to other Government Entities

During the financial period to 30 June 2024, we did not transfer funds to reporting government entities as shown below:

	Kshs	Kshs	Kshs	Kshs	Kshs
Departments	-	-	-	-	376,409,780
Total	=	=	=	=	376,409,780

(We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements).

Notes to the Financial Statements (Continued)

6. Cash And Cash equivalents

Bank accounts (Note 11A)	149,760,255	259,427,460
Total	<u>149,760,255</u>	<u>259,427,460</u>

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

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7. Third-Party Deposits and Retention

Retention		(15,682,298)		0.0
GCF-Readiness,GCF-Devolved		(3,693,419)		
Total		(19,375,717)		0.0
Ageing analysis:	Current	% of the	Comparati	% of the
	FY	Total	ve	Total
	FY	FY	FY	FY
Under one year	(19,375,717)	100	0.0	0.0
1-2 years	-	-	-	-
2-3 years				
Over 3 years				
Total	-19,375,717	100%	-	19,375,717

(Provide detailed explanations)

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

8. Fund Balance Brought Forward

Bank accounts	259,427,460	384,474,275
Total	259,427,460	384,474,275

9. Prior Year Adjustment

Bank account Balances	259,427,460	29,246,432	288,673,892
Deposits and retentions		- 87,936,388	- 87,936,388
Purchase of goods and services cummulative.	164,332,938	36,418,270	200,751,208
Total	-	22,271,686	-

- Error noted in Prior year cashbook balance which was understated by Kshs **29,246,432**
- Error noted in Prior year Deposit and retention balance which was understated by kshs -87,936,388 being 2022/2023 figure for GCF Readiness/Devolved project monies of kshs **35,521,513** in adaptation fund account not restricted and 2021/2022 GCF Readiness/Devolved, South south, Technical assistance and learning grant project monies in Adaptation account of kshs **52,414,875**
- Error noted in Prior year purchase of goods and services cumulative which was understated by Kshs **36,418,270** being imprests surrendered in

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

2022/2023-15,716,200, fy 2020/2021-16,987,458,fy 2020/2021-716,644,fy

2018/2019-250,000,fy 2017/2018-400,000,fy 2016/2017- 2,347,968 not

included in the cumulative figure tally.

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

10. Changes in Accounts Payables (Deposits and Retention)

Deposit and Retentions as at 1 st July 2023	0.0	-
Closing accounts payables as at 30 th June 2024	19,375,717	-
Changes in deposit and retention	19,375,717	

Other Important Disclosures

11. Pending Accounts Payable (See Annex 4a)

Construction of civil works	2,335,814.54	134,259,498	90,838,814	45,756,498.54
Supply of goods	2,728,100	-	2,728,100	-
Supply of services	1,456,390	-	1,456,290	-
Total	6,520,304.54	134,259,498	95,023,204	45,756,498.54

Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Pending Payables (See Annex 4c)

12. Contingent Liabilities

Rafya Construction limited and National Environment Authority Case No. E303 OF 2023	640,805	-
Total	640,805	-

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

<p>Lack of approved Budget</p>	<p>The Statement of budget and actual amounts reflects original and final budget amounts Kshs 193,365,212 and Kshs.26,249,229 respectively. However, the Management did not provide an approved budget</p>	<p>The project's funds are sent direct to NEMA as approved by CS Treasury. In the circumstances, the funds are not captured in the national budget/printed estimates.NEMA therefore</p>	<p>Not Resolved</p>	<p>2024-2025</p>
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	to support the balances and minutes of Board approval, in contravention of Section 31(1) of Public Finance Management (National Government), Regulations, 2015 which requires the Accounting Officer to ensure that the draft estimates relating	prepares an workplan for the project which is approved by the Board		

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	<p>to her or his department are prepared in conformity with the Constitution, the Act and Regulations.</p> <p>In the circumstances, the management was in breach of the law.</p>			
Inadequately Supported Expenditure	The statement of receipts and payments and as disclosed in Note	The management wish to state that the said	Not Resolved	2024-2025

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	<p>4to the financial statements reflects expenditure of Kshs. 54,978,354 on purchase of goods and services.Included in this amount is Kshs 11,378,030 paid to various staff to monitor implementation and operation of projects in various parts of the country.</p>	<p>expenditure was properly charged to public funds since the funds were accounted for by NEMA travel work tickets with Monitoring reports detailing sites visited and activities undertaken</p>		

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	<p>However, the site visits were not supported itinerary detailing dates of travel, sites, visited, activities undertaken by the officers and monitoring reports.</p> <p>In the circumstances, it was not possible to confirm whether the amount of</p>			

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	11,378,030 incurred on project monitoring was a proper charge to public funds and whether value for money was obtained by the citizens			
Delay in Project Implementation	Review of the Project Implementation Status (PIS) report and a further project inspection	The Authority was granted approval for project extension upto 30 th June 2024 to complete the	Not Resolved	2024-2025

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	<p>carried out during the month of October, 2023 reflects that various projects are at different completion levels (mostly at 60%) despite the financing agreement having expired on 30 June, 2023. These include incomplete works for construction of fish cooling</p>	<p>works and pay the outstanding bills. The works have been completed. The outstanding bills have been paid except the retentions which will be paid after the defect liability period.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	facility in Ndhiwa, Homa Bay County, drilling and equipping of boreholes in Laikipia, Garissa, Wajir, Kajiado, Taita Taveta and Kisumu, construction of dykes in Nyando, fencing and construction of basic halls in adaptation villages in Kisumu			

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	<p>and sump wells in Kitui.</p> <p>Further, a consultancy contract of Kshs, 2,995,000 for adaptation fund programme documentary was signed on 2 September, 2021 and the services were expected to be delivered within four (4) months but extended to 31</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>March 2023. Review of expenditure records shows that the consultant had been paid Kshs 1,797,000 or about 60% of the contract price as at 30 June, 2023 but consultancy services not completed by October 2023, a delay of twenty two (22) months.</p>			

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	In the circumstances, value for money spent on the projects may not have been realized by Kenyan citizens			
Expired Financing Agreement	Review of expenditure records reflects that the Project started on 1 May 2016 and was to be completed on 30 April, 2019. However, this was	Due to project implementation challenges, the Authority sought and was granted no cost extension to June 2024. The management	Not Resolved	2024-2055

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>not achieved and the entity requested for four (4) years no cost extensions ending 30th June 2023. However, review of project status during the month of October, 2023 shows that the extended period has since lapsed but project activities are still ongoing.</p>	<p>has ensured that all project activities were committed before project closure. The commitments have now been settled.</p>		

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	<p>In the circumstances, non-completion of project activities within the agreed timelines may lead to discontinued donor financial support</p>			

Guidance Notes:

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
3. Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

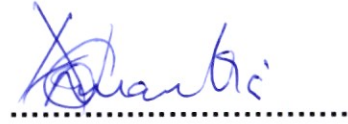
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MAMO B. MAMO, EBS

Director General



Anne Omambia, PhD

Project Coordinator

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

	A	b	c=a-b	d=b/a %	
Receipts					
Proceeds from domestic and foreign grants (Bal. bf)	187,000,000	187,000,000	0.0	100%	
Total Receipts	187,000,000	187,000,000	0.0		
Payments			-	-	
Purchase of goods and services	9,000,000	14,374,867	(5,374,867)	160%	Cost of certifying works went higher
Acquisition of non-financial assets	177,900,000	92,296,633	85,603,367	52%	Retentions and delayed payment certificates
Other payments	100,000	99,736	264	99.7%	
Total payments	187,000,000	106,771,236	80,228,762	57%	

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Annex 3: Reconciliation of inter-entity transfers

The project does not receive any funding from the Ministry

Project Name:			
Break down of transfers from the State Department of			
a.	Government Counterpart funding		
		Bank Statement Date	Amount (Kshs)
			Indicate the FY to which the amounts relate
		Total	
B.	Direct payments		
		Bank Statement Date	
		Total	
C.	Others		
		Bank Statement Date	
		Total	
		Total (A+B+C)	

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**Project Coordinator
NEMA GCF Project Preparatory Facility**

Sign -----

**Head of Accounting Unit
NEMA**

Sign -----

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Annex 4a: Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted / invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
		a	b	c=a-b		
Construction of buildings						
1.						
2.						
Sub-Total						
Construction of civil works						
3. Neptic Limited	May 2023	4,099,447.38	0.0	4,099,447.38	0.0	
4. Colour Concierge Limited	13/06/2023	8,498,391	6,759,766	1,460,000	0.0	
5. Tractgen International construction limited	13/07/2023	4,846,300	3,209,100	168,900	0.0	

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Supplier of Goods or Services	Date Contracted / invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
6. Hashi Drilling co. LTD	13/04/2021	38,990,806	36,279,494	2,684,000		
7. Everest Industries & General Supplies ltd	01/11/2022	55,520,088	15,827,124.2	331,289.9		
8. Everest industries ltd	01/11/2022	21,000,000	9,298,226.58	11,340,075.91		
9. Everest Industries & General Supplies ltd	01/11/2022	55,520,088	35,944,981.8	11,736,400.83		
10. Primerift Traders LTD	26/01/2023	56,083,190	32,003,140	19,664,732.63		
Sub-Total				45,756,498		
Supply of goods						

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Supplier of Goods or Services	Date Contracted / invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
11.						
12.						
Sub-Total						
Supply of services						
13.						
14.						
Sub-Total						
Grand Total				45,756,498		

Annex 5: Summary of Fixed Assets Register

Land						
Buildings and structures						
Transport equipment	14,627,176					14,627,176
Office equipment, furniture and fittings	2,832,620					2,832,620
ICT Equipment,			578,150			578,150
Other Machinery and Equipment						
Heritage and cultural assets						
Biological assets						

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Asset class	Opening Cost (KShs) 2023	Donations in form of assets (KShs) 2023	*Purchases / Additions in the Year (KShs) 2023	**Disposals in the Year (KShs) 2023	Transfers in/(out) Kshs 2023	Closing Cost (KShs) 2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)-(d)+(-)d
Infrastructure assets roads, rails						
Intangible assets						
Work in Progress						
Total			578,150			18,037,946

Notes

* Purchases/Additions in the year reconciled to the amount in the Statement of Receipts and Payments

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the project. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury

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Annex 6: Contingent Liabilities Register

[REDACTED]		
1	Matter against the Authority on grounds of pending payments owed to Rafya Construction Limited case no.E303 of 2023.	The authority through the relevant outstanding amount of kshs 6,806 interest of kshs 640,805.

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Annex 7: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya	Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya	Enhancing Climate Change resilience for improved food security in selected Counties	<ul style="list-style-type: none"> Establishment of appropriate physical assets and infrastructure for water harvesting, storage and irrigation 				113,360,625	Adaptation Fund	

Annex 8: Reporting Disaster Management Expenditure

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item

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Annex 9: Other Support Documents

1. Bank Reconciliations statement as at 30th June 2024