

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

14 MAR 2024

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TABLED
BY:

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Deputy Majority Whip
A. Stubbuko

OF

THE AUDITOR-GENERAL

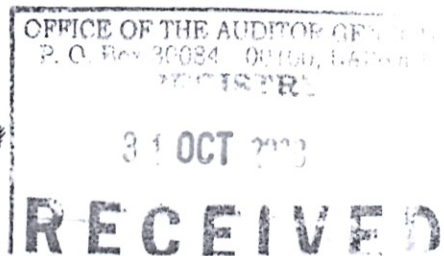
ON

**COMBATING POACHING AND ILLEGAL
WILDLIFE TRAFFICKING IN KENYA
THROUGH AN INTEGRATED APPROACH
(GRANT NO.00108406)**

**FOR THE YEAR ENDED
30 JUNE, 2023**

STATE DEPARTMENT FOR WILDLIFE





**PROJECT NAME: COMBATING POACHING AND ILLEGAL WILDLIFE
TRAFFICKING IN KENYA THROUGH AN INTEGRATED APPROACH (IWT-KENYA
PROJECT)**

**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR WILDLIFE
PROJECT GRANT/CREDIT NUMBER: 00108406**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

IWT -Kenya Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

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1. Acronyms and Glossary of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IWT	Illegal Wildlife Trafficking
NT	National Treasury
PA	Protected Area
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

2. Project Information and Overall Performance

2.1 Name and registered office

The project's official name is Combating Poaching and Illegal Wildlife Trafficking in Kenya through an Integrated Approach (**IWT-Kenya Project**).

Objective

The Project aims to support and enhance the country's capacity to address issues of poaching and illegal wildlife trafficking in two project areas: the Maasai Mara and Tsavo ecosystems, via a highly coordinated approach within and between wildlife management and law enforcement authorities, as well as wildlife conservancies established by local communities.

Address: Ministry of Tourism and Wildlife, State Department for Wildlife

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21st Floor, Eastern Wing

P.O. Box 41394-00100

NAIROBI

Contacts: Telephone: (254) 20-2724646

E-mail: www.pswildlife@tourism.go.ke

Website: www.tourism.go.ke

The project has two landscape coordinators, each of whom is stationed at the following landscapes:

- Maasai Mara Landscape Office, Narok county offices; and
- Tsavo Landscape Office, KWS Voi.

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	05/07/2019
Project End Date:	05/07/2024
Project Manager:	Netty Jemutai
Project Sponsor:	State Department for Wildlife

2.3 Project Overview

Line Ministry/State Department of the project	State Department of Wildlife
Project number	00108406 (UNDP Atlas Project ID)
Strategic goals of the project	The strategic goals of the project are as follows: [Long-term goal] Stability of baseline values of key wildlife species in the Tsavo and Maasai Mara ecosystems; and [Medium-term goal] 20% decrease in poaching & retaliation killings of elephants and rhinos in the Tsavo and Maasai Mara ecosystems.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Strengthening national and local capacity for effective IWT control in Kenya. (ii) Reducing poaching and illegal wildlife trade in threatened species in Tsavo and Maasai Mara Ecosystems. (iii) Strengthening Community Wildlife Conservancies in Tsavo and Maasai Mara Ecosystems. (iv) Knowledge Management (v) Monitoring and Evaluation

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	(vi) Gender Mainstreaming.
Other important background information of the project	The IWT-Kenya project intends to prescribe a long-term solution in two project areas: the Maasai Mara and Tsavo ecosystems, via a highly coordinated approach within and between wildlife management and law enforcement authorities, as well as wildlife conservancies established by local communities.
Areas that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Gaps in legislation and regulations. (ii) Insufficient Coordinating and Law Enforcement Capacity for Wildlife management and Control of Poaching and Illegal Wildlife Trade. (iii) Underwhelming local community engagement.
Project duration	The project document was signed off on 5 th of July 2019 and is expected to run until July 5 th 2024.

Project Information and Overall Performance (Continued)

2.4 Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O Box 60000
City Square 00200
Nairobi, Kenya

2.5 Independent Auditor

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

2.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
1.Silvia Musciya	Principal Secretary	Bachelor of Law (LLB), Bachelor of Education (B.Ed)	Provide strategic guidance to project implementation

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2.Dr. Shadrack Ngene	National Project Director	Doctor of Philosophy (PhD) Spatial Ecology, Master of Science Wildlife Management	Supervise compliance of project implementation with policies, procedures and ensure consistency with national plans and strategies
3.Netty Jemutai	Project Manager /Coordinator	Master of Education in Policy and Administration, Bachelor of Arts Education, Diploma in Project Management	Responsible for the overall management of the Project, including the mobilization of all project inputs, supervision over project staff, consultants and sub-contractors.
4.CPA Sinteria Lemain	Project Finance Officer	Master of Science in Development Finance, CPA(K), Bachelor of Commerce - Accounting	Responsible for efficient and effective financial management, procurement and accounting function for the Project.
5.Abubakar Aden	Monitoring and Evaluation Officer	Bachelor of Science Economics and Statistics	Provide technical guidance on the Monitoring and evaluation components and support the project manager with running the project.

6. Boniface Chebii	Maasai Mara Landscape Coordinator	Bachelor of Science in Environmental Conservation and Natural Resources Management	Provide technical and strategic guidance and operational support for planning and implementation of landscape or community-specific activities.
7. John Mumo	Tsavo Landscape Coordinator	Bachelor of Science in Environmental Science	Provide technical and strategic guidance and operational support for planning and implementation of landscape or community-specific activities.

2.7 Funding summary

The Project will run for a duration of 5 years from July 2017 to July 2024 with GEF funding of **US\$ 3,826,605** equivalent to **KShs 410,977,377** and annual Government of Kenya counterpart funding. The project document includes co-financing in the form of in-kind contribution as part of Government of Kenya and Responsible Parties (RPs) contribution towards the project output. This includes related works to enhance implementation of the project. The commitment letters are summarised as follows:

- I. **State Department of Wildlife (SDW) USD 8,750,000:** The project was initially handled by Ministry of Environment and Natural Resources as shown in the commitment letter signed in 2017. However, SDW, being the implementing entity since project sign-off, has taken over the in-kind contribution.
- II. **Taita-Taveta County Government (TTCG) USD 960,211:** The previous county government signed the commitment letter and the current government is yet to

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formally commit funds to the project but supports all project activities in the landscape.

- III. **Tsavo Conservation Group (TCG) N/A:** (Tsavo Conservation Group, which had initially committed USD 2,460,000 to the project, but has since pulled out before project start-up, hence its in-kind contribution, is no longer applicable.
- IV. **Kenya Wildlife Conservancies Association (KWCA)** USD 275,000.
- V. **Maasai Mara conservancies Association (MMWCA):** USD 3,120,000.

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2023)		Undrawn balance to date	
	Donor currency USD	Kshs	Donor currency USD	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
UNDP –Kenya	3,826,605	410,977,377	1,287,790	138,308,703	2,538,815	272,668,674
(ii) Counterpart funds						
Government of Kenya	8,750,000	939,750,000	442,067	47,478,057	8,307,933	892,271,943
Total	12,576,605	1,350,727,377	1,729,857	185,786,760	10,846,748	1,164,940,617

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date (30 th June 2023)	
	<i>Donor USD</i>	<i>Kshs</i>	<i>Donor USD</i>	<i>Kshs</i>	<i>Donor USD</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A)-(B)</i>
(i) Grant	1,287,790	138,308,703	1,260,388	135,365,705	27,402	2,942,998
UNDP -Kenya						
(i) Counterpart funds						
Government of Kenya	442,067	47,478,057	442,067	47,478,057	0	0
Total	1,729,857	185,786,760	1,702,455	182,843,762	27,402	2,942,998

Project information and overall performance (continued)**2.8 Summary of Overall Project Performance:****Overview**

The Project is financed by the **GEF trust fund through UNDP-Kenya** to the tune of **USD 3,826,605** and benefits from parallel co-financing by the Kenyan government, county governments and key wildlife associations, resulting in a total project value of **USD 19,392,268**. The project document was signed off by the **National Treasury** in July 2019 and is expected to be completed in July 2024.

Key Project Financing Amounts	
GEF/UNDP Grant Amount (2019-2024)	Kshs. 410,977,377
Counterpart funds (GoK) FY2021/22	Kshs. 20,000,000
Co-financing (in-kind contribution by GoK) (2019-2024)	Kshs. 939,750,000

Key Project Dates	
Project Document Signature Date (project start date):	Jul 5, 2019
Date of Inception Workshop	Jun 17, 2021
First Disbursement of Funds Date	Aug 24, 2020
Dates of Project Steering Committee/Board Meetings during reporting period	Jan 10, 2022
Expected Date of Mid-term Review by UNDP-Kenya	Jan 5, 2022
Expected Date of Terminal Evaluation by UNDP-Kenya	Apr 5, 2024
Original Planned Project Closing Date	Jul 5, 2024

Following the project document signing by The National Treasury on 5th July 2019 (the official project start date), the COVID pandemic occurred, which contributed significantly to delays in project start-up caused by the recurrent country-wide lockdowns, restrictions of movement and other regulations affecting the workplace. Consequently, State Department for Wildlife (SDW) and UNDP developed the 6-month project start-up plan that included:

- Budget capture in the National Budget Estimates;
- Opening of the project special deposit account with the Central Bank of Kenya;
- Appointment of signatories by SDW;
- Project Management Unit (PMU) recruitment and on boarding (completed in April 2021);

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- Office space allocation by SDW;
- Procurement of project coordination equipment and furniture;
- Inception workshop (held in June 2021 following the employment of the PMU);
- Constituting the Project Steering Committee (PSC); and
- Development of the 2020/21 Annual Workplan (AWP) and Budget.

The start-up phase had to address the systemic challenges to having the project captured as National Development support: the project needed to be captured in national budget estimates; and the work around the Kenyan Government moratorium on hiring of staff. The project administrative actions in the start-up plan were accomplished in November 2020. The critical tasks of the PMU recruitment and Inception Workshop that passed the project's Annual Workplan were completed in April 2021 and June 2021 respectively. The project implementation commenced with stakeholder mobilisation and firming up of the activities in the latter half of 2021. The project is fully functional with all structures set in place and clear support from the State Department for Wildlife.

Key Achievements Q1 (JUL-SEP) FY 2022/23

During the quarter, the project made the following impact:

- [i] Successfully conducted community awareness and education meetings targeting the Mbale, Kasigau and Wushumbu conservancies in Tsavo ecosystem and Olpua, Mbokishi and Enonkishu in Maasai Mara ecosystem.
- [ii] Successfully supported the Joint Conservancy's Governance Training for nascent conservancies in Tsavo and Maasai Mara conservancies, Mbale, Orpua and Mbokishi at Machakos where all the conservancies were brought together to cross-learn from each other.
- [iii] Received the Consultancy's ToRs for the Mbale Conservancy in Tsavo Ecosystem for possible onboarding of a consultant to support the conservancy's management plan development
- [iv] Successfully made the tender documents for the Wildlife Security Hub and the Mbale, Orpua and Mbokishi Conservancies to be assisted in the development of Management Plans
- [v] Successfully developed the GWP Action learning plan and the preparation for the GWP upcoming Study Tour in October.

Key Achievements Q2 (OCT-DEC) FY 2022/23

During the quarter, the project made the following impact:

- [i] Participated in the GWP Study Tour in Kenya at Mombasa and TCA to learn about counter-trafficking approaches supported by the Maritime Trafficking Project to secure (maritime) shipping supply chains against exploitation by the illegal wildlife trade (IWT),
- [ii] Participated in the tender evaluations for the security hubs in the Tsavo landscape
- [iii] Conducted the National Wildlife Strategy (NWS) on Combating Poaching and Illegal Wildlife Trafficking (IWT) consultations to among other things engage the national security organs such as Police, Kenya Defence Forces (KDF), KFS, and local administrations to reduce wildlife crimes, poaching and unsustainable utilization of wildlife,
- [iv] Hosted the UNDP CO DRR at the Ministry as she paid a courtesy call to the PS for the State Department
- [v] Participated in the spot check exercise commissioned by UNDP at the State Department by Deloitte.
- [vi] Participated in the 2022 Annual GWP Conference in Nairobi and Maasai Mara ecosystem where projects had an opportunity to learn from each other
- [vii] Prepared the documents for the advertisements for the Tsavo ecosystem management plan, the Mbale management plan and the proposed Mombasa- Nairobi highway.
- [viii] Held the Inception meeting for the Anti-Poaching Task Force Consultations for the Maasai Mara ecosystem in Naivasha that brought together the consulting firm and the RPs
- [ix] Developed the ToRs and wrote to the LATF to facilitate the development of international agreements between Kenya and Tanzania on the protection and management of the Maasai Mara - Serengeti and Tsavo-Mkomazi Trans-Frontier Conservation Areas (TFCAs)
- [x] Participated in the 2022 Annual GWP Conference in the filed study tour to the Maasai Mara Ecosystem
- [xi] Successfully developed the IWT-Kenya 2023 AWP and budgets
- [xii] Participated in the site handing over of the Tsavo Security hubs to the contractor for development of the security system
- [xiii] Successfully developed the project M&E Framework that will guide the monitoring, evaluations and reporting of the project activities.

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- [xiv] Successfully held the Anti-Poaching Task Force 1st Draft Agreement Workshop to deliberate on the draft agreement for the task force
- [xv] Successfully held the project TAC meeting to among other things endorse the 2023 AWP and budgets in Naivasha.

Key Achievements Q3 (JAN-MAR) FY 2022/23

During the quarter, the project made the following impact:

- [i] Successfully developed the terms of references (ToRs) for the Orpua, Mbokishi and Mbale conservancies that the project will support in the development of management plans.
- [ii] Successfully hosted the PSC that approved and endorsed the 2023 AWP and budgets that will guide the activities of 2023.
- [iii] Successfully hosted the Narok County Assembly and the Narok County Government to endorse and approve the Greater Maasai Mara Ecosystem Management Plan which has been approved by the Narok County and has been gazette by the Cabinet Secretary for Tourism, Wildlife and Heritage.
- [iv] Participated in the development of the Maasai Mara landscape Anti-Poaching Task Force Establishment Unit at Narok.
- [v] Successfully developed the terms of references for the National Wildlife Strategy that will guide in combating poaching and illegal wildlife trafficking.
- [vi] Participated in the Planning meeting for the launch of the Greater Maasai Mara Ecosystem Management plan, County Spatial Plan and the Maasai Mara National Reserve Management Plan.
- [vii] Successfully participated in the launch of the Maasai Mara Greater Maasai Mara Ecosystem Management Plan, County Spatial plan and the Maasai Mara National Reserve Management Plan presided over by the Cabinet Secretary for Tourism, Wildlife and Heritage.

Key Achievements Q4 (APRL- JUNE FY 2022/23)

During the quarter, the project made the following impact:

- [i] Successfully hosted the 1st inception meeting on the Trans-Frontier Conservation Areas to deliberate on the establishment of a Memorandum of Understanding and Agreement on the protection and conservation of the Maasai Mara Serengeti and Tsavo Mkomazi Trans-Frontier Conservation Areas which is led by the LATF;

- [ii] Participated in the border post fact finding mission on the possibility of the establishment of a border post between Kenya and Tanzania to contain IWT across the two countries;
- [iii] Participated in the HACT training by UNDP for project partners;
- [iv] Successfully developed the Sustainability/Business plan for the Kasigau Community security hub to help in its operationalization in the future;
- [v] Participated in the development and training of the Maasai Mara landscape Anti-Poaching Task Force Establishment Unit at Narok;
- [vi] Successfully purchased and delivered the Anti-Poaching Task Force VHF radio equipment to the Maasai Mara Landscape
- [vii] Successfully participated in the deliberations for the Wildlife Conservation Management Bill 2023 (WCMB) that seeks to foster wildlife conservation in Kenya in line with the provisions of the Act.

Project Management Unit

Running the project is the Project Management Unit (PMU), which consist of five (5) members namely;

S/No.	Name	Position
1	Netty Jemutai	Project Manager / Coordinator
2	Boniface Chebii	Maasai Mara Landscape Coordinator
3	John Mumo	Tsavo Landscape Coordinator
4	Abubakar Aden	Monitoring and Evaluation Officer
5	Sinteria Lemain	Project Finance Officer

2.9 Summary of Project Compliance:

The project implementation is in accordance with Government of Kenya procedures and donor (UNDP) procedures as spelt out by the Project document.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

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

- (i) Strengthen national and local capacity to effectively control IWT in Kenya
- (ii) Strengthen national and local capacity to effectively control IWT in Kenya
- (iii) Strengthen Community Wildlife Conservancies in Tsavo and Maasai Mara Ecosystems
- (iv) Knowledge Management, M&E and Gender Mainstreaming

Progress on attainment of strategic development objectives

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

Below we provide the progress on attaining the stated objectives.

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Project	Objective	Outcome	Indicator	Performance
Combatting Poaching and Illegal Wildlife Trafficking	Strengthen national and local capacity to effectively control IWT in Kenya	Increased national and local capacity to fight wildlife crime	Poaching rates of target species at program sites (Specifically, a reduction in PIKE trend for elephants to below 50% at each site; and for rhinos and big cats, a reduction in poaching rates to reverse population declines - compared to baseline levels at start of project Increase in proportion of poaching-related arrests that result in	FY 2022 -2023 Conducted the National Wildlife Strategy (NWS) on Combating Poaching and Illegal Wildlife Trafficking (IWT) consultations to among other things engage the national security organs such as Police, Kenya Defence Forces (KDF), KFS, and local administrations to reduce wildlife crimes, poaching and unsustainable utilization of

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			prosecution Increase in the Number of multi- disciplinary and/or multi- jurisdictional intelligence-led enforcement operations	wildlife,
Combatting Poaching and Illegal Wildlife Trafficking	Strengthen national and local capacity to effectively control IWT in Kenya	Increased effectiveness of Conservancies, PAs and local law enforcement agencies to control poaching and IWT in Tsavo and Maasai Mara Ecosystems	Increased community engagement to live with, manage, and benefit from wildlife Increase in the benefits received by communities from sustainable (community- based) natural resource management activities and enterprises	Successfully hosted the Narok County Assembly and the Narok County Government to endorse and approve the Greater Maasai Mara Ecosystem Management Plan which has been approved by the Narok County and has been gazette by the Cabinet Secretary for

				Tourism, Wildlife and Heritage.
Combatting Poaching and Illegal Wildlife Trafficking	Strengthen Community Wildlife Conservancies in Tsavo and Maasai Mara Ecosystems	Strengthened Community Wildlife Conservancies and benefits for local communities from CBWM and CBNRM in Tsavo and Maasai Mara Ecosystems.	Area of forest resources restored in the landscape, stratified by forest management actors (increase compared to baseline levels at start of project) increase in integrated landscape management practices and restoration plans to maintain forest ecosystem services and sustain wildlife by government, private sector and local	Successfully conducted community awareness and education meetings targeting the Mbale, Kasigau and Wushumbu conservancies in Tsavo ecosystem and Olpua, Mbokishi and Enonkishu in Maasai Mara ecosystem

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			community actors, both women & men	
Combatting Poaching and Illegal Wildlife Trafficking	Knowledge Management, M&E and Gender Mainstreaming	Lessons learnt by the project through participatory M&E and gender mainstreaming are used nationally and internationally	Improved coordination among program stakeholders and other partners, including donors Programme monitoring system successfully developed and deployed and the Establishment of a knowledge exchange platform to support program stakeholders	Successfully developed the terms of references for the National Wildlife Strategy that will guide in combating poaching and illegal wildlife trafficking. Successfully participated in the deliberations for the Wildlife Conservation Management Bill 2023 (WCMB) that seeks to foster wildlife conservation in Kenya in line with the

IWT -Kenya Project

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				provisions of the Act.
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4. Environmental and Sustainability reporting

The Combatting Poaching and Illegal Wildlife Trafficking project exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability

4.1 Sustainability strategy and profile

The project therefore enhances human dignity by protecting the environment and their livelihoods. This is in line with the Article 1 of Universal Declaration of Human rights: ‘all human beings are born free and equal in dignity’, as it enables communities to live a dignified life. In the Constitution of Kenya, it also addresses Article 42: On Environment ‘Every person has the right to a clean and healthy environment, and Article 43 on Economic and social rights, ‘Every person has the right--(c) to be free from hunger and to have adequate food of acceptable quality’ through protection of livelihoods.

4.2 Environmental performance

The project aims to reduce threats to wildlife population in Kenya, manage the competing land use claims on the rangelands and improve wildlife security and PA adjacent community engagement in the Maasai Mara and Tsavo landscapes. This will build the enforcement capacity for the reduction of bushmeat hunting; retaliatory attacks to wildlife predation and destruction; poaching; and illegal wildlife trafficking.

The project therefore directly supports environmental sustainability by tackling poaching and illegal wildlife trade through application of incentives and disincentives as well as improving the enabling environment for enforcement of wildlife protection laws. Likewise, improved operations, intelligence and prosecution of wildlife crime perpetrators will lead to effective law enforcement and provide sufficient deterrence against wildlife crime. Strengthening of the conservancies in the PA adjacent areas will create space for wildlife

dispersal and distribution within their traditional range; and the increased benefits to the community will enlist their engagement as frontline wildlife security actors by provision of the intelligence and non-engagement in poaching. In addition, through benefit sharing mechanisms and provision of sustainable livelihood strategies, local communities will be motivated to align their land use and livelihood activities with conservation goals and refrain from illegal activities that are ecologically destructive.

Rangeland management regimes to be adopted will also enhance the carrying capacity of the landscape that will positively impact the pastoralist livelihoods of the Maasai community and address the human wildlife conflicts that arise from competing land uses in two landscapes.

4.3 Employee welfare

According to Part II B.5 of the Human Resource Policies and Procedures Manual for the Public Service (IWT-Kenya Project) May 2016.

Recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities

4.4 Market place practices-

a) Responsible Supply chain and supplier relations-

a) To ensure responsible competition, and transparency, procurement, opportunities, are issued to minimum of three bidders, all the procurement is done online and published on the government tender's portal for public scrutiny.

b) A list of registered suppliers is maintained and continuously updated where suppliers are selected to participate in procurement opportunities, the IWT-Kenya project to ensure prompt payment to all suppliers for goods /services rendered.

c) The preferred method of procurement is through open tender. Procurement opportunities are advertised through daily newspapers, the ministry website (on behalf of IWT-Kenya) and treasury tender portal. All interested suppliers are given equal chance to participate. Through the inspection and acceptance committee and involvement of the user's department, the IWT-Kenya ensures genuine products are delivered to the satisfaction of the specifications by the organization.

b) Responsible ethical practices

The project therefore enhances human dignity by protecting the environment and their livelihoods. This is in line with the Article 1 of Universal Declaration of Human rights: 'all human beings are born free and equal in dignity', as it enables communities to live a dignified life. In the Constitution of Kenya, it also addresses Article 42: On Environment 'Every person has the right to a clean and healthy environment, and Article 43 on Economic and social rights, 'Every person has the right--(c) to be free from hunger and to have adequate food of acceptable quality' through protection of livelihoods.

c) Regulatory impact assessment

The project regulatory impact assessments have not been done. Safeguard citizen and stakeholder's rights

4.5 Community Engagements

The project is therefore expected to improve the lives and livelihoods of the local communities by protecting biodiversity, improve human security as communities in the areas

have suffered because of the human-wildlife conflicts, insecurity caused by poachers and loss of livelihoods due to diminishing biodiversity; which provides direct employment (i.e., tourism sector) and deprive people of full utilization of their environment, thus affecting livelihood diversification and food security. The projects operate in two community PA of Maasai Mara and Tsavo Conservancy through working with wildlife conservation stakeholders.

5. Statement of Project Management responsibilities

The Principal Secretary for the State Department for Wildlife and the Project Coordinator for *IWT –Kenya Project* are responsible for the preparation and presentation of the Project’s financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2023.

This responsibility includes:

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

The Principal Secretary for the State Department of Wildlife and the Project Coordinator for *IWT- Kenya project* accept responsibility for the Project’s financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department of Wildlife and the Project Coordinator for *IWT- Kenya project* is of the opinion that the Project’s financial statements give a true and

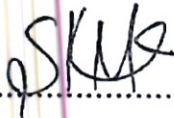
fair view of the state of Project's transactions during the financial year/period ended June 30th, 2023, and of the Project's financial position as at June 30th 2023.

The Principal Secretary for the State Department of Wildlife and the Project Coordinator for *IWT- Kenya project* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the Project Financial Statements

The Project financial statements were prepared by the Project Finance officer, approved by the Principal Secretary for the State Department for Wildlife and the Project Coordinator for IWT-Kenya Project on 28th September 2023, and signed by them.



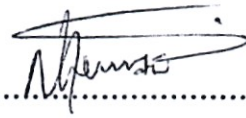
Silvia Museiya

Principal Secretary



Netty Jemutai

Project Manager



CPA Sinteria Lemain

Project Finance Officer

ICPAK Member No:16420

IWT -Kenya Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

6. Report of the Independent Auditor on Financial Statements for IWT-Kenya Project

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON COMBATING POACHING AND ILLEGAL WILDLIFE TRAFFICKING IN KENYA THROUGH AN INTEGRATED APPROACH (GRANT NO.00108406) FOR THE YEAR ENDED 30 JUNE, 2023 – STATE DEPARTMENT FOR WILDLIFE

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT- Kenya) set out on

Report of the Auditor-General on Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (Credit No.00108406) for the year ended 30 June, 2023 – State Department for Wildlife

pages 1 to 26, which comprise of the statement of financial assets as at 30 June, 2023, and the 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 the Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach as at 30 June, 2023 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 No. 00108406 dated 23 May, 2019 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT- Kenya) Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit 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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.106,810,000 and Kshs.71,086,929 respectively resulting in an under-funding of Kshs.35,723,071 or 33% of the total budget. Further, the statement reflects an expenditure budget of Kshs.106,810,000 against actual expenditure of Kshs.69,909,411 resulting in an under expenditure of Kshs.36,900,589 or 35% of the budget. The underfunding and under performance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Pending Bills

According to Annex 5 to the financial statements, the Project had pending staff payables totalling to Kshs.3,011,650 as at 30 June, 2023 in respect of outstanding gratuity for completed contracts. Management has attributed the failure to clear the bills to delay in remittances from the Donor (UNDP). The Project is at risk of incurring significant interest costs and penalties with their continued delay in payment. Failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not qualified in respect of the effects of the above matters.

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Ambiguity in the Project Financing Agreement

According to Section IX of the project financing agreement, in relation to financial planning and management funds flow, the Government of Kenya (GoK) and United Nations (UN) financial and procurement procedures will be utilized and adhered to as appropriate. The Project will adhere to the Public Finance Management Act, 2012. However, this clause in the financing agreement may be in conflict with the Act as the UN financial and procurement procedures are not in tandem with the Public Finance Management Act, 2012 and the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, continued application of the Financing Agreement with the above clause may result to non-compliance to the Public Finance Management Act, 2012.

2. Non-Disclosure of In-Kind Contributions

The project grant document indicates that the Illegal Wildlife Trafficking (IWT) project was to be implemented in a span of 5 years, effective the date the agreement was signed. The total cost of the project was USD 19,392,268. This was to be financed through a Global Environmental Facility (GEF) cash grant of USD 3,826,605 and USD 15,565,663 in-kind contributions by the project implementation partners. The project is expected to close in less than 12 months. However, there are no records showing how much the implementing partners have contributed in kind since inception of the project to date. Further, the project was to be implemented in phases, component 1 to 4 with budgeted amounts and expected outcomes per year. However, there are no detailed reports indicating how far the project outcomes have been achieved and the budgetary allocations absorbed per outcome per year. Therefore, there is ambiguity in project implementation and utilization of resources.

In the circumstances, the Project may experience under funding, resulting in inability to fully implement the expected outcomes, thereby denying the beneficiaries the intended benefits.

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

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

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with 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.

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

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

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

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


 FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 December, 2023

7. Statement of Receipts and Payments for the year ended 30th June 2023.

	Note	Receipts and payments controlled by the entity	Payments made by third parties- UNDP	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		FY 2022-2023			FY 2021-2022			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Transfer from Government entities (GOK)	1	28,000,000	0	28,000,000	19,298,057	0	19,298,057	47,478,057
Proceeds from domestic and foreign grants AIA (UNDP)	2	0	0	0	20,000,000	0	20,000,000	76,373,538
Miscellaneous receipts - UNDP	2	43,086,929	0	43,086,929	18,848,236	0	18,848,236	61,935,165
Total receipts		71,086,929	0	71,086,929	58,146,293	0	58,146,293	185,786,760
Payments								
Compensation to employees	3	9,329,756	0	9,329,756	12,546,557	0	12,546,557	25,477,948
Purchase of goods and services	4	55,573,345	0	55,573,345	16,288,361	0	16,288,361	80,560,102
Acquisition of non-financial assets	5	5,006,310	0	5,006,310	7,545,896	0	7,545,896	56,805,712
Other Capital Grants and Transfer	2	0	0	0	20,000,000		20,000,000	20,000,000
Total payments		69,909,411	0	69,909,411	56,380,814	0	56,380,814	182,843,762
Surplus/ (deficit)		1,177,518	0	1,177,518	1,765,479	0	1,765,479	2,942,998

***IWT -Kenya Project
Annual Report and Financial Statements for the financial year ended June 30, 2023***

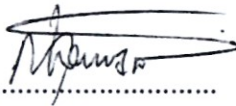
Receipts of Ksh 71,086,926 comprises of Ksh 28,000,000 paid by State Department for Wildlife in respect of Government counterpart fund, Ksh 43,086,929 paid by UNDP through direct payment modality.

The compensation of employee is made up of Ksh. 9,329,756, Purchase of goods and services amounts to Kshs 55,573,345, the amount spent on acquisition assets was Kshs 5,006,310 was paid by Government of Kenya through counterpart funds.

The Project financial statements were prepared by the Project Finance Officer and approved by the Principal Secretary for the State Department of Wildlife and the Project Coordinator for IWT-Kenya Project on.....^{28th/09/}2023 and signed by them.


.....
Silvia Museiya
Principal Secretary


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Netty Jemutai
Project Manager


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CPA Sinteria Lemain
Project Finance Officer
ICPAK No.16420

8. Statement of Financial Assets as at 30th June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	6	2,942,997	1,765,479
Cash Balances		0	0
Cash equivalents (Short-term deposits)		0	0
Total Cash and Cash equivalents		2,942,997	1,765,479
Imprests and Advances		0	0
Total Financial Assets		2,942,997	1,765,479
Financial Liabilities			
Third party Deposits and Retention		0	0
Net Assets		2,942,997	1,765,479
Represented By			
Fund Balance B/fwd.	7	1,765,479	0
Prior Year adjustments		0	0
Surplus/(Deficit) for the Year		1,177,518	0
Net Financial Position		2,942,997	1,765,479

IWT -Kenya Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

The operation account (UNDP Kenya Combatting Illegal Wildlife Trade Project) had a bank balance of Ksh. 2,942,997 as at 30th June 2023.

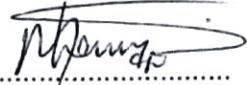
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Project financial Statements were prepared by the Project Finance officer, approved by the Principal Secretary for State Department for Wildlife and the Project Coordinator for IWT-Kenya Project on 28/09/ 2023, and signed by them.



.....
Silvia Museiya
Principal Secretary



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Netty Jemutai
Project Manager



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Project Finance Officer
ICPAK Member No:16420

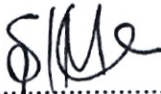
9. Statement of Cashflow for the year ended 30th June 2023

Description	Notes	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	28,000,000	19,298,057
Proceeds from domestic and foreign grants	2	0	20,000,000
Miscellaneous receipts	2	43,086,929	18,848,236
Total receipts		71,086,929	58,146,293
Payments			
Compensation of employees	3	(9,329,756)	12,546,557
Purchase of goods and services	4	(55,573,345)	16,288,361
Other grants and transfers -	2	0	20,000,000
Total Payments		(64,903,101)	(48,834,918)
Net receipts/(payments)		6,183,828	9,311,375
Adjustments during the year			
Prior year adjustments		0	0
Net cash flow from operating activities		0	0
Cashflow from investing activities			
Acquisition of non-financial assets	5	5,006,310	7,545,896
Net cash flows from investing activities		1,177,518	1,765,479
Cash flow from financing activities			
Proceeds from foreign borrowings		0	0
Net cash flow from financing activities		0	0
Net increase in cash and cash equivalents		1,177,518	1,765,479
Cash and cash equivalent at beginning of the year	6	1,765,479	1,765,479
Cash and cash equivalent at end of the year	6	2,942,997	1,765,479

IWT -Kenya Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

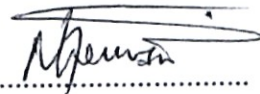
The payments as compensation of employees amounts to Ksh. 9,329,756, Purchase of goods and services Kshs 55,573,345. The purchase of assets is Kshs 5,006,310. The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The project financial statements were prepared by the project finance officer and approved by the Principal Secretary for the State Department of Wildlife and the Project Coordinator for IWT –Kenya Project approved on 28/09/ 2023 and signed by them.



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Silvia Museiya
Principal Secretary



.....
Netty Jemutai
Project Manager

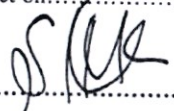


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CPA Sinteria Lemain
Project Finance Officer
ICPAK Member No:16420

10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023

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 %
Receipts						
Transfer from Government of Kenya	40,000,000	(12,000,000)	28,000,000	28,000,000	0	100%
Proceeds from domestic and foreign grants	78,810,000	0	78,810,000	0	78,810,000	0%
Proceeds from borrowings	0	0	0	0	0	0
Miscellaneous receipts	0	0	0	43,086,929	(43,086,929)	0
Total Receipts	118,810,000	(12,000,000)	106,810,000	71,086,929	35,723,071	67%
Payments						
Compensation to employees	12,000,000	0	12,000,000	9,329,756	2,670,244	78%
Purchase of goods and services	72,410,000	(3,224,740)	69,185,260	55,573,345	13,611,915	80%
Social security benefits	0	0	0	0	0	0
Acquisition of non-financial assets	14,400,000	(8,775,260)	5,624,740	5,006,310	618,430	89%
Transfers to other government entities						
Other grants and transfers	20,000,000	0	20,000,000		20,000,000	0
Total Payments	118,810,000	(12,000,000)	106,810,000	69,909,411	36,900,589	
Surplus or Deficit				1,177,518	(1,177,518)	65%

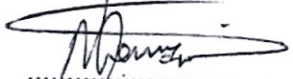
The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements. The Project financial statements were prepared by the Project finance officer and approved by the Principal Secretary for the State Department for Wildlife and the Project Coordinator for IWT-Kenya Project on.....2023 and signed by them.



 Silvia Museiya
 Principal Secretary



 Netty Jemutai
 Project Manager



 CPA Sinteria Lemain
 Project Finance Officer
 ICPAK Member No:16420

11. Significant Accounting Policies

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

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.

Reporting entity

The financial statements are for IWT–Kenya Project under the State Department for Wildlife. The financial statements are for the reporting entity (IWT–Kenya Project) as required by Section 81 of the PFM Act, 2012 .

Reporting Currency

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

Recognition of receipts

IWT–Kenya recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

b. In-kind donations

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

IWT -Kenya Project

Annual Report and Financial Statements for the financial year ended June 30, 2023

c. 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.

d. 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.

e. Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorized 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.

f. Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.

g. Contingent Assets

- 11 IWT-Kenya Project does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of State Department for Wildlife 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.

a. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' 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.

b. Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements.*

Significant Accounting Policies (Continued)

c. 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.

d. 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 the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

e. 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.

f. Subsequent events

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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, 2023.

g. Prior period adjustments

There were no prior period adjustments relate to errors and other adjustments noted arising from previous year.

12. Notes to the Financial Statements**1. Transfers from Government entities**

These represent counterpart funding and other receipts from government as follows:

Description	FY 2022-2023	FY2021-2022	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through Ministry Tourism, Wildlife and Culture – State Department for Wildlife</i>			
Counterpart funds Quarter 1	5,000,000	0	0
Counterpart funds Quarter 2	5,000,000	0	0
Counterpart funds Quarter 3	5,000,000	0	0
Counterpart funds Quarter 4	13,000,000	19,298,057	19,478,057
Total (See Annex 3)	28,000,000	19,298,057	47,478,057
Total	28,000,000	19,298,057	47,478,057

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30th June 2023, we received grants from donors as detailed in the table below:

Name of Donor	FY2022-2023						FY 2021-2022	Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Multilateral Donors (International Organizations)	Jul -Sep 2022	0	12,765,886	0	0	12,765,886	10,397,688	23,163,574
	Oct-Dec 2022	0	0	0	0	0	12,407,133	12,407,133
	Jan-Mar 2023	0	10,804,000	0	0	10,804,000	16,043,415	26,847,415
	Apr-Jun 2023		19,517,043	0	0	19,517,043	0	19,517,043
Total		0	43,086,929	0	0	43,086,929	38,848,236	81,935,165

Notes to the Financial Statements (Continued)

3. Compensation to Employees

Description	FY2022-2023			FY 2021-2022	Cumulative to-date
	Payments made by the Entity in Cash -GOK	Payments made by third parties -UNDP	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
-					
Basic wages of temporary employees	9,329,756		9,329,756	12,546,557	25,477,948
Total	9,329,756		9,329,756	12,546,557	25,477,948

Notes to the Financial Statements (Continued)

4. Purchase of Goods and Services

Description	Insert Current FY 2022-2023			Insert Comparative FY 2021-2022	Cumulative to-date
	Payments made in Cash - GOK	Payments made by third parties-UNDP	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies, and services	0	0	0	6,385,399	6,565,399
Contracted professional services - Consultancies	4,594,266	0	4,594,266	0	4,594,266
Other operating expenses - Specialized materials and supplies	33,600	0	33,600	0	33,600
Domestic travel, accommodation, sundry expenses and daily subsistence	12,329,915	0	12,329,915	6,946,112	25,360,381
Publishing & Printing, advertising, and information supplies	1,793,995	0	1,793,995	957,610	2,751,605
Boards, Committees, conferences -Hospitality expenses	25,865,283	0	25,865,283	0	25,865,283
Other operating expenses - general office supplies	1,599,560	0	1,599,560	0	4,033,602
Refined fuels and lubricants	8,591,926	0	8,591,926	1,999,240	10,591,166
Routine maintenance- Other assets	764,800	0	764,800	0	764,800
Total	<u>55,573,345</u>	<u>0</u>	<u>55,573,345</u>	<u>16,288,361</u>	<u>80,560,102</u>

Notes to the Financial Statements (Continued)**5. Acquisition of Non-Financial Assets**

Description	FY 2022-2023			FY 2021-2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	
Transport equipment	0	0	0	40,961,102	40,961,102
Purchase of household furniture & institutional equipment	995,280	0	995,280	5,905,436	6,900,716
Purchase of office furniture & general equipment	4,011,030	0	4,011,030	5,829,666	9,840,698
Total	<u>5,006,310</u>	<u>0</u>	<u>5,006,310</u>	<u>52,696,206</u>	<u>57,702,516</u>

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Notes to the Financial Statements (Continued)

6. Cash And Cash equivalents

Description	Current FY2022-2023	Comparative FY2021-2022
	Kshs	Kshs
Bank accounts (Note 11A)	2,942,997	1,765,479
Total	2,942,997	1,765,479

IWT -Kenya has two number of project accounts; a special deposit account spread and operation account within the project implementation area managed by the State Department of Wildlife as listed below:

Bank Accounts

Project Bank Accounts

Details	FY2022-2023	FY2021-2022
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Total local currency balances	2,942,997	1,765,479
Total bank account balances	2,942,997	1,765,479

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2023 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	Current FY2022-2023	Comparative 2021-2022
	Kshs	Kshs
(i) A/C Name Special Deposit Account [A/c No 1000442368]		
Opening balance	0	0
Total amount deposited in the account	0	18,848,236
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>0</u>	18,848,236
Closing balance (as per SDA bank account reconciliation attached)	<u>0</u>	<u>0</u>
(ii) Kenya Combating Illegal Wildlife Trade Projects-Operations A/c Name [A/c No 1000506539]		
Opening balance (as per the SDA reconciliation)	1,765,479	0
Total amount deposited in the account	43,086,929	18,848,238
Total amount withdrawn (as per Statement of Receipts & Payments)	41,909,411	17,082,758
Closing balance (as per SDA bank account reconciliation attached)	<u>2,942,997</u>	<u>1,765,478</u>

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Other Important Disclosures (Continued)

9. Related Party Disclosures

	Current FY2022-2023	Comparative FY2021-2022
	Kshs	Kshs
Compensation to Key Management		
Compensation to the program manager/ Coordinator	808,167	3,600,000
Key Management Compensation others (specify)	0	0
Total Compensation to Key Management	808,167	3,600,000
Total Transfers from related parties	0	0

10. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Ambiguity in the Financing Agreement:</p> <p>The Financing Agreement states in section 'IX Financial Planning and Management Funds Flow: "Both GoK and UN financial and procurement procedures will be utilized and adhered to as appropriate. The Project will adhere to the Public Financial Management Act (2012)". However, this clause maybe in conflict with the Act as the UN financial and the procurement procedures are not in tandem with the</p>	<p>Both GoK and UN financial and procurement procedures will be utilized and adhered to as appropriate.</p>	<p>Resolved</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>Public Finance Management Act, 2012 and the Public Procurement and Asset Disposal Act, 2015.</p> <p>In the circumstances, continued application of the Financing Agreement with the above clause may result to no-adherence to the Public Finance Management Act, 2012.</p>			
2	<p>Gender Imbalance in Recruitment: The Project Management conducted a recruitment process in two (2) phases for five (5) vacant posts. The first phase recruited and</p>	<p>Recruitment was done in April 2023, The Project Manager / Coordinator position was filled by a female.</p>	Resolved	

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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>contracted four (4) male officers, leaving one vacant post. The vacant post was later re-advertised with a deadline of submission of May 2021. The post attracted ninety-six (96) individuals out of which forty-one (41) were female and remaining fifty five (55) were male. The post was later filled by a male officer. The project management did not explain why gender balance was not observed contrary to Section 33(2) of the National Cohesion and Integration Act, 2008.</p> <p>In the circumstance,</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)
	the project management was in breach of the Act			



.....
Name
Principal Secretary



.....
Name
Project Coordinator

Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current 2022/2023

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	28,000,000	28,000,000	0	100%	
Proceeds from domestic and foreign grants	78,810,000	43,086,929	35,723,071	55%	Low funds absorption rate due few activities implemented
Proceeds from borrowings	0	0	0	0	
Miscellaneous receipts	0	0	0	0	
Total Receipts	106,810,000	71,086,929	35,723,071	67%	
Payments					
Compensation of employees	12,000,000	9,329,756	2,670,244	78%	PMU was not fully constituted at this time hence a saving on compensation to employees.
Purchase of goods and services	69,185,260	55,573,345	13,611,915	80%	Due to procurement procedures some items

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	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
					were not purchased
Acquisition of non-financial assets	5,624,740	5,006,310	618,430	89%	The variance is within the acceptable threshold.
Other grants and transfers	20,000,000	0	20,000,000	0	
Total payments	106,810,000	69,909,411	36,900,589	65%	

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Annex 3: Reconciliation of inter-entity transfers

Project Name:			
Break down of transfers from the State Department of Wildlife			
a. Government Counterpart funding			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	Quarter 1	5,000,000	
	Quarter 2	5,000,000	
	Quarter 3	5,000,000	
	Quarter 4	13,000,000	
	Total	28,000,000	2022/2023
B. Direct payments			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		0	
	Total	0	
C. Others- UNDP Direct Cash Transfer			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	July-Sept 2022	12,765,886	
	Jan-March 2023	10,804,000	
	April-June 2023	19,517,043	
	Total	43,086,929	
	Total (A+B+C)	71,086,929	2022/2023

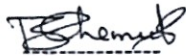
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The above amounts have been communicated to and reconciled with the State Department of Wildlife.

Project Coordinator
UNDP- IWT Kenya

Sign



Head of Accounting Unit
State Department for Wildlife

Sign



IWT-Kenya Project

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Annex 4: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2021/2022 (a)	Donations in form of assets (KShs) 2021/2022 (b)	Purchases/ Additions in the Year (KShs) 2022/2023 (c)	Disposals in the Year (KShs) 2022/2023 (d)	Transfers in/(out) KShs 2022/2023 (d)	Closing Cost (KShs) 2022/2023 (e)=(a)+ (b)+c)- (d)+(-)d
Transport equipment	40,961,102	0	0	0	0	40,961,102
House Hold Furniture and Institutional Equipment	5,905,436	0	995,280	0	0	6,900,716
Office equipment, furniture and fittings	5,829,668	0	4,011,030	0	0	9,840,698
Total	52,696,206	0	5,006,310	0	0	57,702,516

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Annex 5: Analysis of Pending: Staff Bills

Name of Staff	Job Group	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Others-Staff Contract							
Martin Kinyua					779,650		Outstanding Gratuity for completed contract.
Boniface Chebii					1,116,000		Outstanding Gratuity for completed contract.
Mutuuri Njoka					1,116,000		Outstanding Gratuity for completed contract.
Sub-Total							
Grand Total					3,011,650		

Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2023
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance