

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

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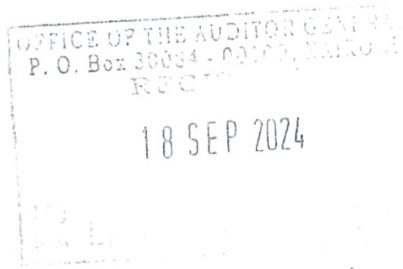
THE AUDITOR-GENERAL

ON

**AQUACULTURE BUSINESS
DEVELOPMENT PROGRAMME
(IFAD LOAN NO. 20000052 & 2000002614)**

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

**STATE DEPARTMENT FOR BLUE
ECONOMY AND FISHERIES**



Revised Template 30th June 2024



PROGRAMME NAME:

AQUACULTURE BUSINESS DEVELOPMENT PROGRAMME

[A B D P]

IMPLEMENTING ENTITY:

MINISTRY OF MINING, BLUE ECONOMY, AND MARITIME AFFAIRS

STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

PROGRAMME LOAN NUMBER: 2000002052 & 2000002614

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)

Aquaculture Business Development Programme (ABDP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Aquaculture Business Development Programme (ABDP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

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1. ACRONOMY AND GLOSSARY OF TERMS

ABDP	Aquaculture Business Development Programme
AGPO	Access to Government Procurement Opportunity
BBA	Bachelor's in business administration
B.Com.	Bachelor of Commerce
Bsc.	Bachelor of Science
MBA	Masters in Business Administration
CAPs	Community Action Plans
CBK	Central Bank of Kenya
CIFA	Certified Investment and Financial Analyst
CPA(K)	Certified Public Accountant of Kenya
CPITs	County Programme Implementation Teams
CPS(K)	Certified Public Secretary of Kenya
ENRM)	Environment and Natural Resources Management
ESMP	Environment and Social Management Plan
EURO	European Union Currency
FAO	Food and Agriculture Organisation
GOK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communication Technology
IFAD	International Fund for Agriculture Development
ILO	International Labour Organisation
KeFS	Kenya Fisheries Service
KMFRI	Kenya Marine Fisheries Research Institute
KSHS	Kenya Shillings
MDAs	Ministerial Development Agenda
MOUs	Memorandum of Understanding
NGOs	Non-Governmental Organisations
PCU	Programme Coordination Unit
PIM	Programme Implementation Manual
PPPPs	Public Private Producer Partnerships
PSC	Programme Steering Committee
SDA	Special Deposit Account
SECAP	Social, Environmental and Climate Assessment Procedures
SIYB	Start and Improve Your Business
TEC	Technical Evaluation Committee
TOR	Terms of Reference
USD	United States Dollar

2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Name and registered office

Programme Name: Aquaculture Business Development Programme (ABDP)

Objectives

The Programme Development Objective is to increase the incomes, food security and nutritional status of the wider communities of poor rural households involved in aquaculture in the targeted Counties.

Address: The programme headquarter office is in Nyeri, Nyeri County, Kenya.

Physical Address: IFAD Building

Postal Address: P.O. Box 904-10100, Nyeri, Kenya

Other Contacts:

E-mail: info@abdpcu.org

Website: www.abdpcu.org

Telephone: +254(0) 780-303-209 / 780-303-195 / 780-303-275

The programme has a Regional Coordination Office based in Kisumu:

Telephone: +254(0) 780-302-968 / 0781-005-151

2.2 Programme Information

Programme Start Date:	22 nd June 2018
Programme Closing Date:	March 2026
Programme Coordinator:	Mr. Sammy Macaria
Programme Donor/Sponsor:	Government of Kenya (GOK), International Fund For Agriculture Development (IFAD) and Beneficiaries
Programme Supervisor:	International Fund for Agricultural Development (IFAD)

2.3 Programme Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Mining, Blue Economy and Maritime Affairs while the Lead Implementing Agency under the Ministry is the State Department for Blue Economy and Fisheries.
Programme Financing Numbers	IFAD Loan No. 2000002052 and IFAD Loan No. 2000002614
Strategic goals of the Programme	<p>(i) To raise the efficiency, profitability, and sustainability of ongoing and new aquaculture activities in mixed smallholder farming systems, with associated nutrition activities to improve diet quality and food security of the wider rural communities.</p> <p>(ii) To improve the efficiency of the whole aquaculture value chain, with a concentration of Programme effort and resources on operations that either include smallholders directly or demonstrably benefit the mass of small-scale producers.</p>
Achievement of strategic goals	<p>The Programme management aims to achieve the goals through the following means:</p> <p>(i) Ensuring the Programme’s interventions move the country (especially the Programme Areas) towards achieving the “Big Four” Initiative through food and nutrition security.</p> <p>(ii) Creating conducive environment for investment in Aquaculture through sustainable Public Private Producer Partnerships (PPPPs);</p> <p>(iii) Enhance leadership and integrity in the management of resources for improved rural livelihoods of small holder aquaculture farmers and other value chain players; and</p> <p>(iv) Supporting smallholder aquaculture farmers to graduate from subsistence to commercially oriented aquaculture practices through improvements in productivity, post-harvest management and effective market linkages for the produce.</p>
Other important background information of the programme	<p>The Programme is national in scope but targets Counties with high concentrations of aquaculture activity, high production, existing sectoral infrastructure (processing, marketing and research), adequate water resources and marketing potential. The Programme started implementation in six (6) Counties in the first year and expanded from the second year to reach a maximum of fifteen (15) namely, Homa Bay, Migori, Kakamega, Kisii, Kisumu, Siaya and Busia (in Western Kenya Region) and Kirinyaga, Nyeri, Meru, Tharaka Nithi, Embu, Kiambu, Machakos and Kajiado (in Central/Eastern Region).</p>

The Programme is structured around three components:

Component 1 - Smallholder Aquaculture Development

Smallholder aquaculture development aims to raise the efficiency, profitability and sustainability of ongoing and new aquaculture activities in mixed smallholder farming systems, with associated nutrition activities to improve diet quality and food security of the wider rural communities. In doing so, the Programme is promoting viable business activities based on aquaculture through group and enterprise mobilization, training and support, investment in productive infrastructure, and the transfer of technical and business skills. This component is organised into three subcomponents, namely;

- ▶ Smallholder aquaculture production,
- ▶ Development of enterprises in support of smallholder aquaculture production, and
- ▶ Community nutrition initiatives.

The expected outcome for this component is to improve production, productivity as well as food security and diet quality of smallholder farmers.

Component 2 - Aquaculture Value Chain Development

Aquaculture value chain development is supporting the expansion of the subsector by promoting the establishment and scaling up of agribusiness enterprises of all sizes, including rural groups that “graduate” to a more advanced and stable business model. The Component complements the substantial strategic investments in primary producers (under component 1), through linking smallholders and beneficiaries’ groups to other successful emergent enterprises and larger businesses in the value chain to ensure that smallholders have access to quality inputs, technical expertise, post-harvest technologies and marketing channels. This is being achieved through creation of public private producer partnerships (PPPPs), including developing proper risk allocation measures, such as provision of matching grants to the private sector to alleviate the inherent risks in developing partnerships with smallholders. The component is also supporting policy engagement, public economic infrastructure, extension services, aquaculture research, quality assurance services, financial services and business development capacity.

This component is organised into two subcomponents, namely;

- ▶ Smallholder-based aquaculture value chain development, and
- ▶ Aquaculture sector enabling environment and support services.

Component 3 - Programme Management, Monitoring and

	<p>Evaluation Programme Management, Monitoring and Evaluation facilitates the implementation support structure for Components’ activities and investments through providing physical and financial management; procurement; knowledge management; and monitoring and evaluation functions.</p> <p>Implementing arrangements</p> <p>The implementation arrangements for the Programme is set out in the Programme Implementation Manual (PIM). The Lead Agency coordinating the implementation of the Programme is the State Department for Blue Economy and Fisheries (SDBEF) in the Ministry of Mining, Blue Economy, and Maritime Affairs. The Programme Steering Committee (PSC) under the chairmanship of the PS, SDBEF is responsible for reviewing Programme progress against targets, assessing management effectiveness, deciding on corrective measures where appropriate while the Programme Coordination Unit (PCU) performs the day-to-day coordination and management of the Programme, and according to the financing agreement between the Government of Kenya (GoK) and the IFAD.</p> <p>At the County Level, the Programme implementation is being done using existing County structures and spearheaded by the County Programme Implementation Teams (CPITs) that were established in line with the signed Memorandum of Understanding (MoUs) with Counties.</p>
<p>Current situation that the programme was formed to intervene</p>	<p>The programme was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Improve food and nutritional security in line with the Government Big Four Agenda and Kenya’s Economic Blueprint – The Vision 2030, and (ii) Reduce poverty of majority rural poor involved in aquaculture farming through improvement of incomes and standards of living.
<p>Programme duration</p>	<p>The Programme started on 22nd June 2018 and is expected to run until March 2026</p>

2.4 Bankers

The following are the bankers for the current year:

2.4.1 Programme Designated Special Bank Accounts in Central Bank of Kenya

ABDP IFAD Loan 1 USD Account No...1000391798-National
ABDP IFAD Loan 2 EURO Account No...1000568968-National
ABDP IFAD Loan USD Account No....1000395966-Counties

2.4.2 Programme Operational Bank Accounts

ABDP National Bank - Nyeri branch Account No.01071216470700

ABDP National Bank - Nyeri branch Account No.01071216470701

ABDP National Bank - Nyeri branch Account No.01071252835000

2.5 Auditors

The programme is audited by the Office of the Auditor General.

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.6 Roles and Responsibilities of key programme staff

The following is the list and roles of Key Programme staff.

S/No	Names	Title designation	Key qualification	Responsibilities
1	Sammy Macaria	Programme Coordinator	Master's Fisheries (Aquaculture), BSC Fisheries Management.	Programme Coordination
2	Dr. Isaac Wamalwa	Deputy Programme Coordinator	PhD Environmental Sc, Msc Environmental Studies, Bsc Fisheries	Programme Coordination
3	Ruth K. Ng'aarua	Finance and Administration Manager	MBA-Finance, B. Com, Accounting, CPA(K), CPS(K)	Finance and Administration activities
4	Grace W Njagi	Aquaculture Specialist	Masters in Fisheries Science, BSC Biochemistry and Chemistry.	Aquaculture services and leader of Component 1
5	Michael Waweru	Senior Knowledge Management and M&E Officer	Master of Arts in Economics, BSc in Economics & Statistics, CPA(K), CIFA.	Knowledge management, Monitoring and Evaluation
6	Ruth Lewo Mwarabu	Aquaculture Specialist	Masters in Tropical Aquatic Ecology, BSc Applied Aquatic Science.	Aquaculture services and leader of Component 2
7	Samuel M. Ikima	Procurement Specialist	Master's Purchasing and Supplies Mgt, Bachelor's in Business Administration-Human Resource, CIPS.	Procurement Services
8	Irene W. Machua	Programme Accountant I	MBA-Finance and Accounting-Ongoing. BBA (Finance and Accounting), CPA(K),	Accounting services
9	Beryl A. Odhiambo	Programme Accountant II	MBA-Finance, B.Com-Accounting, CPA(K), CIFA Part 2	Accounting Services
10	Veronicah W Chege	Procurement Assistant	Msc. Procurement and Logistics, Bachelors in Procurement and Logistics CPSP	Procurement Services

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

S/No	Names	Title designation	Key qualification	Responsibilities
11	Cecily Wamuuru G.	Programme Assistant	Master of Business Administration -Human Resource Management, Bachelor of Business Administration – HRM Higher Diploma in Secretarial Studies	Administration activities
12	Kelly O. Owillah	Programme Assistant	Master of Arts in Project Planning, Bachelor of Arts Degree (Economics & Mathematics), Diploma in Community Development	Administration activities
13	Nimo Hussein Jamal	Monitoring and Evaluation and Knowledge Management Officer	Msc. Development Studies-Ongoing Bsc. Development Studies Diploma in HRM Diploma in Project Management	Knowledge management, Monitoring and Evaluation
14	Lucy Mungai W.	Office Assistant	Diploma in Secretarial Studies Certificate in Public Relations and Customer Care Certificate in computer applications.	Administration activities
15.	Samuel Kamenju M.	Gender Specialist	Bachelor of Arts in Anthropology	Gender, youth affairs and targeting.

2.7 Funding summary

The Project is for duration of eight years from 2018 to 2026 with an approved budget for ABDP Programme is USD 143.3 Million equivalent of approximately Kshs. 14.9 billion as highlighted in the table below:

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

Below is the funding summary:

A. Source of Funds

Sources of funds	Donor Commitment		Amount received to date (30.06.2024)		Undrawn Balance to date (30.06.2024)	
	Donor Currency -USD	Kshs	Donor Currency -USD	Kshs	Donor currency-USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
IFAD-Grant to FAO	400,000	41,592,000	-	-	400,000.00	-
(ii) Loan						
IFAD-Loan 1	40,000,000	4,159,200,000	19,389,962.01	2,823,210,104.85	20,610,037.99	1,335,989,895.15
IFAD-Loan 2	27,900,000	2,901,042,000	8,160,438.16	908,516,117.24	19,739,561.84	1,992,525,882.76
(iii) Counterpart funds						
Government of Kenya	31,400,000	3,264,972,000	22,888,888.54	2,379,986,630.00	8,511,111.46	884,985,370.00
(iv) Contribution in Kind						
Beneficiary Contribution	43,600,000	4,533,528,000	16,872,903.41	1,754,444,496.25	26,727,096.59	2,779,083,503.75
Total	143,300,000	14,900,334,000	67,312,192	7,866,157,348	75,987,808	6,992,584,652

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

Application of funds	Amount received to date – (30.06.2024)		Cumulative Amount paid to date – (30.06.2024)		Unutilised balance to date- (30.06.2024)	
	<i>Donor Currency - USD</i>	<i>Kshs</i>	<i>Donor Currency - USD</i>	<i>Kshs</i>	<i>Donor currency- USD</i>	<i>Kshs</i>
	(A)	(A')		(B')	(A)-(B)	(A')-(B')
(i) Grant						
IFAD-Grant to FAO	-	-	-	-	-	-
(ii) Loan						
IFAD-Loan 1	19,389,962	2,823,210,105	18,939,385.97	2,102,926,236.79	450,576.04	720,283,868.06
IFAD-Loan 2	8,160,438	908,516,117	4,518,654.84	491,436,770.29	3,641,783.32	417,079,346.95
(iii) Counterpart funds						
Government of Kenya	22,888,889	2,379,986,630	15,885,633.66	2,214,933,900.95	7,003,254.88	165,052,729.05
(iv) Contribution in Kind						
Beneficiary Contribution	16,872,903	1,754,444,496	16,872,903.41	1,754,444,496.25	-	-
Total	67,312,192	7,866,157,348	56,216,578	6,563,741,404	11,095,614	1,302,415,944

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

Summary of Overall Programme Performance:

The budget performance against actual amounts for current year is at 51%.

1. The main activities and achievements attained during the period include: -

- 2,080,444 pieces of fish stocked in fishponds across 15 implementing counties
- 28,782,027.6 kgs of fish harvested by beneficiary farmers across 15 counties
- Fish sales valued at Kshs 119,666,330 achieved by beneficiary farmers across 15 counties
- **Development of cage culture in Riparian Counties:** Acting on the Mid Term Review agreed action No.8 the programme initiated the process of implementing community-based cage aquaculture as one of the production options for counties bordering Lake Victoria. In this regard, the Programme has updated the targeting strategy to include 3735 beneficiaries in the 5 riparian counties practicing cage aquaculture. These beneficiaries will be primarily selected to fill places of beneficiaries that had not yet been identified in those counties in the previous outreach efforts
- **Development of Landing Sites in Riparian Counties in Western / Nyanza Region:** In reference to Mid Term Review agreed action No.14, the programme-initiated establishment of aggregation centres. This is a work in progress with an objective of designing and construction landing sites in the five riparian Counties of Busia, Siaya, Kisumu, Homabay and Migori. During the 3rd quarter of the reporting period, an Assessment was undertaken for 13 Landing sites covering cadastral and topographical surveys by a team from Ministry of Public Works, whose final report was submitted to office of the PS, SBE&F. Further, the team supported procurement through development of TORs for a Consultancy on Design Review and Construction Supervision of landing sites which is underway
- 15 Annual Aquaculture Day (AAD) celebration conducted across 15 Counties.
- 70 social and behaviour change, and communication (SBCC) events held in 15 Counties and promoted marketing of 28.7 tonnes of fish.
- 1 Joint Government and IFAD Missions conducted.
- 1 PSC Supervision Missions in 15 Programme Counties

While conducting the above activities, the management endeavoured to adhere to the approved budget ceiling per activity. Efficiency in resource utilization was emphasized. The main challenge experienced during project implementation and proposed way forward include budget cuts both for the donor and government component; the programme revised the budget downwards and negotiated with the National Treasury so that in future such an occurrence is not experienced.

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.9 Summary of Programme Compliance:

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

3 STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

The key development objectives of the Aquaculture Business Development Programme 2018-2026 plan as per the programme design is to increase the incomes, food security and nutritional status of the wider communities of poor rural households involved in aquaculture in the Programme Implementing Counties.

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 purposes of tracking progress and performance measurement:

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Ministry of Mining Blue Economy and Maritime Affairs, State Department Blue Economy, and Fisheries-Aquaculture Business development Programme	To develop enterprises in support of smallholder aquaculture production.	Smallholder Aquaculture Production supported (addressing pressing challenges in aquaculture)	12,760 Smallholder Aquaculture Farmers supported with pond liners and predator control nets to address bedevilling challenges in aquaculture	12,760 smallholder aquaculture farmers supported (7,184 liners and 5,576 predator control kits)

4 ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The overall goal of Aquaculture Business Development Programme (ABDP) is to “*contribute to the reduction of poverty and increased food security and nutrition in rural communities of Kenya*”. This goal is pursued via one development objective which reflect the poverty-food security and nutrition nexus: increased incomes, food security and nutritional status of the wider communities of poor rural households involved in aquaculture. The Programme’s mission towards achieving this goal and objective provides the building blocks on which to reflect corporate culture and direction. ABDP’s sustainability strategy incorporates economic, environmental, and social factors into the organization's policies, practices, and processes to create long-term benefits for the organization, its employees and all its stakeholders while being mindful of conserving and protecting resources including environment.

I. Sustainability strategy and profile

During the financial year 2023-2024, the Aquaculture Business Development Programme (ABDP) was implemented against a background of a contracting global and regional economies. World economic growth slowed to 3.5 percent in 2022 from a growth of 6.3 percent in 2021 as high global inflation, energy and value chain disruption, and impact of monetary policy tightening in most world economics weighed on economic activity. The sluggish global growth, high inflation rates and the challenging global and domestic financial conditions continue to weigh on the growth for sub-Saharan Africa region. The region economic growth is projected to slow down to 3.5 percent in 2023 from 3.9 percent in 2022, before picking up to 4.1 percent in 2024. The Kenyan economy in 2022 demonstrated resilience in the face of severe multiple shocks that included the adverse impact of climate change, lingering effects of COVID-19, global supply chain disruption and the impact of Russia-Ukraine conflict. As such, the economic growth slowed down to 4.8 percent in 2022 from 7.6 percent in 2021. With the continued recovery in the agriculture sector and sustained performance of the services sector, the Kenyan economic growth is projected at 5.5

ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

percent in 2023 and 5.7 percent in 2024 supported by broad-based private sector growth and sustained government investment in the nine priority value chain areas. The Government focus is to provide an enabling environment for resilient and sustainable economic recovery through strengthening implementation of programmes and measures that ensure a more inclusive economic growth, foster macroeconomic stability and avail liquidity to the private sector. ABDP, being one of the Government Programmes is accountable to its stakeholders, the society, and the environment in achieving sustainable development for country. The Programme is embedded in evolving public service structures at both levels of Government: National and County. The strengthening and use of existing public services and community structures is expected to establish a strong institutional framework that would support sustainability.

To enhance sustainability, ABDP developed its exit strategy. Planned in a systematic and collaborative way well in advance of the programme end, the exit strategy will ensure better programme outcomes and encourage commitment to programme sustainability by implementing partners and beneficiaries. It provides clarity, focuses programming work and enables better planning of available human and financial resources by all implementors. This exit strategy includes a Legacy plan that denotes major outputs and outcomes that will continue to make significant contributions to the reduction of poverty and increased food security and nutrition in rural communities of Kenya.

II. Environmental performance

In conformity with the National Environment Policy 2013, ABDP seeks to better quality of life for present and future generations through sustainable management and use of the environment and natural resources. In line with IFAD's Climate Change Strategy (2010) and the Environment and Natural Resources Policy (2010), Social, Environmental and Climate Assessment Procedures (SECAP), the Programme Design Report looked into environment and climate risks that were likely to be associated with

ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

this project and proposed relevant mitigation measures. During its implementation, the Programme has conducted environmental and climate risks assessments and continues to put in place measures for mitigation. The climate change risks for the ABDP beneficiaries, and their livelihoods include droughts and floods. The main impacts are reduced water availability and destruction of infrastructure as well as loss of fish in some cases. Climate change adaptation measures implemented by ABDP at the farm level include a) use of pond liners to reduce water seepage; b) inclusion of dykes to protect fishponds (some ponds are in wetlands); c) raised ponds and d) water harvesting techniques are being promoted in some ABDP locations. The application of these measures is informed by climate risk analyses, which are available at the county level. The good aquaculture practices, such as appropriate siting, pond design and construction, are also contributing to climate change resilience for the farmers. For the institutional level, climate smart aquaculture techniques have been identified and documented by KMFRI and will be disseminated to the ABDP actors, such as hatcheries and model farmers who will pass on the technology to other farmers. During the year 2024-2025, ABDP will further explore the potential of climate smart aquaculture approaches including wooden ponds and solar pumps in line with climate resilience and adaptation to land limitations as well as the desire by low-income earners and small landholders in peri-urban and rural settlements to grow fish.

In line with IFAD's commitment to advancing sustainable development as reflected in its Social, Environmental and Climate Assessment Procedures – SECAP (IFAD 2017), ABDP enhanced operationalisation of the SECAP through integration of the activities in the Annual Work Plan and Budget. An Environment and Social Management Plan (ESMP) has been developed for the Programme and has been stepped down to county level plans. County Implementation Teams include Environment and Natural Resources Management (ENRM) Officers who provide guidance on conservation, natural resources use efficiency and relevant environmental regulations to be adhered to in the ABDP.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

To ensure environmental and socio - economical sustainability of aquaculture in small water body ecosystems, the framework on sustainable cage aquaculture practices developed by the Programme will guide it on specific aspects related to environment and climate matters and meet requirements and standards for aquaculture production in water reservoirs and cages. The effective engagement of the ENRM, KMFRI and KeFS officers will be important given the recommendation for ABDP to support cage aquaculture in the lake counties during the financial year 2024/25 moving forward. Targeted support will be essential for the ABDP beneficiaries to obtain relevant permits and ensure they follow good aquaculture practices.

As part of its green initiatives and to increase forest cover and enhance environmental resilience around small water bodies, ABDP has promoted and will continue promoting tree planting and development of kitchen gardens around ponds and other small water bodies.

The Programme will continue prioritizing use of energy from renewable sources in our offices and Programme investments, promote recycling across our offices, promote virtual engagements with stakeholders and invest in environmental and climate adaptation education and sensitization for farmers to enable them to have a better understanding of environmental management and climate change related impacts as well as required interventions to enable them to adapt.

III. Employee welfare

In adherence to a range of Kenya Government policies, ABDP hiring process is guided by the Human Resource Policies and Procedures Manual for the Public Service of May 2016, which follows values and principles of public service as stipulated in Article 232 of the Constitution of Kenya 2010. At ABDP, we support diversity, fairness and equal opportunities and do not discriminate in employment based on race, color, religion, sex, origin, political affiliation, sexual orientation, gender identity, marital status, disability and genetic information, age, membership in an employee organization, or other non-merit factors. Of the total ABDP Programme Coordination

ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

Unit (PCU) staff including technical staff, support staff and drivers, 15 are male while 11 are female thus meeting the two third gender ratio.

ABDP seeks to create an environment in which each employee's ambitions and abilities can be developed, as well as a workplace where an individual's potential can be actively realized. Accordingly, since its inception, all the Programme staff have undergone trainings in various fields to improve their performance and career progression. During the financial year 2023/243, the Programme undertook an internal staff professional skills training needs assessment, and budget will be allocated for all staff to be trained subject to approval by IFAD and the State Department. Similarly, all ABDP staff underwent through staff performance appraisal with recommendations for employee performance improvement to be implemented during the financial year 2024-2025.

As an organization, ABDP ensures the safety, health and welfare at work of all persons working in its workplace and customers/clients. The Programme aims to comply with all relevant legislation or regulations and best practice guidelines recommended by the national health and safety authorities/arms of government. All employees are accorded a safe and healthy working environment that meets or exceeds applicable standards for occupational safety and health. Since inception, ABDP has provided and will continue providing appropriate medical cover for all its employees. Additionally, the Programme has developed and will continue implementing alcohol and drug abuse prevention and management policy to address issues at the workplace, at risk population and the dependent population.

IV. Market place practices-

a) Responsible Supply chain and supplier relations-

As a responsible organization, we seek information from our partner organisations and suppliers about their approach to social responsibility, we map our supply chain to better understand where risks to our environmental and human rights commitments may exist and identify areas for further review, and we make sure that

ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

we have a commitment from every supplier we use that environmental standards are met, and human rights policies adhered to and check compliance during contract periods. To support responsible sourcing of materials, ABDP will continue to conduct due diligence within our supply chain to understand the source of raw materials within our products and ensure responsible and ethical sourcing. Additionally, to enhance access to government procurement opportunities for women, youth and people with disabilities, the Programme will pre-qualify registered (AGPO) groups as an affirmative action, build their capacity through training on government procurement procedures, the requirements for accessing government procurement opportunities and the specific opportunities, and ensure that the three groups access procurement opportunities for quotations.

b) Responsible ethical practices

To combat and prevent corruption, unethical practices and promote standards and best practices in governance, ABDP will conduct a Corruption Risk Assessment, and implement measures emanating from its Corruption Risk Mitigation plan. ABDP has zero tolerance for all forms of bribery, corruption, extortion, or embezzlement.

c) Regulatory impact assessment

To ensure financial responsibility, all ABDP dealings are transparently performed and accurately reflected on the Programme's financial reports and filings. Additionally, ABDP discloses financial and non-financial information in accordance with applicable Kenya Government regulations and standard accounting practices. As part of making risk management integral to its culture, strategic planning, decision making and resource allocation, ABDP developed a risk management policy that aims to ensure a coordinated and integrated approach to management of risks and is expected to increase ABDP risk management capacity by improving the ability to anticipate, prepare for, and handle a wide range of possible risks that could hinder the achievement of the Programme's objectives. During the financial year 2024-2025, ABDP will continue implementing the Risk Management Policy through providing a consistent risk assessment criterion by monitoring and

ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)

reviewing risk levels to remain within the acceptable risk appetite; adopting risk treatment strategies that are effective and efficient in risk mitigation; enhancing compliance to public service ethics, values, and principles of good governance; and, promoting risk informed decisions across ABDP through foresight analysis and risk assessments.

V. Community Engagements

ABDP community development approach is geared to real Kenyan conditions and cultural norms, including prevailing gender roles. The Programme has undertaken proactive community mobilisation and the generation of participatory modalities of community economic and social development in selection and engagement of its beneficiaries' ensuring inclusion of women, youth and people with disabilities. The Programme has successfully deployed the ABDP gender strategy which aims at equal involvement and benefits of women and men in the development of the aquaculture value chain resulting in increase in key gender empowerment indicators.

ABDP supports several programs aimed at advancing education and creating experiences for young people to achieve their dreams. During the financial year 2023-2024, the Programme offered 7 internships and 13 industrial attachments to Degree and Diploma students making a total of 20 which is 77% of the total staff strength of 26 staff. During the financial year 2024-2025, ABDP will continue engaging the youth on internships, industrial attachments, and mentorship programmes as per the Programmes objectives and in line with the Public Service guidelines.

As part of giving back to the society, ABDP supported staff fund raising event for needy children dubbed 'buckets of hope' where all staff individually made contributions in cash and items which were donated to a children's home during an event attended by all staff. During the financial year 2024-2025, ABDP will continue volunteering by all staff and encourage staff to take volunteering days to support community initiatives, identify potential charity event of interest and organise for informal fund-raising activity.

5 STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme are responsible for the preparation and presentation of the Programme's financial statements, which give a true and fair view of the situation of the Programme 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 Programme; (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 Programme; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme accept responsibility for the Programme'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.

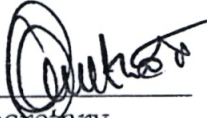
The *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme are of the opinion that the Programme's financial statements give a true and fair view of the state of Programme's transactions during the financial year ended June 30, 2024, and of the Programme's financial position as at that date. The *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme further confirm the completeness of the accounting records maintained for the Programme, which have been relied upon in the preparation of the Programme financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme 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.

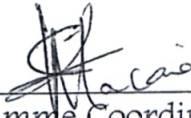
Aquaculture Business Development Programme (ABDP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Approval of the Programme financial statements

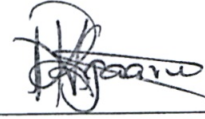
The Programme financial statements were approved by the *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme on 17/09/2024 2024 and signed by them.



Principal Secretary
Name: Betsy M. Njagi



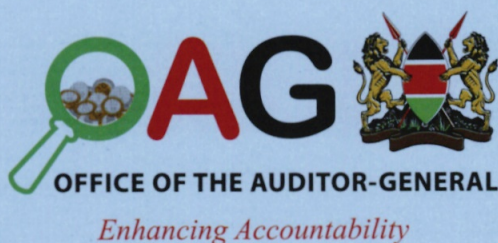
Programme Coordinator
Name: Sammy Macaria



Programme Fin.&Admin Manager:
Name: Ruth Ng'arua
ICPAK Member NO. 21799

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON AQUACULTURE BUSINESS DEVELOPMENT PROGRAMME (IFAD LOAN NO. 20000052 & 2000002614) FOR THE YEAR ENDED 30 JUNE, 2024 – STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

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 the 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 the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Aquaculture Business Development Programme set out on pages 1 to 32, which comprise of the statement of

financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Aquaculture Business Development Programme 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 Loan No. 2000002052 and 2000002614 dated 22 June, 2018 between the Government of Kenya and the International Fund for Agricultural Development (IFAD) 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 Aquaculture Business Development Programme Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.3,689,865,849 and Kshs.1,920,062,240 respectively resulting to an underfunding of Kshs.1,769,803,609 or 48% of the budget. Similarly, the Project spent an amount of Kshs.1,856,713,310 against final receipts of Kshs.1,920,062,240 resulting to an under utilization of Kshs.63,348,930 or 3% of the actual receipts.

The underfunding and under utilization affected the implementation of planned activities during the year 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Unresolved Prior Year Issues

In the audit of the previous year, several matters were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, although Management has indicated as having resolved the matters in Annex 1 to the financial statements, no evidence was provided to support that status.

2. Outstanding Pending Bills

Notes 18 and 19 to the financial statements on pending accounts payable and pending staff payables indicates that the Project had outstanding bills amounting to Kshs.316,558,934 and Kshs.425,188 respectively totalling Kshs.316,984,122. This was contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that debt service payments shall be a first charge in the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations. Further, the State Department did not allocate a budget during the year to clear these bills.

In the circumstances, Management was in breach of the law.

Other Information

Management is responsible for the other information set out on pages iv to xxv 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 Programme'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.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON 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 overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Programme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of intention to cease operations.

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

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

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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

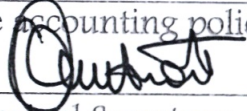
Nairobi

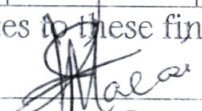
25 November, 2024

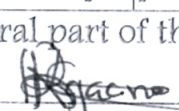
7 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2024.

ABDP STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2024								
	Note	Receipts and payments controlled by the entity	Receipts and Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to Date (From inception)
		FY 2023/24			FY 2022/23			
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
RECEIPTS								
Receipts from Government of Kenya-Cash	1(a)	763,500,000	-	763,500,000	282,500,000	-	282,500,000	2,379,986,630
Receipts from Government of Kenya-Inkind Contribution	1(b)		161,845,098	161,845,098		489,005,208	489,005,208	1,754,444,496
Proceeds from Domestic and Foreign Grants	2	-	-	-	-	-	-	-
Loan from External Development Partners-IFAD Loan 1	3(a)	671,414,020	-	671,414,020	452,776,664	-	452,776,664	2,823,210,105
Loan from External Development Partners-IFAD Loan 2	3(b)	323,303,122	-	323,303,122	585,212,995	-	585,212,995	908,516,117
Miscellaneous Receipts-Account 01071252835000 Activation	4	-	-	-	3,000	-	3,000	18,420
TOTAL REVENUES		1,758,217,142	161,845,098	1,920,062,240	1,320,492,659	489,005,208	1,809,497,867	7,866,175,768
PAYMENTS								
Compensation of Employees	5	163,342,341	-	163,342,341	171,754,917	-	171,754,917	639,539,573
Purchase of goods and services	6	1,511,889,911	-	1,511,889,911	1,138,501,103	-	1,138,501,103	5,086,475,097
Social Security Benefits	7	-	-	-	-	-	-	-
Acquisition of Non-financial Assets	8	19,635,960	-	19,635,960	70,040,824	-	70,040,824	333,803,855
Transfers to Other Government Entities	9	-	-	-	-	-	-	-
Other grants and transfers and payments-Inkind Contributions	10		161,845,098	161,845,098		489,005,208	489,005,208	1,754,444,496
Other payments								
TOTAL PAYMENTS		1,694,868,212	161,845,098	1,856,713,310	1,380,296,844	489,005,208	1,869,302,052	7,814,263,021
SURPLUS/DEFICIT		63,348,930	-	63,348,930	-59,804,185	-	-59,804,185	51,912,748

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


Principal Secretary
Name: Betsy M. Njagi



Programme Coordinator
Name: Sammy Macaria

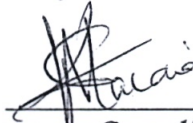

Programme Fin.&Admin Manager:
Name: Ruth Ng'arua
ICPAK Member NO. 21799

8 STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2024

ABDP STATEMENT OF FINANCIAL ASSETS AS AT JUNE 30, 2024			
Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Financial Assets			
Cash and Cash Equivalents			
Bank Balances	11A	51,912,136.55	- 11,436,893.61
Cash Balances	11B	610.00	710.00
Cash Equivalents (Short term deposits)	11C	-	-
Total Cash and Cash equivalents		51,912,746.55	- 11,436,183.61
Imprests & Advances	12	-	-
TOTAL FINANCIAL ASSETS		51,912,746.55	- 11,436,183.61
Financial Liabilities			
Deposits and Retention Monies	13	-	-
Net Assets			
Represented By			
Fund balance B/fwd	14	- 11,436,183.61	48,368,001.71
Prior Year Adjustment	15	-	-
Surplus / (Deficit) for the year		63,348,930.16	- 59,804,185.32
NET FINANCIAL POSITION		51,912,746.55	- 11,436,183.61

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 17/09/2024 2024 and signed by:


 Principal Secretary
 Name: Betsy M. Njagi


 Programme Coordinator
 Name: Sammy Macaria


 Programme Fin & Admin Manager:
 Name: Ruth Ng'arua
 ICPAK Member NO. 21799

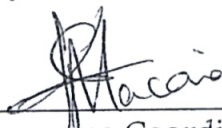
9 STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2024

ABDP STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH JUNE 2024			
Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Transfer from Government entities	1	763,500,000	282,500,000
Proceeds from Domestic and Foreign Grants	2	-	-
Miscellaneous Receipts	4	-	3,000
Total Receipts		763,500,000	282,503,000
Payments			
Compensation of Employees	5	- 163,342,341	- 171,754,917
Purchase of goods and services	6	- 1,511,889,911	- 1,138,501,103
Social Security benefits	7	-	-
Transfers to Other Government Entitiess	9	-	-
Other Grants and Other Payments	10	-	-
Total Payments		- 1,675,232,252	- 1,310,256,020
Adjustments during the year			
Prior Year Adjustment	15	-	-
Decrease/ (Increase) in accounts receivables	16	-	-
Decrease/ (Increase) in accounts Payables	17	-	-
Net Cashflow from operating activities		- 911,732,252	- 1,027,753,020
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Non-financial Assets	8	- 19,635,960	- 70,040,824
Net cash flows from Investing Activities		(19,635,960)	(70,040,824)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from foreign borrowings	3	994,717,142	1,037,989,659
Net cash flow from financing activities		994,717,142	1,037,989,659
Net Increase in Cash and Cash equivalents		63,348,930	- 59,804,185
Cash and cash equivalent at beginning of the year	11	- 11,436,184	48,368,002
Cash and cash equivalent at end of the year	11	51,912,747	11,436,184

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 17/09/24 2024 and signed by



Principal Secretary
 Name: Betsy M. Njagi



Programme Coordinator
 Name: Sammy Macaria



Programme Fin & Admin Manager:
 Name: Ruth Ng'aarua
 ICPAK Member NO. 21799

10 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024

ABDP STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024						
Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Receipts from Government of Kenya	588,000,000	175,500,000	763,500,000	763,500,000	-	100%
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	0%
Proceeds from Borrowings	2,016,165,849	500,000,000	1,516,165,849	994,717,142	521,448,707	66%
Beneficiaries Contribution	1,390,000,000	-	1,390,000,000	161,845,098	1,228,154,902	12%
Miscellaneous receipts	-	-	-	-	-	0%
Total Receipts	3,994,165,849	675,500,000	3,669,665,849	1,920,062,240	1,749,603,609	52%
Payments						
Compensation of employees	166,005,900	-	166,005,900	163,342,341	2,663,559	98%
Purchase of goods and services	2,393,613,952	675,500,000	2,069,113,952	1,511,889,911	557,224,041	73%
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Non-financial Assets	44,545,997	-	44,545,997	19,635,960	24,910,037	44%
Transfers to Other Government Entities	-	-	-	-	-	0%
Other Grants and Transfers	-	-	-	-	-	0%
Beneficiaries Contribution	1,390,000,000	-	1,390,000,000	161,845,098	1,228,154,902	12%
Other Payments	-	-	-	-	-	0%
Total Payments	3,994,165,849	675,500,000	3,669,665,849	1,856,713,310	1,812,952,539	51%

Note: The variance of 49% (100%-51%) is because of significant budget utilisation/performance differences in the last column which are explained in Annex 2 to these financial statements.



Principal Secretary
Name: Betsy M. Njagi



Programme Coordinator
Name: Sammy Macaria



Programme Fin.&Admin Manager:
Name: Ruth Ng'arua
ICPAK Member NO. 21799

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 IFRS 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 ABDP Programme under National Government of Kenya. The financial statements encompass the reporting entity as required by Section 81/Section 164 of the PFM Act, 2012 .

c) Reporting currency

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

SIGNIFICANT ACCOUNTING POLICIES

d) Recognition of receipts

The Project 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 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 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

e) Recognition of payment

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

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

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 statement

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) 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.

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

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Imprest and advances

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

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, 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.

k) Contingent Assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

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 accounted for on an accrual basis), and for the same period as the financial statements. The Programme'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 Programme'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)

n) Third party payments

Included in the receipts and payments, are payments made on behalf of the entity 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 party's column in the statement of receipts and payments.

The Programme did not have any third-party payment.

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Programme 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 recognised in the statements of receipts and payments.

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). The Programme did not have any prior period adjustments.

12. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM GOVERNMENT OF KENYA

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

Description	KShs	KShs	Cumulative to Date (from inception)
	2023/24	2022/23	KShs
a) Counterpart funding through State Department of Fisheries Aquaculture & Blue Economy			
Counterpart funds Quarter 1		141,250,000.00	679,250,000.00
Counterpart funds Quarter 2	147,000,000.00	141,250,000.00	391,236,630.00
Counterpart funds Quarter 3	147,000,000.00		571,500,000.00
Counterpart funds Quarter 4	469,500,000.00		738,000,000.00
Sub-total	763,500,000.00	282,500,000	2,379,986,630.00
b) Counterpart funding as in-kind Contribution			
	161,845,098.25	489,005,208.00	1,754,444,496
Sub-total	161,845,098.25	489,005,208.00	1,754,444,496
			-
Other transfers from government entities			-
			-
			-
Appropriations-in-Aid			-
Sub-total	-	-	-
Total	925,345,098	771,505,208	4,134,431,126

(The counterpart funding as in-kind contribution includes both the government in-kind contribution in terms of deployed staff, National, Regional and County Programme offices and purchase of feeds for the beneficiaries. The other in-kind is beneficiaries' contribution to the Programme in terms of labor and other items).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2024, the Programme did not receive any grants from donors.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months period to 30th June 2024, we received KES 994,717,142 from loan proceeds. Below find a table indicating the loan received. The Programme operates two donor accounts as per the revised letter to the borrower to cater for the financing gap.

Description	2023/24				2022/23	Cumulative to date	
	Name of Donor	Date received	Amount in loan currency	Loans received in Actual Amount	Loans received as direct payment*		Total Amount
		USD	KShs	KShs	KShs	KShs	KShs
Loans Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
Loans Received from Multilateral Donors (International Organisations)							
a) International Fund for Agricultural Development -Loan Revenue 1	14/08/2023	0.00	171,593,876.85	-			
	31/01/2024	934,707.32	144,047,745.00	-			
	28/03/2024		5,680,683.80	-			
	28/06/2024	937,992.88	122,355,168.00				
	28/06/2024	212,630.90	27,407,485.00	-			
	28/06/2024	1,555,793.16	200,329,061.35	-	671,414,020.00	452,776,663.85	2,823,210,104.85
b) International Fund for Agricultural Development -Loan Revenue 2	19/09/2023	0.00	68,939,774				
	31/01/2024	661,231.13	110,657,030				
	28/03/2024		4,468,468				
	07/05/2024	1,002,082.43	139,237,850		323,303,122	585,212,995	908,516,117
Total		5,304,437.82	994,717,142	-	994,717,142	1,037,989,659	3,731,726,222

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. MISCELLANEOUS RECEIPTS

The were no miscellaneous receipts.

5. COMPENSATION OF EMPLOYEES

Description	FY 2023/24			FY 2022/23	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	139,008,061	-	139,008,061	132,768,281	526,007,414
Basic wages of temporary employees	3,519,320	-	3,519,320	4,728,526	15,810,406
Personal allowances paid as part of salary	20,569,960	-	20,569,960	34,188,110	96,386,753
Personal allowances paid as reimbursements	245,000	-	245,000	70,000	1,335,000
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total	163,342,341	-	163,342,341	171,754,917	639,539,573

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PURCHASE OF GOODS AND SERVICES

Description	FY 2023/24			FY 2022/23	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Amount	Total Amount	
	KShs	KShs	KShs	KShs	
Utilities, supplies and services	1,298,163	-	1,298,163	1,240,900	25,640,410
Communication, supplies and services	7,354,369	-	7,354,369	5,997,758	25,187,973
Domestic travel and subsistence	413,890,381	-	413,890,381	164,630,967	1,004,481,950
Foreign travel and subsistence	341,080	-	341,080	2,000,653	2,341,733
Printing, advertising and information supplies & services	93,191,169	-	93,191,169	72,344,395	305,067,599
Rentals of produced assets	35,000	-	35,000	905,008	1,411,808
Training expenses	305,705,491	-	305,705,491	104,290,841	748,139,095
Hospitality supplies and services	339,777,999	-	339,777,999	180,090,078	747,664,261
Insurance costs	18,038,741	-	18,038,741	10,889,921	59,834,178
Specialised materials and services	224,973,339	-	224,973,339	509,969,446	1,686,947,651
Office and general supplies and services	11,322,308	-	11,322,308	12,154,444	56,409,637
Fuel And Lubricants	35,853,420	-	35,853,420	29,849,754	109,512,561
Other operating expenses	39,551,774	-	39,551,774	26,768,003	230,950,934
Routine maintenance – vehicles and other transport equipment	16,424,120	-	16,424,120	14,857,751	71,408,043
Routine maintenance -Others	4,132,557	-	4,132,557	2,508,183	14,329,464
Subsidies to Financial Institutions	-	-	-	-	-
Refunds and Adjustments	-	-	-	3,000	13,000
Total	1,511,889,911	-	1,511,889,911	1,138,501,103	5,089,340,297

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. SOCIAL SECURITY BENEFITS

There were no Social Security Benefits

8. ACQUISITION OF NON-FINANCIAL ASSETS

Description	FY 2023/24			FY 2022/23	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Amount	Total Amount	
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	43,634,099	43,634,099
Refurbishment of buildings	-	-	-	-	42,644,867
Construction of roads	-	-	-	-	-
Construction of civil works	13,553,613	-	13,553,613	-	15,992,438
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	17,360,044	144,058,187
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	6,082,347	-	6,082,347	6,181,481	82,729,064
Purchase of specialised plant, equipment and machinery	-	-	-	2,865,200	4,745,200
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	19,635,960	-	19,635,960	70,040,824	333,803,856

(During the period under review, the Programme procured some furniture's& fittings, constructed fresh fish markets, purchased some equipment for the office).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2024, the Programme did not transfer any funds to other Government entities.

10. OTHER GRANTS, TRANSFERS AND PAYMENTS

In the design of the Programme, part of the cost for the Programme is beneficiaries' contribution. This amounts to 30.4% of the total Programme Cost. The beneficiary Contribution is reported as in-kind contribution, and this refers to both the farmers and the Government contribution to the Programme other than financial contribution. The contribution is computed and given a value.

During the 12 months to 30 June 2024, the Programme incurred expenses as in-kind contribution amounting to KES 161,845,098. The computation is provided as an annex to the report.

Description	FY 2023/24			FY 2022/23	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total	Total	
	KShs	KShs	KShs	KShs	KShs
Inkind Contribution	-	161,845,098	161,845,098	489,005,208	1,754,444,496
Total	-	161,845,098	161,845,098	489,005,208	1,754,444,496

11. CASH AND CASH EQUIVALENTS

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Bank accounts (Note 11A)	51,912,136.55	- 11,436,893.61
Cash in hand (Note 11B)	610.00	710.00
Cash equivalents (short-term deposits) (Note 11C)	-	-
Outstanding imprests and advances (Note 11D)	-	-
Cash in transit (Note 11E)	-	-
Total	51,912,746.55	- 11,436,183.61

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Programme has 3 Programme Account at the National Office and 15 Counties Accounts for the 15 Programme Implementing Counties. There are also 3 Foreign Currency designated accounts managed by the National Treasury. The Accounts and their balances as of 30th June 2024 are as listed below: -

11. A Bank Accounts

Programme Bank Accounts

11 A Bank Accounts	FY 2023/24	FY 2022/23
<u>Foreign Currency Accounts</u>	USD	USD
Central Bank -Ac. No.1000391798	6,189,244.44	1,203,829.64
Ac. No. 1000568968	1,869,452.54	-
Ac. No. 1000395966	1,000,000.00	1,000,000.00
Total Foreign Currency balances	9,058,696.98	2,203,829.64
<u>Local Currency Accounts</u>	Kshs	Kshs
PCU National Bank Account No. 01071216470700	47,070,449.04	2,427,855.60
PCU National Bank Account No. 01071216470701	3,103,860.47	- 14,567,497.23
PCU National Bank Account No. 01071252835000	- 2,440,182.34	579,949.60
Homabay County KCB Acc 1265492328	8,399.85	2,238.62
Migori County KCB Acc 1266907971	11,985.35	3,879.35
Kakamega County KCB Acc 1267506172	487,708.77	13,425.96
Kirinyaga County KCB Acc 1265975272	121,072.00	5,842.47
Nyeri County NBK Acc 01071221865200	8,400.94	39,552.11
Meru County KCB Acc 1266598448	437,843.80	24,702.23
Kiambu County KCB Acc. 1275488684	746,920.25	1,587.03
Machakos County Coop Acc 1141854436500	8,009.95	3,075.13
Kajiado County KCB Acc 1275100864	2,176.35	1,115.34
Tharaka Nithi County KCB Acc 1275217419	4,199.49	7,859.90
Siaya County COOP Acc 1141259442900	1,466,604.00	112.41
Kisumu County KCB Acc 1275614418	862,059.85	1,377.00
Embu County KCB Acc 1273839994	990.33	3,739.22
Busia County NBK Acc 1071227451400	2,355.55	9,808.50
Kisii County NBK Acc 1071224387600	9,282.90	4,483.15
Total local currency balances	51,912,136.55	- 11,436,893.61
Total bank account balances	51,912,136.55	- 11,436,893.61

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The programme has withdrawals from the Designated Account amounting to USD 4,632,323 for Loan 1 and 2,115,088.47 for Loan 2.

The balances in the Programme's Special Deposit Accounts as of 30th June 2024 are not included in the Statement of Financial Assets since they are below the line item and are yet to be drawn into the Exchequer Account as a voted provision. Below is the movement schedule for the three (3) Designated Accounts.

Special Deposit Accounts Movement Schedule

Description	FY 2023/24	FY 2022/23
	USD	USD
(i) A/C Name 1000391798		
Opening balance	1,203,829.64	-
Total amount deposited in the account	9,617,737.80	4,800,557.04
Total amount withdrawn (as per Statement of Receipts & Payments)	4,632,323.00	3,596,727.40
Closing balance (as per SDA bank account reconciliation attached)	6,189,244.44	1,203,829.64
(ii) A/C Name 1000568968		
Opening balance	-	-
Total amount deposited in the account	3,984,541.01	4,175,897
Total amount withdrawn (as per Statement of Receipts & Payments)	2,115,088.47	4,175,897
Closing balance (as per SDA bank account reconciliation attached)	1,869,452.54	-
(iii) A/C Name 1000395966		
Opening balance	1,000,000.00	1,000,000
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	1,000,000.00	1,000,000

The Special Deposit Account reconciliation statement has been attached as *Appendix IV* to support these closing balances.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 B Cash In Hand

Description	FY 2023/24	FY 2022/23
	KShs	KShs
PCU Nyeri	610.00	710.00
		-
Total cash balances	610.00	710.00

11 C Cash equivalents (short-term deposits)

As at 30th June 2024, there were no short term deposits

12 IMPRESTS AND ADVANCES

As at 30th June 2024, there were no account receivables.

12B: BREAKDOWN OF IMPRESTS AND ADVANCES

As at 30th June 2024, there were no outstanding imprest and advances

13 THIRD PARTY DEPOSITS AND RETENTION MONIES

As at 30th June 2024, the Programme did not have accounts payable

14 FUND BALANCE BROUGHT FORWARD

Description	FY 2023/24	FY 2022/23
	KShs	KShs
Bank accounts	51,912,137	- 11,436,894
Cash in hand	610	710
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and Retention	-	-
Total	51,912,747	- 11,436,184

15 PRIOR YEAR ADJUSTMENT

There were no prior year's adjustments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 CHANGES IN IMPREST AND ADVANCES

There were no receivables in the year.

17 CHANGES IN ACCOUNTS DEPOSITS AND RETENTION

There were no payables in the year.

Other Important Disclosures

18. PENDING ACCOUNTS PAYABLE

	Balance B/F FY 2022/23	Additions for the Year	Paid During the year	Balance C/F FY 2023/24
	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	316,558,934.00	-	316,558,934.00
Supply of services	-	-	-	-
Total	-	316,558,934.00	-	316,558,934.00

19. PENDING STAFF PAYABLES

The Programme did not have any staff payables pending.

20. OTHER PENDING PAYABLES

	Balance B/F FY 2022/23	Additions for the Year	Paid During the year	Balance C/F FY 2023/24
	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	11,436,183.61	-	11,010,996.00	425,187.61
Total	11,436,183.61	-	11,010,996.00	425,187.61

21. EXTERNAL ASSISTANCE

	FY 2023/24	FY 2022/23
Description	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	994,717,142.09	1,037,989,659.00
External assistance received in kind- as payment by third parties	161,845,098.25	489,005,208.00
Total	1,156,562,240.34	1,526,994,867.00

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a). External assistance relating loans and grants

	FY 2023/24	FY2022/23
Description	Kshs	Kshs
External assistance received as loans	994,717,142.09	1,037,989,659.00
External assistance received as grants	-	-
Total	994,717,142.09	1,037,989,659.00

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2023/24	FY2022/23
Description		Kshs	Kshs
Undrawn External assistance-loans	Programme Activies	3,328,515,777.91	4,323,232,920.25
Undrawn External assistance-Grants	Programme Activies	41,592,000.00	41,592,000.00
Total		3,370,107,777.91	4,364,824,920.25

c) Classes of providers of external assistance

	FY 2023/24	FY2022/23
Description	Kshs	Kshs
Multilateral Donors	994,717,142.09	1,037,989,659.00
Bilateral Donors	-	-
International Assistance Organization	-	-
NGOs	-	-
National Assistance Organisation	-	-
Total	994,717,142.09	1,037,989,659.00

d) Non-monetary external assistance

	FY 2023/24	FY2022/23
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

OTHER IMPORTANT DISCLOSURES (Continued)

e) Purpose and use of external assistance

Payment made by third parties	FY 2023/24	FY2022/23
Description	Kshs	Kshs
Compensation of Employees	163,342,340.74	171,754,917.16
Use of goods and services	1,511,889,911.35	1,138,501,102.74
Subsidies	-	-
Transfers to other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefit	-	-
Acquisition of Assets	19,635,959.84	70,040,824.42
Finance Costs, including Loan Interest		
Other Payments		
Total	1,694,868,211.93	1,380,296,844.32

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

	FY 2023/24	FY2022/23
Description	Kshs	Kshs
National Government	-	-
Multilateral Donors	-	-
Bilateral Donors	-	-
International Assistance Organization	-	-
NGOs	-	-
National Assistance Organisation	-	-
Beneficiaries Inkind Contribution	161,845,098.25	489,005,208.00
Total	161,845,098.25	489,005,208.00

22. PAYMENT BY THIRD PARTY ON BEHALF OF THE PROGRAMME.

The Programme did not have any payments made by the third party on their behalf.

23. RELATED PARTY DISCLOSURES

There were no any related party disclosures during the period under review.

24. CONTINGENT LIABILITIES

There were no contingent liabilities to disclose during the period under review.

13. ANNEXES.

ANNEX 1. PRIOR YEAR AUDITOR-GENERALS' RECOMMENDATIONS (See Appendix 1 attached)

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)
4.2	Variances between Fixed Asset Register and the Summary of Fixed Asset Register as Disclosed in the Financial Statement	<p>The variance of Kshs 134,519,247 is because of assets bought during the start-up of the Programme through the Kieni East District treasury and the cost of refurbishment of the offices. The fixed asset register has been updated.</p> <p>The Programme had earlier on tagged the asset, but some of the tags were damaged. The assets have since been tagged.</p>	Resolved	
4.3	Inaccuracy in the Cashbooks	The differences in the cash book balance for Migori,	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)
	Discrepancies between County Cashbooks and Reported Cash and Cash Equivalents Balance	Kirinyaga and Kajiado was because of omission by the Designated County Accountants to record cheques reversed for taxes and this has been corrected. However, these omissions did not affect the reported expenditures, but the cash book balances and reconciliation statement. Copies of revised reconciliation, Board of Survey and cash book had been availed to the external audit team.		
4.3.2	Negative Cashbook Balance	The negative cashbook was because of the Programme not receiving exchequer. During the supplementary budget revisions, the Programmes budget was revised downwards from Kshs 565,000,000 to Kshs 465,000,000. However, the Programme only received Kshs 282,500,000, and as such the Programme did not have funds to pay for taxes which had been incurred. The outstanding payments for taxes had been disclosed in the Financial Statement. The Programme paid once the funds were disbursed.	Resolved	
4.4	Viability of the Locations for Kirinyaga and	The Programme engaged the County teams to conduct a fish market survey on where the two markets should be located,	Resolved through the	

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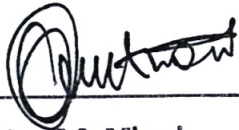
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Embu County Fish Markets	and the Counties confirmed the suitable locations based on their County Development Plans. The survey report and a confirmation letter from the Counties were availed to the external audit team for further reference.	Public Accounts Committee	
4.5	Delay in Projects Implementation	<p>Uhuru Business Park fish market was to be implemented in phases. The first phase was to cost a total of Kshs 13,500,036 as per the BOQS. The other phases will be provided in the subsequent Annual Work Plan and Budget. It is until the final phase has been implemented that the facility will be in operation.</p> <p>The Programme was to support the construction of the classroom for Ramogi Institute of Advanced Technology in Kisumu which has been done at 95% as supported by the Projects Quantity surveyor report of 19th June 2023. The 5% balance is the retention fee which was to be paid once the contractor was issued with the certificate of making defects good by the project manager.</p> <p>The equipping of the laboratory for learning in the classroom is ongoing and being done in lots. The first lot has been delivered in the current year</p>	Resolved through the Public Accounts Committee	

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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>
4.6	Lack of an Internal Auditor Report	The Programme gets the services of the internal audit function from The National Treasury through the State Department for Blue Economy and Fisheries. During the year under review, the internal auditor was transferred, and the Programme was not able to get the support of the internal audit services in time. This has, however, been resolved and the Programme will continue having this function as the State Department has the Internal Auditor in place.	Resolved	

Guidance Notes:

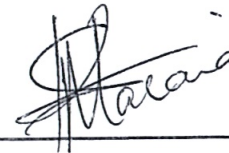
- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Betsy M. Njagi
Principal Secretary

17/09/2024

Date



Sammy Macaria
Project Coordinator

17/09/2024

Date

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ANNEX 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR 2023/2024

	Final Budget	Actual on Comparable	Utilisation Variance	% of Utilisation	Comments on Variance(Below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government of Kenya	763,500,000	763,500,000	-	100%	The Programme received full funding from GOK
Proceeds from Domestic and Foreign Grants	-	-	-	0%	There were no proceeds from Domestic and Foreign grants subsequent quarters. However, the programme had requested for funds to pay for beneficiary inputs but were not released.
Proceeds from borrowings	1,516,165,849	994,717,142	521,448,707	66%	These were receipts for account activation which were not part of the budget
Miscellaneous receipts	-	-	-	0%	This is inclusive of Government and Beneficiary Inkind Contribution in terms of offices, seconded staff, farmers contribution through programme activities. The under-absorption was due to the fact that the delivery of the inputs was delayed due to procurement process and therefore there was no much to be captured.
Beneficiary	1,390,000,000	161,845,098	1,228,154,902	12%	
Total Receipts	3,669,665,849	1,920,062,240	1,749,603,609	52%	
Payments					
Compensation of employees	166,005,900	163,342,341	2,663,559	98%	
Purchase of goods and services	2,069,113,952	1,511,889,911	557,224,041	73%	The under-absorption was due to delays in procurement of beneficiary inputs which were not delivered in time for the payments to be executed.
Social Security Benefits	-	-	-	0%	There were no payments from Social Security Benefits
Acquisition of Non-financial A	44,545,997	19,635,960	24,910,037	44%	The budget covered rehabilitation of markets and procurement of vehicle which were not fully executed
Transfers to Other Government Entities	-	-	-	0%	There were no paymentss from Domestic and Foreign grant
Other Grants and transfer	-	-	-	0%	There were no paymentss from other grants and transfer
Other payments	-	-	-	0%	This was for activation of account and was paid back
Beneficiary	1,390,000,000	161,845,098	1,228,154,902	12%	This is inclusive of Government and Beneficiary Inkind Contribution in terms of offices, seconded staff, farmers contribution through programme activities. The under-absorption was due to the fact that the delivery of the inputs was delayed due to procurement process and therefore there was no much to be captured.
Total Payments	3,669,665,849	1,856,713,310	1,812,952,539	51%	The low utilization has been as a result of the beneficiary budget both for inputs and their in-kind


ANNEX 3: RECONCILIATION OF INTER-ENTITY TRANSFERS

AQUACULTURE BUSINESS DEVELOPMENT PROGRAMME			
Break down of Transfers from the State Department for Blue Economy and Fisheries			
Government Counterpart Funding	Bank Statement Date	Amount (KShs)	FY
	22/11/2023	147,000,000.00	For FY 2023/2024
	27/02/2024	147,000,000.00	For FY 2023/2024
	02/04/2024	147,000,000.00	For FY 2023/2024
	29/04/2024	147,000,000.00	For FY 2023/2024
	28/06/2024	175,500,000.00	For FY 2023/2024
	Total	763,500,000.00	
Direct Payments	Bank Statement Date	Amount (KShs)	FY
	Total	-	
Others- IFAD Loan Revenue	Bank Statement Date	Amount (KShs)	FY
IFAD LOAN REVENUE 1	14/08/2023	171,593,876.85	For FY 2023/2024
IFAD LOAN REVENUE 1	31/01/2024	144,047,745.00	For FY 2023/2024
IFAD LOAN REVENUE 1	28/03/2024	5,680,683.80	For FY 2023/2024
IFAD LOAN REVENUE 1	07/05/2024	122,355,168.00	For FY 2023/2024
IFAD LOAN REVENUE 1	28/06/2024	27,407,485.00	For FY 2023/2024
IFAD LOAN REVENUE 1	28/06/2024	200,329,061.35	For FY 2023/2024
	Total	671,414,020.00	
IFAD LOAN 2	19/09/2023	68,939,774.19	For FY 2023/2024
IFAD LOAN 2	31/01/2024	110,657,029.60	For FY 2023/2024
IFAD LOAN 2	28/03/2024	4,468,468.30	For FY 2023/2024
IFAD LOAN 2	07/05/2024	139,237,850.00	For FY 2023/2024
	Total	323,303,122.09	
	TOTAL(a+b+c)	1,758,217,142.09	

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The above amounts have been communicated to and reconciled with the Ministry of Mining, Blue Economy and Maritime Affairs, State Department For Blue Economy and Fisheries.

Programme Coordinator
Aquaculture Business Development Programme

Sign: 

Head of Accounting Unit
State Department for Blue Economy and Fisheries

Sign: 

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ANNEX 4A- ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2023/24	Outstanding Balance 2022/23	Comments
		a	b	c=a-b		
Construction of buildings						
	-		-	-	-	
Sub-Total	-		-	-	-	
Construction of civil works						
	-		-	-	-	
Sub-Total	-		-	-	-	
Supply of goods						
Sparlex	Apr-24	23,252,625.00	-	23,252,625.00	-	Supply of beneficiary pond liners
Jullive	Apr-24	26,634,000.00	-	26,634,000.00	-	Supply of beneficiary pond liners
Fish	Apr-24	32,687,500.00	-	32,687,500.00	-	Supply of beneficiary pond liners
Fish	Apr-24	29,525,000.00	-	29,525,000.00	-	Supply of beneficiary pond liners
Beta	Apr-24	24,915,405.00	-	24,915,405.00	-	Supply of beneficiary pond liners
Beta	Apr-24	19,452,480.00	-	19,452,480.00	-	Supply of beneficiary pond liners
Jullive	Apr-24	39,182,000.00	-	39,182,000.00	-	Supply of beneficiary pond liners
Jullive	Apr-24	36,432,000.00	-	36,432,000.00	-	Supply of beneficiary pond liners
Blueling	Apr-24	30,240,036.00	-	30,240,036.00	-	Supply of beneficiary pond liners
Aqua	Apr-24	27,119,326.00	-	27,119,326.00	-	Supply of beneficiary pond liners
Aqua	Apr-24	27,118,562.00	-	27,118,562.00	-	Supply of beneficiary pond liners
	-	316,558,934.00	0.00	316,558,934.00	0.00	
Sub-Total	-		-	-	-	
Supply of services						
	-		-	-	-	
Sub-Total	-		-	-	-	
Grand Total	-	316,558,934.00	0.00	316,558,934.00	-	

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ANNEX 4B - ANALYSIS OF PENDING STAFF BILLS

The Programme did not have any pending staff bills.

ANNEX 4C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Date Payable Contracted	Original Amount	Amount-Paid To Date	Outstanding Balance 2023/24	Outstanding Balance 2022/23	Comments
Amounts due to National Govt Entities							
	-		-	-	-	-	
Sub-Total	-		-	-	-	-	
Amounts due to County Govt Entities							
	-		-	-	-	-	
Sub-Total	-		-	-	-	-	
Amounts due to Third Parties							
Commissioner of Income Tax	PAYE for staff and VAT Expenses for Supplies	30.03.2023	11,436,183.61	11,010,996.00	425,187.61	-	Cheque payable to KRA for Taxes
Sub-Total	-		11,436,183.61	11,010,996.00	425,187.61	-	
Others							
Sub-Total	-						
Grand Total	-		11,436,183.61	11,010,996.00	425,187.61	-	

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ANNEX 5 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Opening Cost (Kshs) 2023/24	Donations in form of assets (Kshs) 2023/24	Purchases/Additions in the Year (Kshs) 2023/24	Disposals in the Year (Kshs) 2023/24	Transfers in/(out) (Kshs)	Closing Cost (Kshs) 2023/24
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+(c)-(d)
Land	-	-	-	-	-	-
Buildings and structures	88,717,792	-	13,553,613	-	-	102,271,405
Transport equipment	144,058,187	-	-	-	-	144,058,187
Office equipment, furniture and fittings	45,787,520	-	6,082,347	-	-	51,869,868
ICT Equipment, Software and Other ICT Assets	29,594,216	-	-	-	-	29,594,216
Other Machinery and Equipment	3,144,980	-	-	-	-	3,144,980
Heritage and cultural assets	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-
Infrastructure assets roads,rails	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Work in Progress	-	-	-	-	-	-
Total	311,302,696	0	19,635,960	0	0	330,938,655

ANNEX 6 – CONTINGENT LIABILITIES REGISTER

There were no contingent liabilities to be reported on.

ANNEX 7 – REPORTING OF CLIMATE RELEVANT EXPENDITURES

There were no climate related expenditures for the Programme to report on.

ANNEX 8 – REPORTING DISASTER MANAGEMENT EXPENDITURE

There was no disaster management expenditure for the Programme to report on.

ANNEX 9 -OTHER SUPPORT DOCUMENTS

- i. Signed Confirmation from beneficiaries in Transfer to Other Government Entities
- ii. Bank Reconciliation Statements as at 30th June 2024
- iii. Board of Survey Report
- iv. Special Deposit Accounts reconciliation statements
- v. GOK IFMIS Comparison Trial Balance

APPENDICES