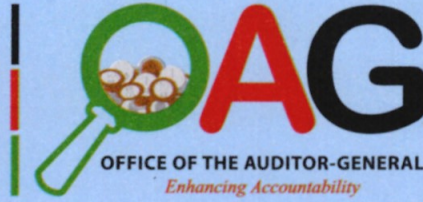


REPUBLIC OF KENYA



REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

OF

DATE: 12 FEB 2025

DAY.

Thursday

By: Hon George Mungira
Chairman of LOM
Kanda Aklev

PARLIAMENT
OF KENYA
LIBRARY

TABLED
BY:

THE AUDITOR-GENERAL

ON

**TOWARDS ENDING DROUGHT EMERGENCIES
(TWEENDE): ECOSYSTEM BASED ADAPTATION
IN KENYA'S ARID AND SEMI-ARID
RANGELANDS PROJECT
(IUCN GRANT NO P02886)**

**FOR THE YEAR ENDED
30 JUNE, 2025**

**STATE DEPARTMENT FOR LIVESTOCK
DEVELOPMENT**



TOWARDS ENDING DROUGHT EMERGENCIES
STATE DEPARTMENT OF LIVESTOCK DEVELOPMENT
PROJECT GRANT NUMBER: P02886

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
FY	Financial year.
TWENDE	Towards Ending Drought Emergencies Project
CI	Conservation International
GOK	Government of Kenya
OAG	Office of the Auditor-General
USD	US Dollars
KES	Kenya shillings
PhD	Doctors of Philosophy
CPA (K)	Certified Public Accountants of Kenya
BSC	Bachelors of Science
SDA	Special Deposit Account

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Towards Ending Drought Emergencies.

Objective

The key objective of the project is to reduce the cost of climate change induced drought on Kenya national economy by increasing resilience of livestock and other land use sectors to be effectively be restored.

Address

The project headquarters offices are Nairobi (city), Nairobi County, Kenya. The address of its registered office is: P.O. Box 34188 – 00100, Nairobi

The project covers the following counties with landscape offices in Isiolo, Kitui and Makueni (Kibwezi)

- Kitui
- Isiolo
- Marsabit
- Kajiado
- Garissa
- Makueni
- Samburu
- Tana River
- Tharaka Nithi
- Taita Taveta
- Meru

Contacts: The following are the project contacts

P.O. Box: 34188 – 00100, Nairobi

Telephone: (254) 2099167

E-mail: pslivestock@kilimo.go.ke ;

Website: www.kilimo.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	1 st November 2019
Project End Date:	31 st November 2024
Project Coordinator:	Mr. Blaise Okinyi
Project Sponsor:	Green Climate Fund (GCF) / International Union For Conservation of Natural Resources (IUCN) and GOK

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Agriculture and Livestock Development / State Department for Livestock Development
Project number	FP-IUCN-01062018-001-P02886
Strategic goals of the project	Restoration of range-land landscapes for ecosystem-based adaptation
Summary of Project Strategies for achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ol style="list-style-type: none"> i. Implement priority community-based range-land restoration activities. ii. Implement priority actions plans for integrated land/water management in identified catchments. iii. Install community-validated strategic water sources for sustainable range-land utilization. iv. Assist communities to formulate bylaws and incorporate into county laws. v. Build capacity of local institutions to implement climate-sensitive landscape management.

Other important background information of the project	The Project is being co-implemented by State Department of Livestock, National Drought Management Authority and Conservative International. SDLD is implementing Component 2 of The TWENDE Project and it has has the Project Implementation Unit at the Project at the Livestock Departmental Office. SDLD is implementing the project through 5 service providers including Water Resources Authority (WRA), National drought Management Authority (NDMA), Kenya Water Towers Agency (KWTA), International Centre for Agroforestry (ICRAF) and Conservation International (CI). It covers 11 counties which are divided into three landscapes namely Chyulu, Mid Tana and Sabarwawa.
Areas that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none"> (i) Component one: climate change adapted planning for drought resilience – by NDMA (ii) Component two: Restoration of rangeland landscapes for ecosystem- based adaptation - by SDLD (iii) Component three: Climate change resilient ecosystem management for investments – by CI
Project duration	The project started on 1 st November 2019 and was expected to run until 31 st November 2024. Through an amendment, the period was extended to June 30 th 2025.

2.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya Designated Account (USD Account) A/C No. 1000542508
- (ii) Central Bank of Kenya Operational Account (KES Account) A/C No. 1000495685

2.5 Independent Auditor

The project is audited by Office of the Auditor-General (OAG)

Project Information and Overall Performance (Continued)

2.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
Blaise P. Okinyi	Ag Deputy Director of livestock Production Officer	<ul style="list-style-type: none"> • Bachelors of Science in Range Management • MA Rural Sociology and Community Development • Masters of Science in Range Management (Cont.) 	<ul style="list-style-type: none"> • Project Coordinator, • Lead focal Liaison person for the SDDL TWENDE component 2.
Oscar Ngasi	Principal Livestock Production Officer	<ul style="list-style-type: none"> • Bachelors of Science in Animal Production • Master of Science in Public Health • PhD in Public Health (Cont.) • Dip. Environmental Management 	<ul style="list-style-type: none"> • Asst. Project Desk Officer • Focal person for Sabarwawa land scape

Dr. Petronilla W. Nduthu	Assistant Deputy Director of livestock Production Officer	<ul style="list-style-type: none"> • Bachelors of Science Range Management • Masters of Science in Range Management • PhD in Project Management 	<ul style="list-style-type: none"> • Assistant Project Desk Officer • Project GARL • Focal liaison person for Chyulu landscape.
James Libaako	Assistant Deputy Director of livestock Production Officer	<ul style="list-style-type: none"> • BSc in Agriculture • MSc Animal Production (ongoing) 	<ul style="list-style-type: none"> • Master Trainer TOT on pastoral field schools, • Training and Capacity Development • Focal liaison person for mid Tana landscape.
Peter Mung'ayo	Assistant Director Livestock Production	<ul style="list-style-type: none"> • Bachelor of Science Animal Production • Master of Science In Agricultural Economics 	<ul style="list-style-type: none"> • Project Desk Officer • Overall M & E • Budget Monitoring • Focal liaison person for Chyulu Landscape
Catherine Wankio	Livestock Production Officer	<ul style="list-style-type: none"> • Bachelor of Science • MSc 	<ul style="list-style-type: none"> • Project Extension and Training social and environmental officer • Focal liaison person for Sabarwawa
Peter Musila	Assistant Accountant General	<ul style="list-style-type: none"> • MBA Finance • Bcom (Accounting Option) • CPA (K) • Phd Finance (on going) 	<ul style="list-style-type: none"> • Project Finance/Accounting
Rachael Kiratu	Principal Clerical officer (accounts)	<ul style="list-style-type: none"> • Dip. In Community Development • Cert, Business Management 	<ul style="list-style-type: none"> • Project Finance/Accounting
Catherine Ottuko	Senior Supply Chain Mgt. Officer	<ul style="list-style-type: none"> • MSc Procurement and Logistics • BSc Purchasing and supplies • CPSPK (Pt 1-4) • Diploma in Procurement 	<ul style="list-style-type: none"> • Project Procurement

Prof. Kassim Farah Omar	Project Technical Advisor (TA)	<ul style="list-style-type: none">• PhD in Range Management	<ul style="list-style-type: none">• Project Technical advisor
George Samuel Mutemi	Senior Project Officer	<ul style="list-style-type: none">• Bachelors International Business Administration-Finance• Masters of Science Climate Change (On ongoing)	<ul style="list-style-type: none">• Deputy Project Technical advisor
Festus Kiprotich	Project Officer	<ul style="list-style-type: none">• Bachelor of Economics• Masters of Arts in Development Studies (Ongoing)	<ul style="list-style-type: none">• Assistant Project Technical advisor

2.7 Funding summary

The Project is for duration of five years from 2019 to 2024 with an approved budget of USD 9,482,095.68 while the Government of Kenya will provide co-financing of USD 3,900,000 and CI provides co-financing of USD 1,500,000. Ministry of Agriculture and Livestock Development State department of Livestock Development are implementing component 2 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
International Union for Conservation of Nature (IUCN) / GCF	9,482,096	1,079,062,488	4,646,983	625,689,457	4,853,113	453,373,032
(ii) Loan	0	0	0	0	0	0
(iii) Counterpart funds						
Government of Kenya	3,900,000	443,820,000	1,145,483	216,362,154	4,254,517	398,157,846
Conservation International (CI)	1,500,000	170,700,000				
Total	14,882,096	1,693,582,488	5,792,466	842,051,611	9,107,630	851,530,878

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date (30th June 2025)	
	Developm ent Partner currency	<i>Kshs</i>	Developm ent Partner currency	<i>Kshs</i>	Develop ment Partner currency	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
International Union for Conservation of Nature (IUCN) /GCF	4,646,983	625,689,457	4,545,641	612,616,348	101,342	13,073,109
(i) Loan						
	0	0	0	0	0	0
(ii) Counterpart funds						
Government of Kenya	1,145,483	216,362,154	1,145,483	216,362,154	0	0
Total	5,792,466	842,051,611	5,691,124	828,978,502	101,342	13,073,109

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

The project faced the following implementation challenges;

- ❖ Delayed flow of funds from the National treasury to the SDDL operational account,
- ❖ Insufficient Rainfall in the first 2 quarters of the year slowing the restoration efforts in affected landscapes,
- ❖ Some landscapes, especially parts of Mid-Tana, Garissa and Tana-River were difficult to be accessed due to insecurity challenges.
- ❖ Inadequate disbursement, mainly due to budget limitation. The National Treasury declined to expand the budget ceiling despite IUCN willing to provide additional grant from GCF funds. The inadequate disbursement led to delayed implementation of planned activities.

Recommended next steps include:

- Engaging the national treasury to expand the budgetary ceiling through direct consultation and through the parliamentary Committee on Agriculture
- Proper timing of rainy seasons and using weather advisories
- Embracing irrigated pasture production
- Consultation with the Accredited Entity so that some activities can be planned and executed jointly

The project faced the following implementation challenges;

- ❖ Delayed flow of funds from the National treasury to the SDL operational account,
- ❖ Insufficient Rainfall in the first 2 quarters of the year slowing the restoration efforts in affected landscapes,
- ❖ Some landscapes, especially parts of Mid-Tana, Garissa and Tana-River were difficult to be accessed due to insecurity challenges.
- ❖ Inadequate disbursement, mainly due to budget limitation. The National Treasury declined to expand the budget ceiling despite IUCN willing to provide additional grant from GCF funds. The inadequate disbursement led to delayed implementation of planned activities.

Recommended next steps include:

- Engaging the national treasury to expand the budgetary ceiling through direct consultation and through the parliamentary Committee on Agriculture
- Proper timing of rainy seasons and using weather advisories
- Embracing irrigated pasture production
- Consultation with the Accredited Entity so that some activities can be planned and executed jointly

2.9 *Summary of Project Compliance:*

The project did not have any cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants during the year under review.

3. Statement of Performance against Project's Predetermined Objectives

Guidance

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government project's performance against predetermined objectives at the end of each financial year.

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

- a) Implement priority community-based rangeland restoration activities.
- b) Implement priority actions plans for integrated land/water management in identified catchments.
- c) Install community-validated strategic water sources for sustainable rangeland utilization.
- d) Assist communities to formulate bylaws and incorporate into county laws.
- e) Build capacity of local institutions to implement climate-sensitive landscape management.

Progress on the attainment of strategic development objectives

To implement and cascade 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 to track progress and performance measurement.

Below, we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Towards Ending Drought Emergencies in Kenya (TWEENDE)	Restoration of Rangeland Landscapes for Ecosystem-Based Adaptation done	Prioritized rangeland resources including water resources are brought under restoration safeguarded and sustainably managed for improved climate change resilience	Area (ha) of rangeland ecosystems under rehabilitation and restoration	219,719 ha of rangeland ecosystems have been put under restoration trajectory.
			No of communities implementing “planned grazing” for climate smart pastoralism	39 communities/Wards are implementing planned grazing.
			Proportion of households adopting “planned grazing” for climate smart pastoralism	62% of households are practicing planned grazing.
			No. of grass seed banks	23 grass seed banks established.
			Proportion of households adopting grass seed banks	Over 40% of households practicing grass seed banking. Indicator to be removed.
			No of soil and water conservation works	76 soil and water conservation work
			Proportion of households adopting soil and water conservation	Proportion of households adopting soil and water conservation: 64.46%

			No of rangeland users trained in climate change resilient natural resource management and governance	2,908 rangeland users trained in climate resilient natural resource management
			No of county laws enabling community action (bylaws) for climate change resilient natural resource management	16 county bylaws/community action have been established as of June 2024 and one national policy on land reclamation supported and now ready cabinet approval

4. Environmental and Sustainability Reporting

Introduction

The Towards Ending Drought Emergencies (TWENDE) project is a collaborative initiative implemented by the International Union for Conservation of Nature (IUCN), the Sustainable Dryland Landscapes Development (SDLD), the National Drought Management Authority (NDMA), and Conservation International (CI). The core mandate of the TWENDE project is to build resilience and reduce the vulnerability of communities in Kenya's drought-prone areas by enhancing sustainable land use practices, improving water resource management, and fostering ecosystem restoration. TWENDE's sustainability strategy focuses on creating long-term solutions to climate-related risks, ensuring that communities can sustainably access vital resources such as water, food, and energy while preserving biodiversity.

TWENDE is a five-year project effectively running from 26th November 2020 to 26th November 2025 with a funding from GCF. It aims at increasing resilience thereby contributing to improved adaptation to climate change. This is achieved through climate change adapted planning for drought resilience, restoration of rangeland landscapes for ecosystem-based adaptation and climate change resilient ecosystem management for investments. When completed, it targets to benefit **620,000 people in 104,000 households** and restore **500,000 hectares** of rangelands. The sustainability strategy of the TWENDE project hinges on integrating environmental protection,

social welfare, and economic stability. It prioritizes long-term environmental stewardship through the restoration of ecosystems and ensures that the resources it provides remain accessible to future generations.

1. Sustainability strategy and profile

The TWENDE project's sustainability strategy is rooted in strengthening the resilience of communities in arid and semi-arid regions (ASALs) of Kenya. The project's leadership, including the accounting officer, have reinforced their commitment to ensuring that the project's efforts are in line with global sustainability trends, such as climate change mitigation and adaptation, while tailoring these practices to local conditions. Broad political and macroeconomic challenges, such as resource allocation and drought response funding, have shaped TWENDE's priorities. These challenges are addressed through ongoing dialogue with the Kenyan government and international bodies, ensuring a sustainable framework for project activities.

The project contributes to implementation of Kenya Vision 2030" and the national policy of "Ending Drought Emergencies", which is included in the NAP. This will be accomplished by capitalizing on the national process of devolution, which is advancing but many counties still require assistance to establish new ways of working that take advantage of increased local autonomy, accountability, legal frameworks, larger budget allocations and enhanced coordination. The explicit focus of the project is to build the capacities and institutions required for improved implementation of devolution to achieve greater climate change resilience in the ASALs. Kenya has a large body of relevant policies and legislation but these are not well reflected at the county level. The project will support establishing or strengthening the climate adaptation and rangeland management laws at the county level.

The county legal framework will be supported to specifically empower community land management rights. By linking these rights with national water management at the catchment level, this allows the development of legally mandated sub-catchment management plans (SCMPs). It is a priority of the project to support communities to formulate participatory land use and resilience plans to establish local bylaws, and to develop compliance with the bylaws for improved governance.

TWENDE's key sustainability achievements include:

- Restoring over 219,000 hectares of degraded land in drought-prone areas in the 3 Landscapes (Sabarwawa, Mid tana and Chyulu).
- Supporting over 100,000 households in adopting drought-resilient livelihoods.
- Enhancing water management systems in over 300 communities.
- However, the project has also faced setbacks, such as delays in implementation due to poor funding flow mechanisms, delays in startup activities and funding gaps exacerbated by economic downturn

2. Environmental performance

TWENDE's environmental policy is anchored in sustainable natural resource management, biodiversity conservation, and climate adaptation. The project is guided by an overarching framework to protect and restore dry land ecosystems, promote sustainable agricultural practices, and combat deforestation.

Environmental co-benefits

- Improved governance of range lands will reduce soil erosion and enable more sustainable management of range land resources, allowing natural and assisted regeneration
- Restoration of degraded range lands will lead to an increase in biodiversity and rehabilitation of ecosystem services
- Restored rangelands will sequester and store higher levels of carbon in soil and in vegetation
- Restored rangelands will infiltrate and store more moisture, contributing to recharge of aquifers and boosting range productivity, biodiversity, and sequestration of atmospheric carbon

Successes:

- Significant efforts have been made to conserve biodiversity through reforestation and sustainable grazing techniques.
- TWENDE has reduced the environmental footprint of its operations by promoting green technologies and water conservation in the targeted regions.
- Enhanced community participation in restoration and land management, resulting in reduced soil erosion and increased soil fertility in project areas through the Pastoral Field Schools.

Shortcomings:

- Waste management remains a challenge, especially in areas with limited infrastructure for proper disposal of non-biodegradable waste.
- The continued use of unsustainable agricultural practices in some communities has hindered full compliance with the project's environmental guidelines.

Efforts to Manage Biodiversity and Waste: TWENDE has launched initiatives to protect rangeland habitats, particularly in areas prone to overgrazing and deforestation. Waste management policies have been promoted in collaboration with local governments to ensure communities adopt waste separation, recycling, and composting practices, although capacity-building in this area remains a challenge.

3. Employee welfare

The TWENDE project maintains a transparent and inclusive hiring process that emphasizes diversity and gender balance. The organization actively engages stakeholders, including community representatives, in recruitment processes to ensure the hired staff possess both

technical skills and a deep understanding of the communities they serve. Gender parity is a priority, with 50% of the project's workforce being women.

Efforts to enhance skills and career development include regular training workshops, leadership development programs, and access to external courses in environmental management and community development. Appraisal and reward systems are in place, ensuring that employees' contributions are recognized through performance-based bonuses and promotions.

Regarding safety, TWENDE complies with Kenya's Occupational Safety and Health Act of 2007 (OSHA). All employees undergo safety training, and the project ensures that appropriate health and safety protocols are observed, particularly in areas prone to extreme weather conditions. Additionally, the Accredited Entity provides weather, disaster and environmental risk advisories to partners and employees which ensure minimization of occupational risks.

4. Marketplace practices-

a) Responsible Supply chain and supplier relations-

The TWENDE project adheres to ethical business practices by ensuring fair procurement processes and responsible supplier relationships. Suppliers are selected based on transparency, local content, and adherence to sustainability practices. TWENDE honours all contracts promptly and works closely with local suppliers to build their capacity, ensuring they can meet both projects needs and ethical standards. The supply processes are regulated, adhere to and are guided by Public Procurement and Disposal Act 2015, and ensures that 30% of all procurements are reserved for Women, Youth and PWDs.

b) Responsible ethical practices

TWENDE is committed to maintaining high ethical standards in all its operations. Anti-corruption policies are strictly enforced, with all staff required to undergo training on ethical conduct and transparency. The project also refrains from engaging in any form of political lobbying, ensuring its efforts remain neutral and focused on humanitarian and environmental outcomes.

c) Regulatory impact assessment

TWENDE ensures compliance with all relevant Kenyan laws and international environmental protocols. Regulatory impact assessments are conducted regularly to evaluate the project's impact on stakeholders' rights and the local environment. This ensures that all interventions safeguard the rights of local communities while advancing sustainable development goals

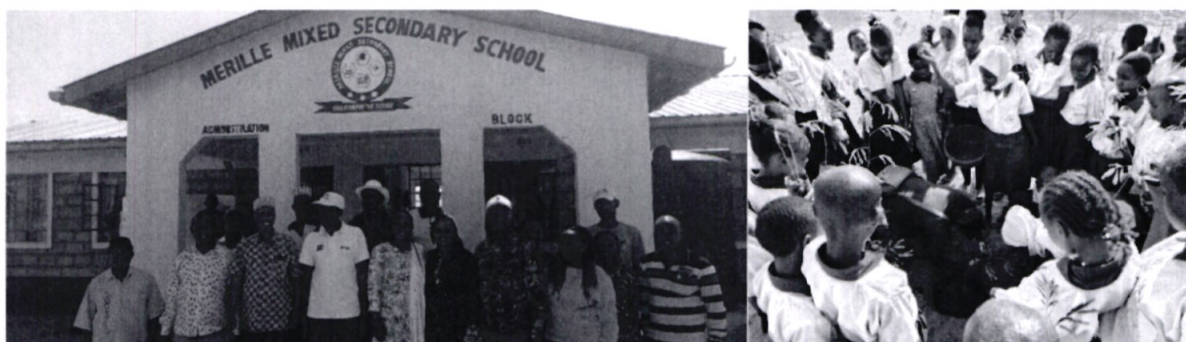
d) Community Engagements

TWENDE is deeply rooted in community engagement, and it has initiated a range of community-oriented activities aimed at improving the well-being of local populations. Charitable giving, including the provision of grass seeds and agricultural tools, has been a central aspect of its community support efforts. The project has invested heavily in local social infrastructure, including the construction of water harvesting facilities and rehabilitation of water harvesting structures for local schools affected by drought.



Key community engagement activities include:

- **Water and Sanitation Initiatives:** TWENDE has installed over 4 boreholes and 60 rainwater harvesting systems, improving access to clean water for more than 30,000 households.
- **Establishment of Community Pasture Production Demonstration Sites, Tree Nurseries and Water Structures**
- **Educational Support:** The project has donated and supported schools with water tanks, tree nurseries and school demonstration sites that have helped students from marginalized communities to promote education in drought-prone regions.



- **Healthcare and Labour Relations:** TWENDE regularly partners with local health authorities and dispensaries where water structures are established to promote hygiene for better health education programs, with a focus on improving maternal and child health. The project also ensures fair labor practices by involving community members in project activities and offering fair wages and benefits.



i. Wamba Disabled Group tank

ii. Pasture Demo site

In conclusion, the TWENDE project has made significant strides towards environmental sustainability, social development, and economic resilience in drought-affected areas of Kenya. However, it acknowledges the need to continuously improve its operations, particularly in areas such as waste management and community capacity-building, to ensure long-term sustainability.

5. Statement of Project Management Responsibilities

The Principal Secretary for the Ministry of Agriculture and Livestock Development, State Department for Livestock Development Hon Jonathan Mueke, CBS and the Project Coordinator for Towards Ending Drought Emergencies Project Mr. Blaise P. Okinyi are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2024.

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

The Principal Secretary for the Ministry of Agriculture and livestock Development state department of Livestock Development and the Project Coordinator for Towards Ending Drought Emergencies Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Agriculture and livestock Development state department of Livestock Development and the Project Coordinator for Towards Ending Drought Emergencies Project are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The Principal Secretary for the Ministry of Agriculture and livestock Development state department of Livestock Development and the Project Coordinator for Towards Ending Drought Emergencies Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The Principal Secretary for the Ministry of Agriculture and Livestock Development, State Department for Livestock Development and the Project Coordinator for Towards Ending Drought Emergencies Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project Financial Statements were approved by The Principal Secretary for the Ministry of Agriculture and livestock Development, State Department for Livestock Development and the Project Coordinator for Towards Ending Drought Emergencies Projection

_____ 06/11/ 2025 and signed by:



.....
Name: Hon Jonathan Mueke, CBS

Principal Secretary



.....
Name: Blaise P. Okinyi

Project Coordinator

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 TOWARDS ENDING DROUGHT EMERGENCIES (TWEENDE): ECOSYSTEM BASED ADAPTATION IN KENYA'S ARID AND SEMI-ARID RANGELANDS PROJECT (IUCN GRANT NO P02886) FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the 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; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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 Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands

Report of the Auditor-General on Towards Ending Drought Emergencies (TWEENDE): Ecosystem Based Adaptation in Kenya's Arid and Semi- Arid Rangelands Project (IUCN Grant No. P02886) for the year ended 30 June, 2025) - State Department for Livestock Development

(TWENDE) set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands (TWENDE) as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Agreement No.P02886 dated 25 September, 2020 and the Public Finance Management Act, 2012.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands (TWENDE) 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

Undisclosed Special Deposit Account Balance

The Project's special deposit account maintained at the Central bank of Kenya reflects a closing account balance of Kshs.46,481,897 (USD 359,767). However, the Project did not disclose this balance in the financial statements as at 30 June, 2025 contrary to the requirement of International Public Sector Accounting Standard (IPSAS) No.23 – revenue from non-exchange transactions. In addition, amount withdrawn and expenditure not claimed totaled USD 7,203,432.55 (Kshs.929,242,798) for Designated Account No.1000542508 held with the Central Bank of Kenya as at 30 June, 2025.

Delays in the submission of expenditure returns distorts the reported Projects expenditures for the year.

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

Unresolved Prior Year Audit Matters

In the audit report of the prior year, several issues were raised under Report on Lawfulness and Effectiveness in Use of Public Resources, Emphasis of Matter and Report on the Effectiveness of Internal Controls, Risk Management and Governance. However, management has not resolved some of the issues or given explanation for failure to resolve them as at 30 June, 2025 as shown below: -

1. Commingling of Project Funds
2. Delay in Funding and Implementation of Project Workplans
3. Lack of Monitoring and Evaluation of Project Activities

Other Information

The Management is responsible for the Other Information set out on page i to xxiii which comprise of Project information and overall performance, statement of performance against project's predetermined objectives, Environmental and Sustainability Reporting, Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Commingling of Project Funds

The statement of financial performance and Note 6 to the financial statements reflects conditional transfers from government entities and transfers from foreign partners of Kshs.77,891,321 and Kshs.239,334,834 respectively. However, the funds are operated from the Ministry bank accounts which is separate from the projects bank accounts at the Central Bank of Kenya. This implies that the project is sourcing funds from two accounts against Regulation 76(1) of Public Finance Management (National Government) Regulations 2015 which requires Project bank accounts to be held at the Central Bank of Kenya.

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

2. Failure to Budget and Pay for Staff Gratuity

The statement of financial performance and Note 8 to the financial statements reflects employee costs balance of Kshs.13,217,598 which includes Kshs.4,808,252 in respect of staff's gratuity from the time of their engagement on contractual basis on 6 November, 2023. However, review of the budget and ledger balances revealed that the project did not budget the contrary to provisions of Section 31(2) of the Public Finance Management regulations of 2015.

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

3. Non-Compliance to Implementation Agreement Guidelines on Insurance

Review of the employee costs revealed that the Project did not procure or maintain insurance for claims for injury for their employee's contrary to requirements of part 13 of the implementation agreement which states that the state department shall procure and maintain insurance against claims for injury to persons or damage to property which may arise from or in connection to work, until all obligations under the agreement are met. The project only paid the mandatory health insurance funds.

In the circumstances, Management was in breach of the funding Agreement.

4. Failure to Remit Counterpart Funding

The Project Information and Overall Performance indicates that the total project cost was USD 14,882,096 equivalent to Kshs.1,693,582,488. However, the Counter-Part Funding totalling USD 4,254,517 equivalent to Kshs.398,157,846 had not been remitted as at the end of financial year under review, even after the expiry of the project extension period of 30 June, 2025 as stipulated in the project Funding Proposal 2020. Lack of counterpart funding poses implementation challenges, negatively affecting projects performance.

In the circumstances, Management was in breach of the Financing Agreement.

5. Non-Compliance with Project Governance Requirements

Review of the project's work plan for the year under review revealed that the project steering committee did not convene any meetings during the period. In addition, no ad-hoc meetings were held which contravenes Section C.7 of the funding proposal which requires that a project steering committee (PSC) be established to provide strategic-level project guidance, technical and policy advice to the Project Management Unit. Absence of project steering committee meetings during the year under review meant that the annual work plan and budget were not formally reviewed or approved as required.

In the circumstances, Management was in breach of the funding Agreement.

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 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Financing Agreement between Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya's Arid and Semi-Arid Rangelands (TWENDE), I report, based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's, ability to continue 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 the 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Project's, Fund'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 of 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

12 November, 2025

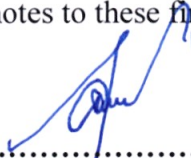
7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	30 th June 2025
		Kshs
Revenue		
Revenue Transfers from other Government Entities	6	77,891,321
Revenue Transfers from Foreign Partners	6	239,334,834
Miscellaneous Revenue		-
Total revenue		317,226,155
Expenses		
Employee costs	8	13,217,598
Use of goods and services	9	121,713,583
Depreciation and amortization expense	10	757,631
Transfer to other Government Entities	11	139,043,600
Other Transfers/Subsidies/Grants		-
Certified Works		-
Total expenses		274,732,412
Other gains/(losses)		
Gain/Loss on sale of assets		-
Gain/Loss on foreign exchange transactions		-
Impairment loss		-
Surplus/ (deficit)		42,493,743

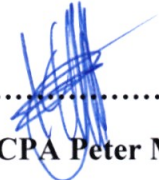
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



.....
Name: Hon Jonathan Mueke,
CBS
Principal Secretary



.....
Name: Blaise P. Okinyi
Coordinator

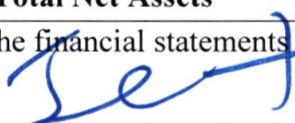


.....
Name: CPA Peter Musila
Project Accountant
ICPAK Member No:9984


8. Statement of Financial Positions as at 30th June 2025

	Note	30 th JUNE 2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	13,073,108	9,718,715
Receivables		-	-
Inventories		-	-
Prepayment		-	-
Total Current Assets		13,073,108	9,718,715
Non-Current Assets			
Property, Plant and Equipment	21A	5,303,418	-
Biological Assets	21B	34,659,660	-
Total Non- Current Assets		39,963,078	-
Total Assets (a)		53,036,186	9,718,715
Liabilities			
Current Liabilities			
Trade and Other Payables	23	823,728	-
Third Party Deposits		-	-
Deferred Income		-	-
Total Current Liabilities		-	-
Total Liabilities (b)		823,728	-
Net Assets (a-b)		52,212,458	9,718,715
Represented By:			
Accumulated Surplus		42,493,743	-
Capital Fund		9,718,715	-
Total Net Assets		52,212,458	-

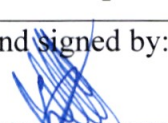
The financial statements were approved on 06/11/2025 and signed by:



.....
Name: Hon Jonathan Mueke, CBS
Principal Secretary



.....
Name: Mr. Blaise P. Okinyi
Project Coordinator



.....
Name: CPA Peter Musila
Project Accountant

9. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	9,718,715
Adjustments	
Asset Recognition	-
Liabilities recognition	
As at 1 st July 2024	-
Surplus/(Deficit) for the year	42,493,743
As at 30 th June 2025	52,212,458

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

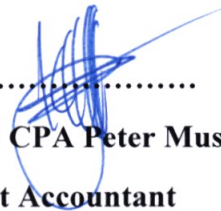
The financial statements were approved on 06/11/2025 and signed by:



.....
Name: Hon Jonathan Mueke, CBS
Principal Secretary



.....
Name: Mr Blaise P. Okinyi
Project Coordinator



.....
Name: CPA Peter Musila
Project Accountant
ICPAK Member No.:9984

10. Statement of Cash flow for the year ended 30th June 2025

Description	Note	2024/25 FY Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers	6a	317,226,155
Miscellaneous Revenue		-
Total receipts		317,226,155
Payments		
Employee costs		12,393,870
Use of goods and services	9	121,713,583
Transfer to other Government Entities	11	139,043,600
Other Transfers/Subsidies/Grants		-
Certified Works		-
Total payments		273,151,053
Net cash flow from operating activities	26	44,075,102
Cash flow from investing activities		
Acquisition of non-financial assets		-40,720,710
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
Net cash flows from investing activities		-40,720,710
Cash flow from financing activities		
		-
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		3,354,393
Cash and cash equivalent at 1st July 2024	17	9,718,715
Cash and cash equivalent at end June 2025	17	13,073,108

Twende Project

Annual Report and Financial Statements for the financial year ended June 30, 2025

11.Statement of Comparison of Budget and Actual Amounts for the Year ended 30thJune 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Over from previous periods	-	-	-	-	-	0%
Revenue						
Transfers from other Government entities and donor funds	340,000,000	-	340,000,000	317,226,155	22,773,844	93%
Miscellaneous Revenue	-	-	-	-	-	-
Total Revenue	340,000,000	-	340,000,000	317,226,155	22,773,844	93%
Expenses						
Employee costs	12,400,000	-	12,400,000	12,393,870	6,130	100%
Use of goods and services	111,225,800	-	111,225,800	121,713,583	-10,487,783	109%
Transfer to other Government Entities	161,043,600	-	161,043,600	139,043,600	22,000,000	86%
Total recurrent expenses	284,669,400	-	284,669,400	273,151,053	11,518,347	96%
Acquisition of PPE	55,330,600	-	55,330,600	40,720,710	14,609,890	74%
Total development expenses	55,330,600	-	55,330,600	40,720,710	14,609,890	74%
Total Expenses	340,000,000	-	340,000,000	313,871,763	26,128,237	92%
Surplus	-	-	-	3,354,393	-	-

Twende Project**Annual Report and Financial Statements for the financial year ended June 30, 2025****Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	3,354,393
1	Timing difference as at 1 st July 2024	9,718,715
2		-
3		-
4		-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	13,073,108

10. Notes to the Financial Statements

1. General Information

Twende project is established by and derives its authority and accountability from Pfm Act. The project is wholly owned by the Government of Kenya and is domiciled in Kenya. The project's principal activity is restoration.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the project has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the project has taken advantage of the transition provisions outlined in IPSAS 33. (project to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

These financial statements were authorized for issue by the accounting officer on 30 June 2025

3. Adoption of New and Revised Standards

- i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of a project.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Standard	Effective date and impact:
	Current the IPSAS not relevant
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>Current the IPSAS not relevant</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>Currently the IPSAS is relevant in valuation of future assets</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Standard	Effective date and impact:
	<p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Currently the IPSAS is not relevant to the project</p>

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that a project shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>Currently the IPSAS is relevant in recognizing closing cash and cash equivalent for financial year ended June 2024/2025</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>currently not relevant</p>
IPSAS 50: Exploration For	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Standard	Effective date and impact:
&Evaluation of Mineral Resources	<ul style="list-style-type: none"><li data-bbox="496 208 1433 280">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.<li data-bbox="496 286 1433 398">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.<li data-bbox="496 405 1433 600">iii. Disclosures that identify and explain the amounts in the project's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.<li data-bbox="496 607 1433 638">iv. Not relevant to the project

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the project and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. The project does not have interest income.

b) Budget information

c) The original budget for FY 2024/2025 was approved by the donor and the government of Kenya. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the project recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the financial statements

e) Leases

The project does not have any lease agreements

f) Intangible assets

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

g) Research and development costs

The project expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the project can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

h) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The project does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one project and a financial liability or equity instrument of another project. At initial recognition, the project measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The project classifies its financial assets as subsequently measured at fair value through net assets/equity, or fair value through surplus and deficit on the basis of both the project's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/equity unless a project has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the project does not classify its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the financial statements

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the project manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

The project assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The project recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The project classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *project*.

j) Provisions

Provisions are recognized when the *project* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *project* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The *project* 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.

Contingent assets

The *project* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *project* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The project does not create reserves

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

l) Employee benefits

Retirement benefit plans

m) The project does not provide retirement benefits for its employees and coordinator except for contractual and temporary workers via NSSF deduction,

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate United States dollar of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

o) Borrowing costs

The project relies on grant and government of Kenya funding

p) Related parties

The project has no related party or a person or a project with the ability to exert control individually or jointly or to exercise significant influence over the project, or vice versa.

Notes to the financial statements

q) Service concession arrangements

r) The project does not have service concession arrangement

s) 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.

t) Subsequent events

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *project's* financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The project based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the project. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the *project*.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

No Provisions were raised by management to determine an estimate based on the information available.

Additional disclosure of these estimates of provisions

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

6. Revenue Transfers

Description	Period ended 30 TH JUNE 2025
	KShs
Unconditional Transfers	
GoK Counter Part funding	-
Transfers from Development partners	-
	-
Total Unconditional Transfers (a)	-
Conditional Transfers	
GoK Counter Part funding	77,891,321
International Union for Conservation of Nature (IUCN)	239,334,834
	-
Total Conditional Transfers (b)	317,226,155
Total Transfers for the Year (a +b)	317,226,155

(Explain the purpose of funding)

a) Details to Revenue Transfers

Name of Theproject Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (2024/25 FY)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	77,891,321	-	-	77,891,321
International Union for Conservation of Nature (IUCN)	239,334,834	-	-	239,334,834
Development Partner 2	-	-	-	-
Subtotal	317,226,155	-	-	317,226,155
Deferred Income realized	-		-	-
Transfers in Kind	-			-
Total	317,226,155	-	-	317,226,155

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	-
	-
Total	-

8. Employees Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	-
Basic wages of temporary employees	13,217,598
Personal allowances paid as part of salary	-
Personal allowances paid as reimbursements	-
Personal allowances provided in kind	-
Pension and other social security contributions	-
Compulsory national social security schemes	-
Compulsory national health insurance schemes	-
Total	13,217,598

9. Use of Goods and Services

Description	FY 2024/25
	Kshs
Utilities, supplies and services	-
Bank charges	-
Communication, supplies and services	2,158,001
Domestic travel and subsistence	62,111,668
Foreign travel and subsistence	-
Fuel and lubricants	5,623,161
General office supplies	745,801
Stationery, Printing, advertising, and information supplies	2,989,343
Other operating expenses- Civil Works	14,095,716
Training payments	-
Hospitality supplies and services	9,413,550
Insurance costs	-
Specialized materials and services	-
Other operating payments	21,527,160
Routine maintenance – vehicles and other transport equipment	2,864,883
Routine maintenance- other assets	184,300
Total	121,713,583

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

10. Depreciation and Amortization expense

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	757,631
Intangible Assets	-
Total	757,631

11. Transfer to Other Government Entities

Description	FY 2024/25
	Kshs
Transfers to National govt entities- SAGAS & SC	139,043,600
	-
	-
	-
Total	139,043,600

12. Other Transfers/Subsidies/Grants

Description	FY 2024/25
	Kshs
Transfers to Non-Government Organizations	-
Subsidies	-
	-
Total	-

13. Certified Works

Description	FY 2024/25
	Kshs
Road Works	-
Water Works	-
Energy Infrastructure	-
	-
Total	-

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

14. Gain/ Loss on Sale of Assets

Description	FY 2024/25
	Kshs
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain/ loss on sale of assets	-

Provide brief explanation on gains on sale of fixed assets)

15. Gain/Loss on foreign exchange transactions

Description	FY 2024/25
	Kshs
Gain on foreign exchange transactions	-
Loss on foreign exchange transactions	-
Total Gain/Loss	-

16. Impairment Loss

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
	-
Total Impairment Loss	-

17. Cash and Cash Equivalent

Description	2024/25	1 st July 2024/25
	FY	FY
	Kshs	Kshs
Cash in Bank	13,073,108	9,718,715
Cash on hand	-	-
	-	-
Total Cash and Cash Equivalent	13,073,108	9,718,715

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

Project Bank Accounts

Details	2024/25 FY	1st July 2024/25 FY
	Kshs	Kshs
Foreign Currency Accounts		
Central Bank of Kenya Designated (USD Account) [Account A/c No 1000542508]	USD 359,785	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
	-	-
Total Foreign Currency balances	USD 359,785	
Local Currency Accounts		
Central Bank of Kenya Operational Account (KES Account) [A/c No 1000495685]	13,073,108	9,718,715
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
	-	-
Total local currency balances	13,073,108	9,718,715
Total bank account balances	13,073,108	9,718,715

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

18. Receivables

Description	2024/25 FY	1 st July 2024
	Kshs	Kshs
Counter Part Funding	-	-
Contractor's Advance payments	-	-
	-	-
Total Receivables	-	-

(Provide brief explanation on current receivables)

Ageing analysis for Receivables

Description	2024/25 FY		1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Compa rative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

19. Inventories

Description	2024/25 FY	1 st July 2024
	Kshs	Kshs
Consumable stores	-	-
Construction stores	-	-
	-	-
Less: allowance for impairment	-	-
Total inventories	-	-

(Provide brief explanation on inventories)

20. Prepayments

Description	2024/25 FY	1 st July 2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
	-	-
Total inventories	-	-

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

21.

A. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (Bee Hives)	Buildings (Refurbishment)	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	12.5%	12.5%	30%	12.5%		
As At 1 July 2024 (opening balances)	-	-	-	-	-	-
Additions	-	110,000	-	5,951,050	-	6,061,050
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
As at 30th June 2025	-	110,000	-	5,951,050	-	6,061,050
Depreciation and Impairment						
As at 1 July 2025	-	-	-	-	-	-
Depreciation charge for the year	-	13,750	-	743,881	-	757,631
Impairment loss	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-
As At 30th June 2025	-	13,750	-	743,881	-	757,631
Net Book Values						
As at 1 st July 2024	-	-	-	-	-	-
As at 30th June 2025	-	96,250	-	5,207,168	-	5,303,418

Twende Project

Annual Reports and Financial Statements for the year ended June 30, 2025.

21B. Biological Assets

Description	Period ended 30JUNE 2025 Kshs	Opening Statement 1st July 2024 Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Fruit Trees	-	-
Certified seeds	34,659,660	-
	-	-
Total	34,659,660	-

Notes to the financial statements

22. Intangible Assets

Description	1 st July 2024
	Kshs
Cost	
As at 1 st July 2024	-
Additions	-
As At 30th June 2025	-
Amortization and impairment	
As at 1 st July 2024	-
Amortization	-
Impairment loss	-
As At 30th June 2025	-
NBV as at 1st July 2024	-
NBV as at 30th June 2025	-

23. Trade and Other Payables

Description	2024/25 FY		1 st July 2024	
	Kshs		Kshs	
Trade payables	-		-	
Employee payables	823,728		-	
	-		-	
Total trade and other payables	823,728		-	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(Provide brief explanation)

Twende Project

Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

24. Third-Party Deposits

Description	FY 2024/25		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention	-		-	
Gratuity	-		-	
	-		-	
Total deposits	-		-	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

(Provide brief explanation)

25. Deferred Income

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
Development partner 1	-	-
Development partner 2	-	-
	-	-
Total Deferred Income	-	-

(Provide brief explanation)

Deferred Income Movement Schedule

	Development Partner 1	Development Partner 2	Others specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 st July 2024	-	-	-	-
Additions	-	-	-	-
Transfers to Performance Statement as Revenue	-	-	-	-
Balance as at 30 th June 2025	-	-	-	-

Twende Project

Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

26. Cash Generated from Operations

Description	FY 2024/25
	Kshs
Surplus/Deficit for the year	42,493,743
Adjusted for:	
Depreciation	757,631
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	823,728
Increase in payments received in advance	-
Net cash flow from operating activities	44,075,102

27. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

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

Notes to the financial statements

Special Deposit Accounts Movement Schedule

Description	2024/25FY	1 ST JULY 2024
	Kshs	Kshs
(i) Central Bank Of Kenya Designated Account (USD Account) [A/c No 1000542508]		
Opening balance	963,609	44,254
Total amount deposited in the account	2,385,235	3,303,821
Total amount withdrawn	<u>2,989,077</u>	<u>2,384,507</u>
Closing balance (as per SDA bank account reconciliation attached)	=	=
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn	-	-
Closing balance (as per SDA bank account reconciliation attached)	<u>359,967</u>	<u>963,609</u>

28. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *project* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *project*, holding 100% of the *project's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the project, both domestic and external.

Twende Project

Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

Description	2024/25 FY
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	-
Rent income from govt. Agencies	-
	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	-
Payments for goods and services for	-
Total	
d) Key management compensation	
Directors' emoluments	-
Compensation to key management	-
Total	-

Notes to the financial statements

29. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

30. Ultimate and Holding project

The project is a State department for livestock under the Ministry of agriculture and livestock production. Its ultimate parent is the Government of Kenya.

31. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

11. 13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
780	Commingling of project funds	The project has two sources of funding: Grant from IUCN & GOK. Regulation 76(1) of PFM Regulations 2015 requires project bank account to be at CBK. However, funds are operated from Ministry's bank account which is separate from project's bank account at CBK.	Not Resolved	30/06/2026
780	Delay in funding and implementation of project workplans	Management is following up to ensure minimum delay in funding and implementation of the project's workplans	resolved	From 01/07/2024

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>
780	Lack of monitoring and evaluation of project's activities	The management is committed to significantly improve monitoring and evaluation of project activities as budget is availed.	Resolved	From 01/07/2024

Guidance Notes:

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your project responsible for implementation of each issue;
4. Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

.....
Name: Hon. Jonathan Mueke CBS
Principal Secretary

.....
Name: Mr. Blaise P. Okinyi
Project Coordinator

Annex 2: Reconciliation of inter-project transfers

Project Name: Twende project			
Break down of transfers from the State Department for livestock production			
a. Government Counterpart funding			
	Bank Statement Date	Amount (Kshs)	30 th June 2025
	Total		
B. Direct payments			
	Bank Statement Date	Amount (Kshs)	30 th June 2025
	Total		
C. Others			
	Bank Statement Date	Amount (Kshs)	30 th June 2025
	Total		
	Total (A+B+C)		

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Coordinator
Twende project

Sign -----

Head of Accounting Unit
State Department For Livestock Development

Sign-----

Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings		110,000			110,000
ICT Equipment					
Machinery and Equipment (Beehives)		5,951,050			5,951,050
Biological assets		34,659,660			34,659,660
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total		40,720,710			40,720,710

Annex 4: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)

SDL-TWENDE PROJECT
BANK RECONCILIATION STATEMENT

As at

30-Jun-25


BANK A/C NO 1000495685

	Sh.	Cts	Sh.	Cts	Sh.	Cts
Balance as per Bank Statement						14,586,244.30
Less						
1 Payment in Cash Book no yet recorded	23,458,935.85					
2 Statement not yet recorded in Cash		0.00	23,458,935.85		8,872,691.55	
Add						
3 Payments in Bank Statement not yet			0.00			
4 Receipts in Cash Book not yet	21,945,800.00		21,945,800.00		21,945,800.00	
Balance as per Cash Book						13,073,108.45

I certify that I have verified Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct

PETER MUSILA

PROJECT ACCOUNTANT


SIGNATURE

DATE

1 Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)

AS PER REVERSE

2 Receipts in Bank Statement not yet recorded in Cash Book

AS PER REVERSE

3 Payments in Bank Statement not yet recorded in Cash Book

AS PER REVERSE

4 Receipts in Cash Book not yet recorded in Bank Statement

AS PER REVERSE

Prepared by:

Title.SENIOUR ACCOUNTANT


Title.PROJECT COORDINATOR

Name.GIBRAN MWATEE

Name.BLAISE OKINYI

1 PAYMENT IN CASHBOOK NOT YET RECORDED IN BANK STATEMENT

30/06/2025	COMMISSION INCOME TAX	INCOME TAX PUBLIC	Kenya	3,210.00
30/06/2025	COMMISSION NAIROBI	P.O. BOX 30742 TIME	Kenya	17,189.65
30/06/2025	SAMUEL GEORGE	STD003495/1	Kenya	7,756.00
30/06/2025	SAMUEL GEORGE	STD003495/1	Kenya	65,343.70
30/06/2025	VILE&BLIND	WHTAX	Kenya	6,904.90
30/06/2025	SAMUEL GEORGE	STD003495/1	Kenya	7,109.00
30/06/2025	HAMON YOUNG	WHTAX	Kenya	8,603.45
30/06/2025	SAMUEL GEORGE	STD003495/1	Kenya	8,640.00
30/06/2025	HAMON YOUNG	WHTAX	Kenya	14,970.00
30/06/2025	VILE&BLIND	WHTAX	Kenya	23,810.00
30/06/2025	SAMUEL GEORGE	STD003495	Kenya	177,857.50
30/06/2025	HAMON YOUNG	WHTAX	Kenya	149.70
30/06/2025	VILE&BLIND	WHTAX	Kenya	414.30
30/06/2025	LOWAWA	WHTAX	Kenya	6,500.00
30/06/2025	LOWAWA	WHTAX	Kenya	22,413.80
30/06/2025	HAMON YOUNG	STD003822	Kenya	425,376.85
30/06/2025	VILE&BLIND	STD003824	Kenya	1,349,850.80
30/06/2025	LOWAWA	WHTAX	Kenya	390.00
30/06/2025	LOWAWA	STD003383/1	Kenya	1,270,696.20
30/06/2025	NATIONAL DROUGHT MANAGEMENT	AUTI	Kenya	20,000,000.00
30/06/2025	VARIETY TRAVEL	WHTAX	Kenya	12.55
30/06/2025	VARIETY TRAVEL	STD003377/1	Kenya	41,737.45
TOTAL				23,458,935.85

2 RECEIPTS IN BANK STATEMENT NOT RECORDED IN CASH BOOK

<u>DATE</u>	<u>DESCRIPTION</u>	<u>REF.NO.</u>	<u>AMOUNT</u>
TOTAL			0.00

3 PAYMENTS IN BANK STATEMENT NOT RECORDED IN CASH BOOK

<u>DATE</u>	<u>DESCRIPTION</u>	<u>REF.NO</u>	<u>AMOUNT</u>
			0.00

4 RECEIPTS IN CASH BOOK NOT RECORDED IN BANK STATEMENT

<u>DATE</u>	<u>DESCRIPTION</u>	<u>CHEQUE NO.</u>	<u>AMOUNT</u>
30/06/2025	EFT		20,000,000.00
30/06/2025	EFT	STD003826	1,945,800.00
TOTAL			21,945,800.00



twende
Towards Ending Drought Emergencies



Office of the Secretariat – SDL PIU
P.O. BOX 34188 NAIROBI TEL: 0202330756/5
Email: infodlp@kilimo.go.ke/
twendeproject10@gmail.com

Date 01/07/2025

Report on the Board of Survey on the Cash and Bank Balances of:

Account name: ...TOWARDS ENDING DROUGHT EMERGENCIES (TWEENDE)

Account No:1000495685

as at the close of business on ...30TH JUNE 2025

The Board consisting of: (Names and official titles)

Chairman-PETER MBUGUA

Secretary-RUTH SUNGU

Member-GEOFREY SANKUI

assembled at the office of SDL-TWEENDE at 8.30 a.m

on the 1st July 2025 and the following cash was produced:-

Notes	..	..	..	..	Sh. N/A
Coins	..	..	..	..	Sh N/A
Total					Sh. N/A

It was observed that cheques and cash amounting to Shs...N/A had been on hand for more than 14 days prior to the date of the survey.

The cash book reflected the following balances as at the close of business on the 30TH JUNE 2025

Cash on hand	Sh. N/A
Bank Balance	Shs 13,073,108.45

The Bank Certificate of Balance showed a sum of Sh. 14,586,244.30 difference between this figure and the Bank as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O.30), which shall be attached.

TITLE	NAME	SIGNATURE
Chairman	PETER MBUGUA	
Secretary	RUTH SUNGU	
Member	GEOFREY SANKUI	

Date 01/07/2025

58 56.

**GCF- DROUGHT EMERGENCIES PROJECT TWENDE
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30TH JUNE 2025**

GCF Grant- TWENDE
Bank Account No.1000542508 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT USD	AMOUNT USD
1			7,563,235.55
	Less:		
2	Total amount justified to GCF		-
3	Outstanding amount advanced to be Justified		7,563,235.55
	Represented by:		
4	Ending Designated Account Balance at 30.06.2025		359,767.00
5	Amount claimed but not credited at 30.06.2025		-
6	Amount withdrawn and not claimed as at 30.06.2025		7,203,432.55
7	Service charges (if not included in 5 & 6 above)		36.00
	Less:		
8	Interest earning (if included in Designated Account)		-
9	Total advance to Designated Account year ended 30.06.2025		7,563,235.55

Discrepancy between total appearing on lines 3 and 9

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by GCF and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by European Union and shall be documented in subsequent IFRs

[Signature]
 AUTHORIZED REPRESENTATIVE
 RESOURCES MOBILIZATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 05-08-2025

SPECIAL ACCOUNT STATEMENT

For period ending 30th JUNE, 2025
 Account No. 1000542508
 Depository Bank CENTRAL BANK OF KENYA.
 Address CENTRAL BANK OF KENYA.
 Related Loan GCF DROUGHT EMERG. PROJECT TWENDE
 Credit Agreement
 Currency USD

Part A - Account Activity

Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account	963,609.12
Add:	
Total Amount deposited by ^{GCF} World Bank	2,385,217.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	2,989,059.12
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2025	359,767.00

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE:

[Signature]

DATE

14/07/2025

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE:

[Signature]

DATE

05-08-2025

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2025 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O. BOX 60000-0200

NAIROBI

STATEMENT PERIOD: From 01 07 2024

To

ACCOUNT NUMBER : 1000542508

ACCOUNT TITLE : GCF DROI GHI EMERG. PROJECT TWENDE
30-06-2025

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :		963,609.12				
NO.	Value Date	Reference No	Details	Debit	Credit	Balance
1	10 09 2024	FT24254YRNX1.1	PA136421	-963,609.12	0.00	0
2	03 01 2025	FT250037KZR4.1	FUNDING	0.00	2,385,217.00	2385217
3	27 01 2025	FT250277ZILG.1	PA138307	-888,500.00	0.00	1496717
4	25 03 2025	FT25084YFKSX.1	PA138348	-1,136,950.00	0.00	359767

CLOSING BALANCE : 359767

END OF ACCOUNT STATEMENT

Favourites

TABLE STATEMENT OF ACCOUNT PERIOD

Modify View
Clear Selection

Print

- Account equals 1000542508
- Statement From equals 20240701
- Statement To equals 20250630

TABLE STATEMENT OF ACCOUNT PERIOD

CENTRAL BANK OF KENYA

08 JUL 2025

Confirmed: 