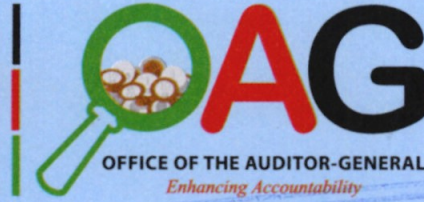


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
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THE NATIONAL ASSEMBLY
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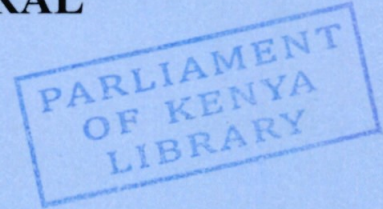
REPORT

DATE: 12 FEB 2026 Thursday

TABLED BY: Hon George Mung'oi, MP
Dunbarton S. Com
Kandla Tibeki

CLERK-AT-TABLE:

THE AUDITOR-GENERAL



ON

**KENYA CEREAL ENHANCEMENT PROGRAMME -
CLIMATE RESILIENT AGRICULTURAL
LIVELIHOOD WINDOW BOOSTING SUSTAINABLE
FOOD PRODUCTION IN KENYA (KCEP-CRAL
BOOST) EU GRANT NO.2000000623, GRANT
NO.2000001522, GRANT NO .2000003493, GRANT NO
2000004860, ASAP GRANT NO.2000001121 AND IFAD
LOAN NO. 2000001122**

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

STATE DEPARTMENT FOR AGRICULTURE



**PROJECT NAME: KENYA CEREAL ENHANCEMENT PROGRAMME-CLIMATE
RESILIENT AGRICULTURAL LIVELIHOOD WINDOW BOOSTING SUSTAINABLE
FOOD PRODUCTION IN KENYA (KCEP-CRAL BOOST)**

**IMPLEMENTING ENTITY: MINISTRY OF AGRICULTURE AND LIVESTOCK,
DEVELOPMENT
STATE DEPARTMENT FOR AGRICULTURE**

**PROJECT GRANT/CREDIT NUMBER: 2000000623, 2000001522, 2000003493,
2000004860 and 2000001122 and LOAN NUMBER: 2000001121**

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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Table Contents	Page
1. Acronyms and Definition of Terms	ii
2. Project Information and Overall Performance	iii
3. Statement of Performance against Project's Predetermined Objectives	xv
4. Environmental and Sustainability Reporting	xvii
5. Statement of Project Management Responsibilities	xx
6. Report of the Independent Auditor on Financial Statements for KCEP-CRAL BOOST	xxii
7. Statement of Financial Performance for the Year Ended 30th June 2025	1
8. Statement of Financial Position as at 30 th June 2025	2
9. Statement of Changes in Net Assets	3
10. Statement of Cashflow for the year ended 30 th June 2025	4
11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 th June 2025	5
12. Notes to the Financial Statements	7
13. Annexes	31

1. Acronyms and Definition of Terms

AGMARK	Agricultural Market Development Trust
ASALs	Arid and Semi-arid Lands
ASAP	Adaptation for Smallholder Agricultural Programme Trust Fund
CASP	Conservation Agriculture Service Providers
CBK	Central Bank of Kenya
CETRAD	Centre for Training and Integrated Research in ASAL Development
CPCC	County Programme Coordinating Committee
Comparative FY	Financial year preceding the current financial year.
EU	European Union
ICPAK	Institute of Certified Public Accountants of Kenya
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
KALRO	Kenya Agricultural and Livestock Research Organization
KCEP CRAL	Kenya Cereals Enhancement Programme-Climate Resilient Agricultural Livelihoods window
KMD	Kenya Meteorological Department
NDMA	National Drought Management Authority
NRM	Natural Resource Management
NT	National Treasury
MT	Metric Tones
PCU	Programme Coordinating Committee
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
SDA	Special Deposit Account
WB	World Bank

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihood Window (KCEP-CRAL BOOST)

Objective

The overall development objective of KCEP CRAL Programme is to contribute to the reduction of rural poverty and food insecurity of smallholder farmers in the ASALs by developing the economic potential of target groups, improving natural resources management capacity and building resilience to climate change in an increasingly fragile ecosystem. The objective of the BOOST Action is to enhance agricultural smallholders' crop production (through agroecological and other innovative approaches) and access to sustainable agricultural inputs, technologies and services.

Address

The project headquarters offices are Nairobi, Nairobi County, Kenya. The address of its registered office is: KALRO Compound-Waiyaki Way.

The project also has three regional offices/branches as follows:

- Western Region–Nakuru, email: kcepsubpcu.western@gmail.com
Physical Location-Nakuru Njoro Inter-change
- Eastern Region –Siakago, email: kcepeasternregion@gmail.com
Physical Location-Siakago Sub County Headquarters
- Coast Region-Mtwapa, email: kcepcoastregion@gmail.com
Physical Location-KALRO Mtwapa Compound

Contacts: The following are the project contacts

P.O. Box:30028-00100, Nairobi, Kenya

Telephone: (254) 770174188

E-mail: kcepcral.go.ke, kcep.programme15@gmail.com

Website: kcepcral.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 3 rd April 2014
Project End Date:	The project end date is 31 st March 2027
Project Coordinator:	Dr. Cosmas Munyeke, PhD
Project Development Partner:	The project sponsor is GOK-Kes. 525 Million European Union (EU) Grant-Kes. 4.2 Billion IFAD Loan-Kes. 6.2 Billion ASAP Grant-Kes. 1 Billion Financial Institutions-Kes. 622 Million Beneficiaries-Kes. 3.7 Billion

2.3 Project Overview

Line Ministry or State departments/ County Department	Ministry of Agriculture and Livestock Development-State Department for Agriculture
Project number	EU Grant No. 2000000623, 2000001522, 2000003493 and 2000004860, IFAD Loan No. 2000001121 and ASAP Grant No. 2000001122
Strategic goals of the project	The strategic goal of KCEP-CRAL Project is to increase incomes and reduce poverty among rural households including those in arid and semi-arid lands-ASALs. While overall goal of the BFSPK Grant is to boost sustainable food production through promotion of agroecological practices and enhanced access to subsidized agricultural inputs, technologies and services
Summary of Project Strategies for achievement of strategic goals	The programme management aims to achieve the goals through the following means: <ul style="list-style-type: none"> (i) Contributing to national food security by increasing production of cereal staples (maize, sorghum, millet, and associated pulses); (ii) Increasing income of smallholders in medium and high potential production areas as well as those in ASALs of targeted crops;

	<p>(iii) Supporting smallholder farmers in graduating from subsistence to commercially oriented, resilient agricultural practices through improvements in productivity, post-production management practices and market linkages for targeted value chains and</p> <p>(iv) Empowering county governments and communities to sustainably and consensually manage their natural resources and build resilience to climate change.</p> <p>(v) BFSPK aims to increase agricultural smallholders’ crop production (through agroecological and other innovative approaches) and access to sustainable agricultural inputs, technologies and services.</p>
<p>Other important background information of the project</p>	<p>KCEP-CRAL Programme is funded under a strategic public-private-partnership between the Government of Kenya (GOK), European Union (EU), International Fund for Agricultural Development (IFAD), local Financial Institutions and beneficiaries. The Programme aims at increasing productivity of three staple cereals, maize, sorghum, millet and their associated pulses using a value chain approach.</p> <p>The programme area covers 13 counties; five Western region- Bungoma, Kakamega, Nakuru, Nandi and Trans Nzoia, Five in Eastern region- Embu, Kitui, Tharaka-Nithi, Machakos and Makueni, three in Coast region-Kwale, Kilifi and Taita Taveta.</p> <p>KCEP CRAL programme is structured around four components:</p> <p>Component 1 Capacity building for Climate-resilient productivity and Natural Resource Management (NRM). Through an e-voucher platform giving smallholder farmers access to improved agricultural inputs and technical packages, the programme will support the farmers engaged in targeted value chains to enhance productivity in view of commercialisation.</p> <p>Component 2 - Post-Harvest Management and Market Linkages aims at supporting farmers to capitalise productivity</p>

gains arising from investments made under Component 1, by promoting improved on-farm grain-handling and management, access to storage and warehouse receipt systems, increasing smallholders' access to markets, and building their capacities to sell their produce at more favourable terms and prices.

Component 3 – Financial Services is designed to link farmers to financial services to boost yields and income generation for re-investment in agriculture, and build the capacity of value chain stakeholders, including the youth, to engage profitably in provision of agricultural services through improved access to financial services.

Component 4: Programme Management - Programme Steering Committee (PSC), chaired by the Principle Secretary of the State Department of Crops Development and Agriculture Research is responsible for oversight of the programme and providing policy guidance to programme implementation. A County Programme Coordinating Committee (CPCC) provides guidance to programme implementation within each county. Programme Coordinating Unit (PCU) is responsible for day-to-day management of the programme.

The BSFPK Grant targets five medium potential areas composed of existing three of the KCEP-CRAL Western Region (WR) implementing Counties of Bungoma, Kakamega, and Nandi and two Counties that FAO had earlier initiatives in Migori and Homabay, in the Nyanza Region.

The Grant consists of three Result Areas:

Results Area 1: Enhanced crop production through adoption of improved Agroecological practices (specifically Conservation Agriculture and extension services). FAO takes the lead of this Results Area that has an overall objective to improve crop production and productivity amongst the 40,000 supported smallholder farmers (female and male) through training, demonstrations, and access to technical advisory services.

Results Area 2: Increased access to subsidized agricultural inputs, technologies and services through

	<p>mobile-based e-voucher system. Aimed at boosting the 15,000 targeted smallholder (female and male) farmers’ food production through access to improved agricultural subsidized (bio) inputs, technologies and services using mobile/SIM card-based “e-voucher” system. KCEP-CRAL PCU takes lead in the implementation of this Results Area. Main activities are mobilization, selection, and enrolment of smallholder framers, agro-dealers and other key stakeholders; upscaling of the mobile-based “e-voucher” system; input package access targeting 15,000 market-oriented smallholder farmers; strengthening the adaptive capacities of the local communities and farmers’ group through Gender Action Learning Systems plus Nutrition, Climate Change (GALS+)</p> <p>Result Area 3: Strengthened Policy and Institutional capacity of Government</p> <p>Agricultural Transformation Office (ATO) and the Council of Governors (CoG) are the respective lead institutions. Main activities are enabling policy environment for improved sustainable agriculture and improved food security and safety; agroecological promotion, institutionalisation of “e-subsidy” to increase effectiveness and efficiency in input subsidy programme; digital transformation to promote use of data and digital tools for evidence-based decision making; strengthening intergovernmental process at national and county for mutual accountability and strengthening coordination capacity within the CoG to enhance county food balance sheet.</p> <p>Programme Management. Which encompass the Programme Steering Committee (PSC) and the Programme Coordination Unit (PCU) with activities covering Monitoring and Evaluation, Knowledge Management, Communication & Visibility, financial management, procurement, reporting, among others.</p> <p>Implementing arrangements</p> <p>KCEP-CRAL and BSFPK Grant Programme Implementation is done by the National Government and County Governments in collaboration with implementing partners. The implementing partners include; Equity Bank, Equity Group foundation and Cooperative Bank which are responsible for setting up and operationalization of the e-</p>
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***Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025***

	<p>voucher system for provision of agricultural inputs and payment of agro-dealers, setting up warehouse receipt financing and capacity building on financial literacy; Kenya Agricultural and Livestock Research Organization (KALRO) responsible for ; soil sampling and soil fertility mapping and dissemination of research-based technical packages; Agricultural Market Development Trust (AGMARK) responsible for capacity building of agro-dealers; Centre for Training and Integrated Research in ASAL Development (CETRAD) responsible of setting up RS/GIS units in target counties, training and backstopping of the county personnel on using the RS/GIS units; National Drought Management Authority (NDMA) responsible for strengthening the CAF process counties covered by KCEP-CRAL and Kenya Meteorological Department (KMD) responsible for developing applied climate information services to support communities across target counties to deliver both data and agronomic recommendations to make more informed decisions and enhance their coping and adaptive capacities.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Improve food security of small holder famers (ii) Reduction of rural poverty (iii) The Boost Grant aims at boosting sustainable food production through promotion of agroecological practices and enhanced access to subsidized agricultural inputs, technologies and services.
<p>Project duration</p>	<p>13 Years</p>

2.4 Bankers

The following are the bankers for the project:

(i) Programme Designated Special Bank Accounts in Central Bank of Kenya

KCEP-CRAL IFAD Loan Account No. 1000310316

KCEP-CRAL ASAP Grant Account No.1000310324

KCEP-CRAL BOOST Grant Account No.1000763566

(ii) Programme Operational Bank Account

KCEP-NRB Equity Bank -Mayfair branch Account No.1510263657085

KCEP-Nakuru Equity Bank-Nakuru branch Account No. 1510264926255

KCEP-CRAL Loan-NRB Co-op. Bank-Westland branch Account No.01141587177900

KCEP-CRAL Grant-NRB Co-op. Bank-Westland branch Account No. 01141587177901

KCEP-CRAL Grant-NRB Co-op. Bank-Nakuru branch Account No. 01141587177906

2.5 Independent Auditor

The project is audited by the Office of the Auditor General

2.6 Roles and Responsibilities

S/No	Names	Title designation	Key qualification	Responsibilities
1	Dr Cosmas Munyeke, PhD	Senior Programme Coordinator	PhD, Entrepreneurship, MSC, Entrepreneurship, BSC, Agricultural Economics	Programme Coordination
2	Nyakundi Mogere	Finance&Admin Manager	MBA Finance, BCom, CPA(K)	Finance & Admin activities
3	Patrick Musalia	Senior Accountant	MSC-Finance, Bcom, CPA(K)	Accounting & finance management
4	Caroline Njue	Procurement Officer	MSC-Procurement and Logistics, BSC-SCM, MCIPS, MKISM	Procurement Services
5	David Mwenda	Procurement Officer	MBA-Finance and, BCOM-Finance, Dip. Procurement	Procurement Services
6	Justin Muriuki	Natural Resource Management specialist	Master in Environmental Science	Natural resource management
7	Dr. Alex W. Mwaniki	Senior M&E specialist	PhD, Statistics, MSC(Biometry)	Monitoring & Evaluation activities
8	Raymond Chelule	PM&E specialist	MSc Agronomy	Monitoring & Evaluation activities
9	Carol Kamau	Agribusiness specialist	PhD, MSc-Sustainable Development	Agribusiness activities and head of region
10	Faridah Kwamboka	Accountant	CPA(K), BCOM	Accounting services
11	Kenneth Chirchir	Accounts Assistant	CPA(K), BCOM, Accounting	Accounting services
12	Dorcus Kyalo	Programme Assistant	MBA	Administrative services
13	Dr. Martha Sila		PhD, MSc Agronomy	Monitoring & Evaluation activities
14	Christable Mise	Programme Assistant	MBA	Administrative services

2.7 Funding summary

The Project is for duration of 13 years from 2014 to 2027 with an approved budget of US\$ Kshs 12.9 Billion as highlighted in the table below:

Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)

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

Project information and overall performance (continued)

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						
EU Grants (2000000623, 2000001522,2000003493,2000004860)	Euro. 33,572,613	4,129,430,681	Euro. 29,065,374	3,573,627,831	Euro. 4,507,239	555,802,850
ASAP Grant (2000001122)	US\$. 9,647,252	1,180,951,166	US\$. 9,647,252	1,180,951,166	US\$ 0	
(ii) Loan						
IFAD Loan (2000001121)	US\$. 59,697,425	7,124,921,806	US\$. 59,697,425	7,124,921,806	US\$ 0	
(iii) Counterpart funds						
Government of Kenya		503,379,000		435,943,218		67,435,782
Total	-	12,938,682,653		12,315,444,021		623,238,632

Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025

Project information and overall performance (continued)

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 (30 th June 2025)	
	Development Partner currency	<i>Kshs</i>	Development Partner currency	<i>Kshs</i>	Development Partner currency	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
EU Grants (2000000623, 2000001522,2000003493,2000004860)	Euro. 29,065,374	3,573,627,831	28,646,271	3,519,144,469	419,103	54,483,362
ASAP Grant (2000001122)	US\$. 9,647,252	1,180,951,166	US\$. 9,647,252	1,180,951,166	0	0
				0		
(i) Loan				0		
IFAD Loan (2000001121)	US\$. 59,697,425	7,124,921,806	US\$. 59,697,425	7,124,921,806	0	0
				0		
(ii) Counterpart funds				0		
Government of Kenya		435,943,218		435,943,218	0	0
Total		12,315,444,021		12,260,960,659	419,103	54,483,362

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) Programme Budget for the current year was Kshs. 1,213,000,000 while the actual expenditure attained was Kshs. 1,186,413,468 implying 98% budget absorption. Cumulatively, the Programme has spent Kshs. 12,260,960,659 out of the funding of Kshs. 12,315,444,021 translating to 98% absorption,
- ii) With regard to Physical progress based on outputs, outcomes, and impacts since project commencement, the following results have been achieved;
 - 163,216 smallholder farmers have been on-boarded onto the ‘e-Voucher’ scheme and accessed farm inputs,
 - 124,874 farmers have been trained in Financial Literacy,
 - 156,370 smallholder farmers have been trained on post-harvest management and marketing,
 - 500 Collection centres have been equipped with basic equipment’s,
 - Cumulatively, 836 extension Service Providers have been trained,
 - 40 Farmer owned stores have been constructed,
 - A total of 86 road spots linking 40 aggregation stores to the markets were identified and improvement.
 - A total of 1,459 Grantees have been supported with farm equipment’s under Value chain Grants financing.
- iii) The budget absorption trend over the implementation period is as follows;
 - Financial Year 2014/2015 was 27%
 - Financial Year 2015/2016 was 41%
 - Financial Year 2016/2017 was 66%
 - Financial Year 2017/2018 was 62%
 - Financial Year 2018/2019 was 76%
 - Financial Year 2019/2020 was 56%
 - Financial Year 2020/2021 was 81%
 - Financial year 2021/202 was 71%
 - Financial Year 2022/2023 was 68%
 - Financial Year 2023/2024 was 99% and
 - Financial Year 2024/2025 was 98%
- iv) The main challenge experienced during project implementation were;
 - Competition from other projects issuing farm inputs to farmers within the implementation region. To overcome this, the Programme negotiate with the donor to reduce the amount of beneficiary contribution to match the contribution by other programmes.
 - Few and aging staff at the county level affecting extension services. The Programme has trained additional extension service providers to assist the farmers.

2.9 Summary of Project Compliance:

Financial management including Procurement, Accounting, auditing and reporting was done in compliance with the applicable laws and regulations, PFM Act 2012 and Kenya Vision 2030 flagship projects and essential external financing agreements and covenants. During the year, there were no cases of non-compliance with the laws and regulations and essential external financing agreements.

3. Statement of Performance against Project’s Predetermined Objectives

Introduction

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

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

- a) Contribute to national food security by increasing production of staples (maize, sorghum, millet, and associated pulses),
- b) Increase income of the targeted smallholders in high, medium potential production areas as well as those in ASALs,
- c) Support smallholder farmers to graduate from subsistence to commercially oriented and climate resilient agricultural practices through improvements in productivity, post-harvest management practices and market linkages for targeted value chains
- d) Empower county governments and communities to sustainably and consensually manage their natural resources and build resilience to climate change

Progress on the attainment of strategic development objectives

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

**Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025**

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

Project	Objective	Outcome	Indicator	Performance
KCEP- CRAL BOOST	a) To contribute to national food security by increasing production of staples (maize, sorghum, millet, and associated pulses),	Increased Productivity of the promoted Value Chains	% increase in the promoted value Chains (Maize, beans, sorghum, green gram and Cowpeas	In FY 2024/2025 the Yield of Maize and beans increased by 20% and 30%, respectively from the baseline.
	b)	Reduction of the Nation Gran Deficit by 25,000MT	Reduce the National Grain Deficit by adding 25,000 MT of the supported value chains	25,000 MT added volume of grain during 2024/2025 FY;
	a) increase income of the targeted smallholders in high, medium potential production areas as well as those in ASALs,	% increase of the smallholder farmers reporting yield increase	% Increase in income	56% of the smallholder farmers have reported increase in come over the last FY.

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

***Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
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	a) increase income of the targeted smallholders in high, medium potential production areas as well as those in ASALs,	% increase of the smallholder farmers reporting yield increase	% Increase in income	56% of the smallholder farmers have reported increase in come over the last FY.

4. Environmental and Sustainability Reporting

KCEP-CRAL Programme exists to transform lives. The main goal of the Programme is to increase income and reduce poverty among rural households including those in ASALs. This is to be achieved through provision of the essential farm inputs and technology to enable the farmers increase food production while also building the capacity of targeted communities in sustainable natural resource management (NRM) practices within the fragile ASAL ecosystems, considering the challenges posed by climate change.

i. Sustainability strategy and profile

The Programme has throughout the implementation period entrenched the following key aspects of sustainability;

- The adoption of e-voucher scheme by the Government and roll out through the National Value Chain Support Programme under the Ministry will ensure that the farmers continue to receive and access the e-voucher services under various Value Chains;
- The capacity building of County staff and Private extension service provides ensures availability of more staff with expertise to assist the farmers even beyond the Programme period. The infrastructural support provided by the Programme will outlive the Programme and ensure farmers continue to receive the services.
- Formation of farmer, training, mentorship and linking them to various service providers will ensure their support beyond the Programme period;
- The engagement of farmers through public and private extension providers and adoption of the use of lead farmers on farmer trainings, Organization Development, Post-harvest Management and Financial literacy trainings will ensure that the knowledge passed are operational and easily accessible after the Programme completion;
- Formation and /or strengthening of Conservation Agriculture Service Providers Association (CASPs), established linkages of CASPS with Equipment suppliers and linkages with financial institutions who have developed financial products to support equipment acquisition by the service providers will further sustain the momentum beyond the Programme;

- Formation of agro-dealers associations and their improved capacity to provide Agricultural advisory services to farmers (Some Agro dealers participating in the e-voucher scheme have databases and contacts of farmers that they have served under the e-voucher scheme); and established linkages with financial institutions to access business loans;
- Farmers linkages to the financial institutions will enable them to access financial products and services including credit, savings, bills / utilities payment (including school fees), receive payment for sold produce, etc. will be sustained beyond the Programme;
- Roll-out of climate information services incorporated with local indigenous knowledge through local voluntary observers imply services will easily be accessible beyond the Programme. Investment in Common Community Assets/investments through community Participatory vulnerability assessment approach has brought together joint learning and execution of common interest in the communities solidifying the social fabric in the community.

ii. Environmental performance

The Programme has a whole component under ASAP Grant financing dealing with Natural Resource management where the donor has provided financing amounting to US\$. 10 million to be invested in community assets which assist farmers to develop and strengthen resilient against climate change. Moreover, the Programme is very sensitive to use of chemicals and prohibits use of chemicals which are likely to have negative impact to the environment.

Adoption of integrated pest management (use of Brachiaria grass, panicum grass, desmodium legume have been embraced as livestock feed, and success of dolichos pushing pest away from maize or sorghum which is a rich legume in protein enhanced uptake) will minimize contamination of water sources from disposals chemicals waste

iii. Employee welfare

The Programme has a comprehensive medical cover for staff and nuclear family which ensures that programme employees get the best medical attention when required. Moreover, the Programme has a Group Personal Accident Cover which guarantees compensation to the staff in case they are injured while executing their duties.

iv. Market place practices-

a) Responsible Supply chain and supplier relations-

The Programme strictly ensures that only goods/services which are in the approved Annual Work plan and Budget and procurement Plan are procured. The Programme also ensures that once the goods have been delivered/services rendered and accepted by the Inspection and acceptance committee, the suppliers are paid promptly. Currently the programme has no pending bills for supplier's payments.

b) Responsible ethical practices

Recruitment of beneficiaries to join the programme is done in a transparent manner through Programme County Committees. The recruitment committees must ensure that at least 50% of beneficiaries are women and youth to promote gender equity. Procurement is carried out in accordance with the financing agreement, IFAD project procurement guidelines and GoK procurement regulations.

c) Regulatory impact assessment

The Programme is implemented through partnership arrangements by both public and private stakeholders. This is done through binding Subsidiary Agreements and MoU's.

v. Community Engagements

The Programme was designed with the objective of increasing food production through use of the correct farm technologies reducing poverty and enhancing resilience of farmers in the ASAL areas. The Programme does not involve in community engagements including charitable giving (cash & material), Community Social Investment and Community Social responsibility (CSR) activities.

5. Statement of Project Management Responsibilities

The Principal Secretary for the Ministry of Agriculture and Livestock Development-State Department for Agriculture and the Senior Programme Coordinator for KCEP-CRAL BOOST Programme 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, 2025.

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 for Agriculture and the Senior Programme Coordinator for KCEP-CRAL BOOST Programme accept responsibility for the Project's financial statements, which have been prepared on the accrual 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 for Agriculture and the Senior Programme Coordinator for KCEP-CRAL BOOST Programme 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, 2025, and of the Project's financial position as at that date. The Principal Secretary for the Ministry of Agriculture and Livestock Development-State Department for Agriculture and the Senior Programme Coordinator for KCEP-CRAL BOOST Programme 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 Agriculture and the Senior Programme Coordinator for KCEP-CRAL BOOST Programme 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 Agriculture and the Senior Programme Coordinator for KCEP-CRAL BOOST Programme on 30/09/ 2025 and signed by:


.....
Dr. Kipronoh Ronoh P, CBS
Principal Secretary


.....
Dr. Cosmus Munyeke, PhD
Senior Programme Coordinator

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA CEREAL ENHANCEMENT PROGRAMME - CLIMATE RESILIENT AGRICULTURAL LIVELIHOOD WINDOW BOOSTING SUSTAINABLE FOOD PRODUCTION IN KENYA (KCEP-CRAL BOOST) EU GRANT NO.2000000623, GRANT NO.2000001522, GRANT NO .2000003493, GRANT NO 2000004860, ASAP GRANT NO.2000001121 AND IFAD LOAN NO. 2000001122, FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR AGRICULTURE

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 of the Auditor-General on Kenya Cereal Enhancement Programme-Climatic Resilient Agricultural Livelihood Window Boosting Sustainable Food Production in Kenya (Kcep-Cral Boost) Eu Grant No.2000000623, Grant No.2000001522, Grant No .2000003493, Grant No 2000004860, Asap Grant No.2000001121 and IFAD Loan No. 2000001122, for the year ended 30 June, 2025 - State Department for Agriculture

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood Window Boosting Sustainable Food Production In Kenya (KCEP-CRAL BOOST) set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2025 and the statement of 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 Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood window Boosting sustainable Food Production in Kenya 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.EU Grant NO.2000000623, Grant No.2000001522, Grant No .2000003493, Grant No 2000004860, ASAP Grant No.2000001122 And IFAD Loan No. 2000001121 dated 19 March 2014, 25 August, 2015 , 15 April, 2016 and 8 July, 2024 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 Kenya Cereal Enhancement Programme-Climate Resilient Agricultural Livelihood Window Boosting Sustainable Food Production in Kenya (KCEP_-CRAL BOOST) 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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,213,000,000 and Kshs.1,024,446,133 respectively, resulting in under funding of Kshs.188,553,867 or 16% of the budget. Similarly, the Program spent an amount of Kshs.1,186,413,463 against the actual receipts of Kshs.1,024,446,133 resulting in over-utilization of Kshs.161,967,355.

Report of the Auditor-General on Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood Window Boosting Sustainable Food Production in Kenya (Kcep-Cral Boost) Eu Grant No.2000000623, Grant No.2000001522, Grant No .2000003493, Grant No 2000004860, Asap Grant No.2000001121 and IFAD Loan No. 2000001122, for the year ended 30 June,2025 - State Department for Agriculture

In the circumstances, the Program objectives and the timelines might not be achieved due to late release of funds.

2. Amount Withdrawn but Not Claimed

The Statement of Special (Designated) Account Reconciliation for the Project reflects total amount advanced totalling Euro 3,427,777. This amount is equivalent to Kshs.517,594,327 at the exchange rate of Ksh.151 as of 30 June, 2025. During the year the project Management justified expenditure of EUR1,821,652(Ksh.275,069,452) leaving a balance of EURO 1,606,125(Kshs.242,524,875) which expenditure returns had not been submitted to The National Treasury by the close of the financial year.

My opinion is not modified in respect this matters.

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 previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved some of the issues or given any explanation for failure to resolve them as at 30 June, 2025.

1. Budgetary Control and Performance
2. Delayed disbursement of Donor Funds
3. Delayed Absorption of Funds
4. Lack of Ownership Documents

Other Information

The Management is responsible for the Other Information set out on page iii to xxi which comprise of Key Project Information and Management, Environmental and Sustainability Reporting, Statement of Project Management Responsibilities and Statement of Performance Against Predetermined Objectives. 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

Report of the Auditor-General on Kenya Cereal Enhancement Programme - Climate Resilient Agricultural Livelihood Window Boosting Sustainable Food Production in Kenya (Kcep-Cral Boost) Eu Grant No.2000000623, Grant No.2000001522, Grant No .2000003493, Grant No 2000004860, Asap Grant No.2000001121 and IFAD Loan No. 2000001122, for the year ended 30 June,2025 - State Department for Agriculture

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 matter 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

Lack of Ownership Documents

The Food and Agriculture Organization of United Nations surrendered four (4) vehicles to KCEP – CRAL on 9 July, 2023. The transfer of ownership of motor vehicle (Traffic Act Cap 403, Section 9) to the Ministry of Agriculture and Livestock Development was initiated on 21 July, 2023 as highlighted in the transfer documents. However, as at 30 June, 2025 no new registration certificate had been issued for the vehicles.

In the circumstances, ownership of the vehicles could not be confirmed.

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 and 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 the International Fund for Agricultural Development (IFAD) and the financing agreement, I report based on the 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. In my opinion, adequate accounting records have been kept by the Programme, so far as appears from the examination of those records; and,

The Programme'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, 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 Gathogo, CBS
AUDITOR-GENERAL

Nairobi

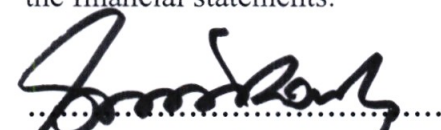
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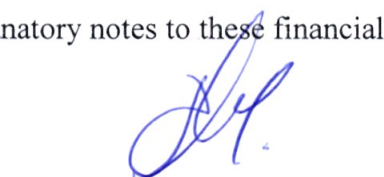
*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025*


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

	Notes	2024-2025
		Kshs
Revenue		
Revenue Transfers	6	1,000,489,809
Miscellaneous Revenue	7	23,956,324
Total revenue		1,024,446,133
Expenses		
Employee costs	8	124,011,387
Use of goods and services	9	681,301,083
Depreciation and amortization expense	10	18,545,541
Transfer to other Government Entities	11	0
Other Transfers/Subsidies/Grants	12	4,759,135
Certified Works	13	376,341,863
Total expenses		1,204,959,009
Other gains/(losses)		
Gain/Loss on sale of assets	14	0
Gain/Loss on foreign exchange transactions	15	0
Impairment loss	16	0
Surplus/ (deficit)		(180,512,876)

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


.....
Dr. Kipronoh Ronoh P, CBS
Principal Secretary


.....
Dr. Cosmos Munyeke, PhD
Senior Programme
Coordinator

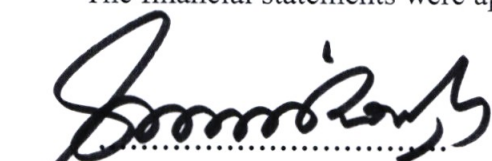

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Nyakundi Mogere
Fin&Admin Manager
ICPAK Member No:2665


*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025*


3. Statement of Financial Position as at 30th June 2025

	Note	2024-2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	54,483,362	216,450,697
Receivables	18	9,051,045	0
Inventories	19	0	0
Prepayment	20	0	0
Total Current Assets		63,534,407	216,450,697
Non-Current Assets			
Property, Plant and Equipment	21	37,221,347	55,766,888
Intangible Assets	22	0	0
Total Non- Current Assets		37,221,347	55,766,888
Total Assets (a)		100,755,754	272,217,585
Liabilities			
Current Liabilities			
Differed Income	25	9,051,045	0
Total Current Liabilities		0	0
Non-Current Liabilities		9,051,045	
External borrowings during the year	45	0	0
Total Non-Current Liabilities		0	0
Total Liabilities (b)		9,051,045	0
Net Assets (a-b)		91,704,709	272,217,585
Represented By:			
Accumulated Surplus		91,704,709	272,217,585
Total Net Assets		91,704,709	272,217,585

The financial statements were approved on 30/09/2025 2025 and signed by:


.....
Dr. Kipronoh Ronoh P, CBS
Principal Secretary


.....
Dr. Cosmus Munyeke, PhD
Senior Programme
Coordinator


.....
Nyakundi Mogere
Fin&Admin Manager
ICPAK Member No:2665

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

4. Statement of Changes in Net Assets


Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	272,217,585
Adjustments:	
Asset Recognition	0
Liabilities recognition	0
As at 1st July 2024	272,217,585
Surplus/(Deficit) for the year	(180,512,876)
As at 30th June 2025	91,704,709

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

The financial statements were approved on 30/09/ 2025 and signed by:


.....
Dr. Kipronoh R. P., CBS
Principal Secretary


.....
Dr. Cosmos Munyeke, PhD
Senior Programme
Coordinator


.....
Nyakundi Mogere
Fin&Admin Manager
ICPAK Member No:2665

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

5. Statement of Cashflow for the year ended 30th June 2025

Description	Note	Insert Current 2024-2025
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		1,000,489,809
Miscellaneous Revenue		23,956,324
Total receipts		1,024,446,133
Payments		
Employee costs		124,011,387
Use of goods and services		681,301,083
Transfer to other Government Entities		0
Other Transfers/Subsidies/Grants		4,759,135
Certified Works		376,341,863
Total payments		1,186,413,468
Net cash flow from operating activities	26	(161,967,335)
Cashflow from investing activities		
Acquisition of non-financial assets		0
Proceeds from sale of Assets		0
Acquisition of Intangible assets		0
Net cash flows from investing activities		0
Cash flow from financing activities		
		0
Net cash flow from financing activities		0
Net increase/Decrease in cash and cash equivalents		(161,967,335)
Cash and cash equivalent at 1st July 2024	17	216,450,697
Cash and cash equivalent at end June 2025	17	54,483,362

6. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 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 Overs from previous periods		0	0	0	0	0
Receipts						
Transfers from Exchequer	60,000,000	(22,000,000)	38,000,000	38,000,000	0	100%
Revenue Transfers	135,000,000	460,000,000	595,000,000	481,154,680	113,845,320	81%
Miscellaneous Revenue	0	0	0	23,956,324	(23,956,324)	0
Borrowing-IFAD Loan	280,000,000	300,000,000	580,000,000	481,335,129	98,664,871	83%
Total Revenue	475,000,000	738,000,000	1,213,000,000	1,024,446,133	188,553,867	84%
Payments						
Employee costs	109,387,500	16,000,000	125,387,500	124,011,387	1,376,113	99%
Use of goods and services	315,212,500	381,900,000	697,112,500	681,301,083	15,811,417	98%
Other Transfers/Subsidies/Grants	0	12,500,000	12,500,000	4,759,135	7,740,865	38%
Certified Works	50,400,000	327,600,000	378,000,000	376,341,863	1,658,137	99%
Total Payments	475,000,000	738,000,000	1,213,000,000	1,186,413,468	26,586,532	98%
Surplus				(161,967,355)	161,967,335	

The significant budget utilization/performance difference have been explained in Annex 4. The deficit of Kshs. 161,967,335 was funded by using balance of funds brought forward from the previous year of Kshs. 216,450,697.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	0
1	The difference between original budget of Kshs. 475,000,000 and the final budget of Kshs. 1,213,000 is due to the additional allocation for the new Grant No. 2000004860 which was signed on 4 th July 2024 as well as the additional budget for expenditure under the Loan.	0
2	Reason for differences	0
3	Reason for differences	0
4	Reason for differences	0
	Closing Cash and Cash Equivalent as per the statement of Cash flows	0

7. Notes to the Financial Statements

1. General Information

KCEP CRAL BOOST Programme is established by and derives its authority and accountability from Public Finance Management Act, 2012. KCEP CRAL BOOST principal activity is providing subsidized farm inputs to small holder farmers to increase production of cereal staples (maize, sorghum, millet, and associated pulses) and reduce post-harvest losses;

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).

These financial statements were authorized for issue by the accounting officer on 30-09-2025

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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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>

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Standard	Effective date and impact:
Discontinued Operations	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.
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 recognised 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>
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> <ul 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. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 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 an entity 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>
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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<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> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. iii. Disclosures that identify and explain the amounts in the entity’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.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

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 entity 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 realised 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.

b) Budget information

The original budget for FY 2024/2025 was approved by the National Assembly on **30-06-2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of **Kshs. 738,000,000** on the FY 2024/2025 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

c) 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 appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity 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

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

e) Intangible assets

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.

f) Research and development costs

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

Notes to the financial statements

g) 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. KCEP CRAL BOOST Programme does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Program's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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 entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the entity'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 an entity 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 entity classifies 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 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 entity 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

KCEP CRAL Programme 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 entity 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 16*.

Financial liabilities

Classification

KCEP CRAL Programme classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) 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:

- 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.

Notes to the financial statements

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 KCEP CRAL BOOST Programme.

i) Provisions

Provisions are recognized when KCEP CRAL BOOST Programme 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 KCEP CRAL BOOST Programme 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

KCEP CRAL BOOST Programme 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

KCEP CRAL BOOST Programme 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 KCEP CRAL BOOST Programme 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.

j) Nature and purpose of reserves

KCEP CRAL BOOST Programme creates and maintains reserves in terms of specific requirements

k) Changes in accounting policies and estimates

KCEP CRAL BOOST Programme recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the financial statements

l) Employee benefits

Retirement benefit plans

KCEP CRAL BOOST Programme does not provide retirement benefits for its employees and directors. The Programme pays annual service gratuity for each contract/year successively worked.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate 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.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

KCEP CRAL BOOST Programme regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

Notes to the financial statements

p) Service concession arrangements

KCEP CRAL BOOST Programme analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, KCEP CRAL BOOST Programme recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, KCEP CRAL BOOST Programme also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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.

r) Subsequent events

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.

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of KCEP CRAL BOOST Programme 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. KCEP CRAL BOOST Programme 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 Programme. 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 KCEP CRAL BOOST Programme.
- 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

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

6. Revenue Transfers

Description	2024-2025
	Kshs
Unconditional Transfers	
GoK Counter Part funding	38,000,000
Transfers from Development partners	962,489,809
<i>Other unconditional transfers -Refunds by implementing partners</i>	0
Total Unconditional Transfers (a)	1,000,489,809
Conditional Transfers	
Transfers from Development partners 1	0
Transfers from Development partner 2	0
<i>Other conditional transfers (specify)</i>	0
Total Conditional Transfers (b)	0
Total Transfers for the Year (a + b)	1,000,489,809

Most of these funds were meant for paying for the cost of, Value chain financing grants equipment's and agriculture inputs subsidies.

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (Current FY)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	38,000,000	0	0	38,000,000
ASAP Grant	1,033,430	0	0	1,033,430
EU Grants	480,121,250	0	0	480,121,250
IFAD Loan	481,335,129	0	0	481,335,129
Subtotal	1,000,489,809			1,000,489,809
Deferred Income realized	0		0	0
Transfers in Kind	0		0	0
Total	1,000,489,809			1,000,489,809

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Co-operative Bank (K) Ltd	13,058,711
Kenya Metrological Department (KMD)	4,192
Centre for Training and Integrated Research in ASAL Development (CETRAD)	174,795
National Drought Management Authority (NDMA)	10,718,626
Total	23,956,324

8. Employees Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	119,865,731
Basic wages of temporary employees	1,477,582
Personal allowances paid as part of salary	0
Personal allowances paid as reimbursements	0
Personal allowances provided in kind	0
Pension and other social security contributions	0
Compulsory national social security schemes	1,114,560
Compulsory national health insurance schemes	1,553,514
Other specify*	0
Total	124,011,387

9. Use of Goods and Services

Description	FY 2024/25
	Kshs
Utilities, supplies and services	7,018,075
Communication, supplies and services	2,202,035
Fuel and lubricants	300,000
General office supplies	5,347,865
Stationery, Printing, advertising, and information supplies	16,752,414
Training payments	172,791,307
Hospitality supplies and services	7,358,214
Insurance costs	20,500,945
Specialized materials and services	442,455,901
Other operating payments(specify)	33,600
Routine maintenance – vehicles and other transport equipment	6,540,727
Total	681,301,083

Notes to the financial statements

10. Depreciation and Amortization expense

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	18,545,541
Intangible Assets	0
Total	18,545,541

11. Transfer to Other Government Entities

Description	FY 2024/25
	Kshs
Ministry ABC	0
Project XYZ	0
Department xxx	0
County xxx	0
Total	0

12. Other Transfers/Subsidies/Grants

Description	FY 2024/25
	Kshs
Transfers to Non-Government Organizations	0
Transfer to Equity Bank (K) Ltd for e-voucher farm inputs	4,759,135
<i>Others Specify</i>	0
Total	4,759,135

13. Certified Works

Description	FY 2024/25
	Kshs
Road Works	0
Water Works	376,341,863
Energy Infrastructure	0
<i>Others Specify</i>	0
Total	376,341,863

Notes to the financial statements

14. Gain/Loss on Sale of Assets

Description	FY 2024/2025
	Kshs
Property, plant and equipment	0
Intangible assets	0
Other assets not capitalised	0
Total gain/loss on sale of assets	0

Provide brief explanation on gains on sale of fixed assets)

15. Gain/Loss on foreign exchange transactions

Description	FY 2024/2025
	Kshs
Gain on foreign exchange transactions	0
Loss on foreign exchange transactions	0
Total Gain/Loss	0

16. Impairment Loss

Description	FY 2024/2025
	Kshs
Property, Plant and Equipment	0
Intangible Assets	0
<i>Others specify</i>	0
Total Impairment Loss	0

17. Cash and Cash Equivalents

Description	FY 2024/2025	1 st July 2024
	Kshs	Kshs
Cash in Bank	54,483,362	216,450,697
Cash on hand	0	0
<i>Others (Specify)</i>	0	0
Total Cash and Cash Equivalents	54,483,362	216,450,697

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL BOOST)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

Project Bank Accounts

Details	FY 2024-2025	1 st July 2024
	Kshs	Kshs
Foreign Currency Accounts		
Central Bank of Kenya [A/c No.....]		
Total Foreign Currency balances		
Local Currency Accounts		
Equity Bank (K) Ltd [A/c No. 1510263657085]	34,201	83,346,227
Equity Bank (K) Ltd [A/c No. 1510264926255]	35,839	65,624
Co-operative Bank (K) Ltd [A/c No. 0114157177900]	47,579,890	82,886,355
Co-operative Bank (K) Ltd [A/c No. 0114157177901]	350,593	28,324,273
Co-operative Bank (K) Ltd [A/c No. 0114157177902]	0	7,781,501
Co-operative Bank (K) Ltd [A/c No. 0114157177903]	0	4,498,673
Co-operative Bank (K) Ltd [A/c No. 0114157177904]	0	2,589,909
Co-operative Bank (K) Ltd [A/c No. 0114157177905]	0	6,267,879
Co-operative Bank (K) Ltd [A/c No. 0114157177906]	6,482,839	690,256
Total local currency balances	54,483,362	<u>216,450,697</u>
Total bank account balances	54,483,362	<u>216,450,697</u>

Notes to the Financial Statements (Continued)

18. Receivables

Description	FY 2024-2025	1 st July 2024
	Kshs	Kshs
Counter Part Funding	0	0
Contractor's Advance payments	0	0
Balance of funds in Equity E-voucher bank Account No. 1510279192355	9,051,045	0
Total Receivables	9,051,045	0

Ageing analysis for Receivables

Description	FY 2024-2025		1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	9,051,045	100%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	9,051,045	100%	0	%

19. Inventories

Description	Insert Current FY	1 st July 2024
	Kshs	Kshs
Consumable stores	0	0
Construction stores	0	0
<i>Others consumables (specify)</i>	0	0
Less: allowance for impairment	0	0
Total inventories	0	0

20. Prepayments

Description	Insert Current FY	1 st July 2024
	Kshs	Kshs
Insurance	0	0
Rent	0	0
<i>Others specify</i>	0	0
Total inventories	0	0

*Kenya Cereal Enhancement Programme-Climature Resilient Agriculture Livelihoods Window Boosting Sustainable Food Production in Kenya
(KCEP – CRAL BOOST)*

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

Notes to the financial statements

21. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	Computers and ICT Equipment's	Construction and refurbishment of Buildings	Total
	Kshs	Kshs		Kshs	Kshs
Depreciation rate	12.5%	12.5%	30%	12.5%	
As At 1 July 2024	42,299,733	3,681,248	6,026,467	3,759,440	55,766,888
Additions	0	0		0	0
Disposals	0	0		0	0
Transfers/Adjustments	0	0		0	0
As at 1st July 2025	42,299,733	3,681,248	6,026,467	3,759,440	55,766,888
Depreciation and Impairment					
Depreciation charge	11,692,078	980,114	5,787,907	85442	18,545,541
Impairment loss	0	0		0	0
Transfers/ Adjustments	0	0		0	0
As At 30th June 2025	11,692,078	980,114	5,787,907	85442	18,545,541
Net Book Values					
As at 1st July 2024	42,299,733	3,681,248	6,026,467	3,759,440	55,766,888
As at 30th June 2025	30,607,655	2,701,134	238,560	3,673,998	37,221,347

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

22. Intangible Assets

Description	1 st July 2024
	Kshs
Cost	
As at 1 st July 2024	0
Additions	0
As At 30th June 2025	0
Amortization and impairment	
As at 1 st July 2024	0
Amortization	0
Impairment loss	0
As At 30th June 2025	0
NBV as at 1st July 2024	0
NBV as at 30th June 2025	0

23. Trade and Other Payables

Description	Insert Current FY		1 st July 2024	
	Kshs		Kshs	
Trade payables	0		0	
Employee payables	0		0	
Funds for e-voucher in Equity bank e-voucher bank account No. 1510279192355	0		0	
Total trade and other payables	0		0	
	Current FY	% of the Total	Comparative FY	% of the Total
Ageing analysis: (Trade and other payables)				
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	0	%	0	

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

24. Third-Party Deposits

Description	Insert Current FY		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention	0		0	
Gratuity	0		0	
<i>Other deposits (specify)</i>	0		0	
Total deposits	0		0	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0		0	

(Provide brief explanation)

25. Deferred Income

Description	2024-2025	1 st July 2024
	Kshs	Kshs
Implementing Partner- Balance of funds in e-voucher account with Equity Bank Kenya (Ltd)	9,051,045	0
Development partner 2	0	0
<i>Others specify</i>	0	0
Total Deferred Income	9,051,045	0

(Provide brief explanation)

Deferred Income Movement Schedule

	Equity bank	Development Partner 2	Others specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 st July 2024	0	0	0	0
Additions	9,051,045	0	0	9,051,045
Transfers To Performance Statement as Revenue	0	0	0	0
Balance as at 30 th June 2025	9,051,045	0	0	9,051,045

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

26. Cash Generated from Operations

Description	2024-2025
	Kshs
Surplus/Deficit for the year	(180,512,876)
Adjusted for:	
Depreciation	18,545,541
Non-cash grants received	0
Impairment	0
Gains and losses on disposal of assets	0
Working capital adjustments	
Increase in inventory	0
Increase in receivables	0
Increase in deferred income	0
Increase in payables	0
Increase in payments received in advance	0
Net cash flow from operating activities	(161,967,335)

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.

*Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

Special Deposit Accounts Movement Schedule

Description	2024-2025 FY	1 st July 2024
	Kshs	Kshs
(i) A/c Name [A/c No. 1000310316]		
Opening balance	3,725,901.40	4,621,950.00
Total amount deposited in the account	0	8,514,301.40
Total amount withdrawn	<u>3,725,901.40</u>	<u>9,410,350.00</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>0</u>	<u>3,725,901.40</u>
(ii) A/c Name [A/c No. 2000310324]		
Opening balance (as per the SDA reconciliation)	8,000.00	0
Total amount deposited in the account	0	2,205,930.00
Total amount withdrawn	<u>8,000.00</u>	<u>2,197,930.00</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>0</u>	<u>8,000.00</u>
(ii) A/c Name [A/c No. 1000763566]		
Opening balance (as per the SDA reconciliation)	0	0
Total amount deposited in the account	3,427,777.18	0
Total amount withdrawn	<u>3,427,777.18</u>	<u>0</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>0</u>	<u>0</u>

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix iv support these closing balance.

28.Related Party Disclosures

Nature of related party relationships

KCEP CRAL Programme and other parties related to Programme 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.

***Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window
Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025***

Government of Kenya

The Government of Kenya is the principal shareholder of KCEP CRAL BOOST Programme, holding 100% of the Program’s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

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

Description	2024-2025
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	0
Rent income from govt. Agencies	0
Total	0
B) purchases from related parties	
Purchases of electricity from KPLC	0
Total	0
b) Grants /transfers from the government	
Grants from national govt	0
Grants from county government	0
Donations in kind	0
Total	0
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	0
Payments for goods and services	0
Total	
d) Key management compensation	
Directors’ emoluments	0
Compensation to key management	0
Total	0

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 Entity

KCEP CRAL BOOST Programme is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Agriculture and Livestock Development. Its ultimate parent is the Government of Kenya.

31.Currency

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

Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025

13. Annexes

Annex 1: Prior Year Auditor-General’s Recommendations

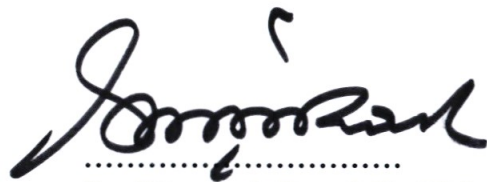
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	The Statement of receipts and payments reflects final actual receipts of Kshs.1,923,848,167 while total payments amount to Kshs. 2,060,049,135 resulting in a variance of Kshs. 136,200,968. This was an over-expenditure that results to pending bills.	The actual receipts during the FY was Kshs.1,923,848,167. However, the Programme had Balance of funds BF from previous FY of Kshs. 352,651,665 resulting to total funds available of Kshs. 2,276,499,832 against an expenditure of Kshs. 2,060,049,135 hence the balance CF of Kshs. 216,450,697	Resolved	30-06-2024
2	During the financial year under review an amount of USD 3,725,901.40 (Kshs.447,108,168) A/C no.1000310316 for IFAD loan	The Programme approved budget for the financial year 2023/2024 under IFAD Loan was Kshs. 1,400,000,000 while the actual amount accessed during the year was Kshs.	Resolved	30-06-2025

Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Number 2000001121 and USD. 8000 A/C No. 1000310324 IFAD GRANT NO. 2000001122 disbursed by the donor during the year had not been transferred to the project as at 30 June, 2024. The delayed disbursement of funds affected the planned activities and may have impacted negatively on delivery of goods and services to the public.</p>	<p>1,398,818,249 (99%). Even though the donor disbursed the additional funds as noted by the auditors, the Programme could not access these funds due to budget constraint, however, funds were received and utilized in the subsequent financial year 2024/2025.</p>		
3	<p>International Fund for Agriculture Development (IFAD) Granted a No cost extension and Reallocation for IFAD financing of KCEP CRAL – Loan no.2000001121 and Grant No. 2000001122 on 07 September 2022. The new project completion and closing date were 30 September, 2024 and 31 March 2025 respectively, applicable to both the IFAD loan</p>	<p>The Programme Management has put in place mechanisms to ensure that all the remaining activities are executed before the Programme completion date and all the remaining funds are spent before Programme closure date on 31st march 2025.</p>	Resolved	31-03-2025

Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025

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)
	and ASAP grant financing. However, as at 30 June 2024 unutilized IFAD loan and ASAP Grant balance was kshs.769,413,323 and Kshs.558,005,683 respectively, totalling to Kshs.1,327,419,006. The delayed disbursement of funds affected the planned activities and may have impacted negatively on the delivery of goods and services to the public.			



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Dr. Kipronoh Ronoh P, CBS
Principal Secretary/



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Dr. Cosmos Munyeke, PhD
Senior Programme Coordinator

Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025

Annex 2: Reconciliation of inter-entity transfers

Project Name:				
Break down of transfers from the State Department of Agriculture				
a	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		07-11-2024	19,000,000.00	2024/2025
		05-02-2025	19,000,000.00	2024/2025
		Total	38,000,000.00	
C	Others			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	ASAP Grant 2000001122	11-09-2024	1,033,430.00	2024/2025
	Eu Grant 2000004860	13-03-2025	132,860,967.00	2024/2025
	Eu Grant 2000004860	25-03-2025	347,260,283.00	2024/2025
	IFAD Loan 2000001121	11-09-2024	279,025,992.00	2024/2025
	IFAD Loan 2000001121	11-11-2025	202,309,137.00	2024/2025
	Co-operative Bank(K) Ltd	29-11-2025	13,058,711.00	2024/2025
	Kenya Metrological Department (KMD)	19-02-2025	4,192.00	2024/2025
	Centre for Training and Integrated Research in ASAL Development (CETRAD)	06-03-2025	174,795.00	2024/2025
	National Drought management Authority (NDMA)	14-03-2025	10,718,626.00	2024/2025
		Total	986,446,133	
		Total (A+B+C)	1,024,446,133.00	

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

Senior Programme Coordinator
KCEP CRAL Programme

Sign 

Head of Accounting Unit
Ministry of Agriculture and Livestock Development
State Department of Agriculture

Sign 

Kenya Cereal Enhancement Programme-Climate Resilient Agriculture Livelihoods Window Boosting Sustainable Food Production in Kenya (KCEP – CRAL)
Annual Report and Financial Statements for the financial year ended June 30, 2025

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
Buildings and structures	4,272,090.80	0	0	0	4,272,090.80
Transport equipments	103,283,695	0	0	0	103,283,695
Office equipment, furniture and fittings	18,003,714	0	0	0	18,003,714
ICT Equipment	55,507,875	0	0	0	55,507,875
Total	181,067,374.8	0	0	0	181,067,374.8

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)