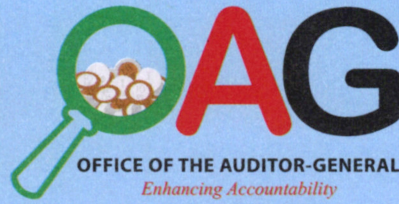


REPUBLIC OF KENYA



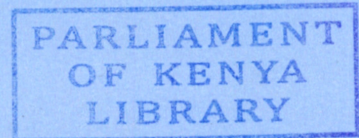
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**EMBU COUNTY CLIMATE CHANGE FUND**

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

PAPERS LAID	
DATE	04/12/2025
TABLED BY	
COMMITTEE	-
CLERK OF THE TABLE	Abdirahman



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**EMBU COUNTY CLIMATE CHANGE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2025.**

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

**Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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**Embu County Climate Change Fund**  
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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

**B. Definition of Key Terms**

**Fiduciary Management-** Members of Management are directly entrusted with the responsibility of managing the financial resources of the organization.

**Comparative Year-** Means the prior period.

## **2. Key Entity Information and Management**

### **a) Background information**

The Embu County Climate Fund is established under the authority of the *Public Finance Management Act (No. 18 of 2012)*, specifically guided by the *County Climate Change Fund Regulations, 2020*. It is a legally recognized financial mechanism, fully owned and administered by the County Government of Embu, and domiciled within the Republic of Kenya.

The Fund's primary purpose is to provide targeted financial support for climate change-related initiatives. These initiatives are drawn from key strategic documents, namely the *County Climate Change Action Plan* and the *County Climate Finance Framework*, which outline the county's priorities for building climate resilience and promoting environmental sustainability.

Through its operations, the Fund aims to mobilize and allocate resources for a range of climate actions, ensuring that development in Embu County is inclusive, adaptive, and responsive to the challenges posed by climate change.

### **b) Principal Activities**

The Embu County Climate Fund is mandated to provide financial support for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework. In the reporting period, the Fund focused on financing locally led projects that build resilience, improve environmental sustainability, and address climate-related challenges. Resources were directed toward community-prioritized interventions, including sustainable land use, water conservation, and disaster risk reduction. All activities were implemented under the FLLoCA framework, upholding the principles of transparency, inclusivity, and accountability.

### **c) Board of Trustees/Fund Administration Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Joseph Njoka	Chairperson
2	Erastus Macharia	Committee Member
3	Damiano Muthee	Committee Member
4	Victor M. Nyaga	Committee Member
5	Joseph Kamau	Committee Member
6	Joseph Kamau	Committee Member
7	Tarsilla Birauka	Committee Member
8	Albert Gatuta	Committee Member
9	Miriam Kamau	Committee Member
10	Patrick Njeru	Committee Member
11	Sammy M Gakobo	Fund Administrator

**Embu County Climate Change Fund**  
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**d) Key Management team**

Ref	Name	Position
1	Joseph Njoka	Chairperson
2	Erastus Macharia	Chief Officer Climate Change
3	Damiano Muthee	Chief Officer Finance
4	Mercy Mong'o	Director Climate Change
5	Sammy M Gakobo	Fund Administrator

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Director Internal Audit	Simon Maina

**f) Registered Offices**

P.O. Box 36-60100  
Upper Tana House  
Embu- Meru Highway  
EMBU, KENYA

**g) Fund Contacts**

Telephone: (254) 722383884  
E-mail: [climatechange@embu.go.ke](mailto:climatechange@embu.go.ke)  
Website: [www.embu.go.ke](http://www.embu.go.ke)

**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Equity Bank –Embu Branch  
P.O. Box 4256 -60100  
Embu

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya




**k) County Attorney**

Embu County Government  
Attorney's office  
Townhall  
P.O Box 36-60100






Embu.

**Embu County Climate Change Fund  
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**3. Board of Trustees/ Fund Administration Committee**



Name	Details of qualifications and experience
<p>1. Joseph Njoka</p> 	<p>Date of birth: 1972</p> <p><u>Qualification</u> Degree: Education Masters’s degree – Planning, Management &amp; Administration</p> <p><u>Experience</u> Word Administrator Director Disaster &amp; Risk Management – Embu County Government</p>
<p>2. Erastus Macharia</p> 	<p>Date of birth: 1986</p> <p><u>Qualification</u> Degree: Bcom Finance Masters’s degree: MBA Strategic management</p> <p><u>Experience</u> Chief Officer Water and Environment – Embu County Government Chief Officer Planning – Embu County Government</p>
<p>3. Damiano N Muthee</p> 	<p>Date of birth: 1970</p> <p><u>Qualification</u> Degree: Education – University of Nairobi CPA (K)</p> <p><u>Experience</u> Chief officer Infrastructure – Embu County Government Chief officer Finance – Embu County Government</p>

**Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>4. Victor M. Nyaga</p> 	<p>Date of birth: 1973</p> <p><u>Qualification</u> Degree: BS Meteorology</p> <p><u>Experience</u> County Director – Meteorological Services Embu</p>
<p>5. Joseph Kamau</p> 	<p>Date of birth: 1973</p> <p><u>Qualification</u> Degree: Bachelor of Environmental Studies (Planning and Management)</p> <p><u>Experience</u> County Director of Environment / Environmental Inspector</p>
<p>6. Tarsilla Birauka</p> 	<p>Date of birth: 1977</p> <p><u>Qualification</u> Masters’s Degree: MA (Project planning and management) Degree: BA (Anthropology)</p> <p><u>Experience</u> Coordinator - Drought Risk Management and Climate Change Adaptation</p>
<p>7. Albert Gatuta</p> 	<p>Date of birth: 1982</p> <p><u>Qualification</u> Degree: BSC Water &amp; Environment</p> <p><u>Experience</u> Director Water &amp; Irrigation- Embu County Government</p>
<p>8. Miriam Kamau</p> 	<p>Date of birth: 1969</p> <p><u>Qualification</u> Master’s Degree: Science in Forestry</p> <p><u>Experience</u> County forest - Kenya Forest Services Senior conservator - Kenya Forest Services</p>




**Embu County Climate Change Fund  
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<p>9. Patrick Njeru</p> 	<p>Date of birth: 1982</p> <p><u>Qualification</u> Master's Degree: Agricultural Resource Management Degree: Agricultural Education and Extension</p> <p><u>Experience</u> County Director - Agriculture</p>
<p>10. Sammy Gakobo</p> 	<p>Date of birth: 1979</p> <p><u>Qualification</u> Masters's Degree: Business Administration Degree: Business Administration-Accounting option CPA (K)</p> <p><u>Experience</u> Fund administrator Climate fund Accountant, Embu County Government</p>



**Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**4. Management Team**

Name	Details of qualifications and experience
<p>1. Joseph Njoka</p> 	<p>Date of birth: 1972</p> <p><u>Qualification</u> Degree: Education Masters’s degree – Planning, Management &amp; Administration</p> <p><u>Experience</u> Word Administrator Director Disaster &amp; Risk Management – Embu County Government</p>
<p>2. Erastus Macharia</p> 	<p>Date of birth: 1986</p> <p><u>Qualification</u> Degree: Bcom Finance Masters’s degree: MBA Strategic management</p> <p><u>Experience</u> Chief Officer Water and Environment – Embu County Government Chief Officer Planning – Embu County Government</p>
<p>3. Damiano Muthee</p> 	<p>Date of birth: 1970</p> <p><u>Qualification</u> Degree: Education – University of Nairobi CPA (K)</p> <p><u>Experience</u> Chief officer Infrastructure – Embu County Government Chief officer Finance – Embu County Government</p>

**Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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<p>4. Mercy Mong'o</p> 	<p><u>Qualification</u> Masters's Degree: MBA Finance Degree: BED Accounting</p> <p><u>Experience</u> Director FLLoCA – Embu County Government Director Youth Empowerment – Embu County Government</p>
<p>5. Sammy M Gakobo</p> 	<p>Date of birth: 1979</p> <p><u>Qualification</u> Masters's Degree: Business Administration Degree: Business Administration-Accounting option CPA (K)</p> <p><u>Experience</u> Fund administrator Climate fund Accountant, Embu County Government</p>

## **5. Fund Chairperson's Report**

FLLoCA Program refers to the Financing Locally-Led Climate Action (FLLoCA) Program, a Kenyan government initiative supported by the World Bank and other donors to fund and implement climate resilience projects at the county and ward levels, empowering local communities to identify, prioritize, and manage climate adaptation strategies. The program strengthens both national and county government capacity to address climate change, and integrates

climate action into public finance, and aligns with Kenya development goals by supporting community-driven solutions to climate impacts.

Key Features of the FLLoCA Program

- **Locally-Led Initiatives:**

The program prioritizes climate action at the ward and community levels, recognizing that local communities have deep knowledge of their climate risks and effective management strategies.

- **Capacity Building:**

It focuses on strengthening the capacity of both county and national governments to plan, budget, implement, monitor, and report on climate actions.

- **Community Participation:**

FLLoCA emphasizes governance, social inclusion, and citizen participation in climate and disaster risk management.

- **County Climate Change Funds (CCCFs):**

The program aims to capitalize the National Climate Change Fund and integrate County Climate Change Funds into county systems.

- **Alignment with National Goals:**

The FLLoCA program supports Kenya's national development priorities and contributes to the Country's climate change commitments.

- The National Treasury, through the Program Implementation Unit (PIU), oversees the program.

- County Governments, working through their County Climate Change Units (CCCU), are responsible for implementing the program at the local level.

### **Goals and Objectives**

- To enhance resilience to climate change impacts at the local level.
- To decentralize funds and decisions to communities for climate adaptation investments.
- To strengthen public finance management for climate action by introducing green budgeting and climate-expenditure tracking.

The program development objective is to strengthen local resilience to the impact of climate change, natural hazards, and other shocks/stressors by building local capacity to plan, budget, implement and monitor resilience investments in a way that promotes collaborative partnerships between communities, national and county governments. The program focuses on capitalizing the National and County Climate Change Funds; building county level capacity for planning, budgeting, reporting and implementation of local climate actions in partnership with communities; and strengthening of national level capacity for coordination, monitoring and reporting. The program will be implemented by the National Government in collaboration with County Governments.

**Embu County Climate Change Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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The Embu County Climate Fund has prepared County Climate Action Plan provides a framework for Embu County, Kenya, to implement climate resilience and adaptation strategies by integrating climate change actions into its County Integrated Development Plan (CIDP) 2023-2027. Key actions include tree planting, forest conservation, clean energy initiatives, and drought management. The plan aims to mobilize financial resources and foster collaboration between the public sector, private sector, and civil society to achieve climate goals and contribute to national climate commitments.

**Key Aspects of the Plan**

• **Integration into CIDP:**

The climate action plan is designed to align with and enhance the county development planning.

• **Stakeholder Engagement:**

It brings together various stakeholders, including government agencies, private businesses, and community groups, to develop and implement climate solutions.

• **Adaptation and Mitigation Measures:**

The plan focuses on both adapting to the impacts of climate change and mitigating its causes, as seen in initiatives like reforestation and drought management.

• **Financial Mobilization:**

A crucial aspect is the mobilization and efficient channeling of financial resources to support climate-resilient development priorities.

• **Institutional Framework:**

The plan establishes the necessary institutional and financial mechanisms to effectively implement and manage climate actions within the county.

**Specific Initiatives**

• **Forestry and Conservation:**

Programs for tree planting and the protection of forests and hills are central to the plan.

• **Energy:**


Initiatives to promote clean energy are a component of the plan.

• **Agriculture and Drought Management:**

Measures are included to address drought and build resilience in the agricultural sector.

• **Community and Youth Involvement:**

The county government also supports youth-led climate initiatives, such as climate education programs, recycling projects, and youth climate hackathons through programs like the Youth Climate Action Fund Micro-Grant Program. Since youth involvement is key, the Embu County Climate fund has partnered with Bloomberg Philanthropies to have YCAF programme in Embu County. This has helped the County to involve the youth in adaptation and mitigation measures in the County and any mitigation led by the majority of the population is highly welcomed.

**Signature:**  .....

**Name:** Joseph Njoka  
Chairperson of the Fund

**Date:** 25<sup>TH</sup> August 2025

## **6. Report of The Fund Administrator**

### **Introduction**

The net impact of climate change on agriculture is overwhelmingly negative, some specific benefits may occur, such as longer growing seasons in some mid- and high-latitude regions, increased CO<sub>2</sub> fertilization benefiting certain crops, and the expansion of agricultural suitability into newly warmer, previously cold areas. Kenya's economy is heavily reliant on its natural resources. As a result, our country is extremely exposed to the effects of climate change. If left unaddressed, climate change will stifle Vision 2030's aim of developing a globally competitive and successful society with a high quality of life. While the effects are predominantly negative, a potential benefit of climate change in Kenya Agriculture is that increased rainfall in previously dry areas could improve conditions for staple crops like maize, potentially increasing yields by over 25% in those specific regions. However, this is highly localized and contrasted by widespread negative impacts from rising temperatures and altered rainfall patterns elsewhere, which threaten overall food security and require adaptation strategies rather than a net benefit to the sector. Kenya has signed the United Nations Framework Convention on Climate Change, the Kyoto Protocol, and the Paris Agreement. In Kenya devolved government system, most climate change-related development activities are now carried out at the county level. In light of this, numerous assemblies have passed County Climate Change Acts, paving the way for the creation of County Climate Change Funds (CCCF). The CCCF can be funded by a variety of sources, including county development budgets, national climate funds, and bilateral and international development partners inside the country.

FLLOCA is set against this backdrop. The program's goal is to improve local resilience to the effects of climate change, natural disasters, and other shocks/stressors by increasing counties' capacity to design, implement, and assess resilience investments in collaboration with communities. It would prioritize governance, social inclusion, and citizen participation in climate and catastrophe risk management, as well as promote resilience investments selected by counties in collaboration with communities.

The FLLOCA Program seeks to accomplish this by capitalizing the National Climate Change Fund and subsequent County Climate Change Funds, strengthening county-level capacity for planning and implementing local climate actions, and strengthening national-level capacity for coordination, monitoring, and reporting. Climate change in Embu County causes increased extreme droughts and unreliable rainfall, leading to reduced crop yields, livestock illness, and drying up of rivers like the Thura. These impacts significantly affect smallholder farmers, leading to lower incomes and heightened mental health issues such as depression and anxiety. Farmers are adopting coping strategies, such as planting drought-resistant crops, while the county government is implementing climate adaptation plans to build resilience against these challenges. The county government of Embu is committed to the development of the climate change and adaptation action plan that is consistent with the guidelines of FLLOCA. The departments and stakeholders involved have been trained to promote capacity building among the staff as a critical step towards the success of this noble endeavour. The FLLOCA Program Development Objective is structured to delivering locally led climate resilience actions and concurrently strengthen the county governments to manage climate risks. In its delivery, the

## **Embu County Climate Change Fund Annual Report and Financial Statements for the year ended June 30, 2025**

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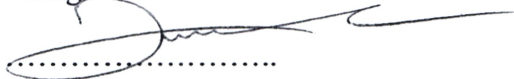
program is clustered into two key components constituting the Program for Results (PforR), and the Investment Project Financing (IPF).

A participatory and cross-sectorial holistic assessment of the current and likely future climate risks facing the county has been conducted. This assessment examined exposure, vulnerability, adaptive capacity, and aimed to identify robust thematic adaptation investment areas to address the current and future climate vulnerabilities of different vulnerable groups. Participants in this assessment were derived from different sectors, including county directors from relevant departments, NEMA (National Environmental Management Authority), KFS (Kenya Forest Service), WRA (Water Resource Authority, Kenya National Chamber of Commerce, banks, and managing directors from water service providers Civil Societies organisations that deals in matters Environment, Climate Change and Natural Resources. The team Developed a participatory climate risk assessment report. This report outlines the broad strategic adaptation planning priorities for the county over a five-year time frame which at large developed Embu County Climate Change Action and Embu Climate Adaptation Plan to guide efforts in adaptation and mitigation to build community resilience.

### **Youth Climate Action Fund**

The Youth Climate Action Fund (YCAF) is a new opportunity to fund creative and innovative ideas to tackle climate change at the local level. This funding is made possible through a grant from Bloomberg Philanthropies. Through the YCAF, youth-led and youth-serving organizations and groups can receive up to Ksh 500,000 to support actions that focus on environmental issues in our communities. From renewable energy initiatives to sustainable transportation projects and educational campaigns, YCAF will harness the passion, voices and actions of youth and support them to lead projects that are working towards a more resilient Embu County. The County Government of Embu YCAF has been designed to meet the Embu County Integrated Development Plan, the Embu County Climate Action Plan and the Embu County Climate Change Adaptation Plan environmental and climate change action focus to be a leader in climate action and to empower the community to help create a sustainable city During the year the fund received a grant of Kshs 12,820,000 from Bloomberg foundation for supporting youth groups to undertake climate mitigation and awareness programs under program called Youth Climate Action Plan (YCAP). A committee to receive and process the applications was set up and the applications were submitted using the online form from Saturday March 1, 2025 to Friday March 14, 2025 at 4 p.m. The committee had sat and approved 65 youth groups to be funded by the close of this financial year. This programme will help to create employment among the youth and increase awareness of climate change within that age group.

The funding has improved forest cover as many groups in their programs has a tree nursery as a major component. With the County Climate Action plan being a locally developed framework through participation of residents, the agreed action plan will succeed greatly. The fund endeavors to support all the agreed interventions in order to mitigate to the threats of climate change.



Sammy M. Gakobo

**Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**7. Statement of Performance Against the County Fund’s Predetermined Objectives**

**Introduction**

Section 164 (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 County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund, as per the strategic plan for are to:

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
YCAF group distributions	Funding youth projects of climate change projects	Empowering and capacity building	Planting trees,	YCAF group distributions
Water project	Ensure sustainable water supply	Tapping and piping of water	Number of households connected	Water source conservation.
Solarization	Solarization of boreholes	Ensure sustainable water supply	Installation of solar and community engagement	Water supply sustainability.
Solarization of boreholes	Ensure sustainable water supply	Installation of solar and community engagement	Solarization of boreholes	Water supply sustainability.
Seeds and seedlings	Providing drought-resistant seeds and seedlings	To ensure food security and promote sustainable agriculture	Seeds and seedlings distribution, trainings, and seeds selections	Increased food security
Rehabilitation of dumpsites and bins	Rehabilitating the dump site and providing waste bins	Environmental restoration and public health movement	Providing bins and protecting the community from waste	Dumpsite rehabilitation

## **8. Corporate Governance Statement**

Embu County does not have a formal "corporate governance statement" on climate change, its governance framework for climate action is detailed across several key documents and initiatives. This framework establishes the legal basis, institutional structures, and financial mechanisms for accountability, transparency, and effective management of climate-related issues.

### Legal and policy framework

- Embu County Climate Change Act, 2024: This bill establishes the primary framework for mobilizing and facilitating county stakeholders to address climate change. It defines the structure for governance, including the roles and duties of both public and private entities, and mandates the creation of regular climate change response reports.
- Embu County Climate Change Action Plan (ECCCAP) 2023–2027: This action plan sets out specific initiatives for climate change adaptation and mitigation, such as tree planting, forest conservation, and the promotion of clean energy. Its development was highly participatory, involving academia, civil society, the private sector, and other stakeholders to ensure broad support.
- Embu County Climate Change Fund Regulations, 2020: These regulations govern the administration of the Climate Change Fund, including accounting, auditing, and financial reporting requirements. This ensures the transparent and accountable use of climate-related financing.

### Governance structure for climate action

- Embu County Climate Change Steering Committee: Established under the 2024 Climate Change Act, this committee is responsible for overall policy guidance and oversight of climate action in the county.
- Embu County Climate Change Unit: This unit supports the coordination of climate change matters within the county government, ensuring that policies are implemented effectively across different departments.
- Public and private entity duties: The 2024 Act assigns specific climate change duties to public and private organizations operating in the county, formalizing their roles and accountability in climate action.
- Public participation: A central pillar of Embu's climate governance is public participation. The framework includes a strategy for public awareness, sensitization, and capacity building to ensure citizens and vulnerable groups are actively involved in planning and implementation.

### Financial accountability and transparency

- Climate Change Fund: Embu's framework includes a dedicated fund, financed by the county assembly, national government, and grants. The fund is subject to specific accounting and audit requirements to ensure transparency and prevent mismanagement.

The board met four times during the year and gave policy direction of the climate fund. The board also scrutinized Auditor-General report to address issues of accountability and wasteful expenditure. This reinforces the broader corporate governance standards that climate-related funds and projects must adhere to.

Remuneration of the board members were done as per Salaries and remuneration commission. The membership is from Government entities and this have made operation very easy as the members are readily available to serve the fund. During the year, no member declared any interest in the meetings thus none had conflict of interest with the fund.

## **9. Management Discussion and Analysis**

Embu County faces severe and worsening climate change impacts, including prolonged droughts, more frequent extreme rainfall events, and rising temperatures. These changes threaten livelihoods, particularly the agricultural sector, and strain natural resources like water. To manage these risks, the Embu County Government has developed and implemented the Embu County Climate Change Action Plan (ECCCAP) for 2023–2027, along with the Embu County Climate Change Act of 2024.

Key strategic focus areas

The ECCCAP outlines six priority areas for climate action, integrating mitigation and adaptation strategies across county sectors.

**Agriculture and food security**

**Challenges:** The agricultural sector, a cornerstone of Embu's economy, is highly vulnerable to erratic rainfall and heat stress. These conditions cause crop failure, reduced yields, and increased prevalence of pests and diseases.

**Management strategies:**

**Climate-smart agriculture:** The county promotes drought-resistant crop varieties, supports hydroponic farming, and disseminates climate information to farmers.

**Sustainable water management:** Interventions focus on water harvesting and the expansion of irrigation infrastructure to increase climate resilience for farmers.

**Water and sanitation**

**Challenges:** Changes in rainfall patterns and prolonged droughts have led to the drying of rivers and a decrease in water for domestic use and irrigation.

**Management strategies:**

**Water conservation:** The county is protecting water catchment areas, wetlands, and riverine land.

**Infrastructure development:** The government is improving access to water and sanitation through new infrastructure in urban and market centers.

**Forestry and agroforestry**

**Challenges:** Deforestation and land degradation contribute to reduced soil fertility and increased vulnerability to climate shocks.

**Management strategies:**

**Afforestation and conservation:** Large-scale tree-planting programs are central to increasing forest and tree cover.

Agroforestry extension: The county provides forestry extension services to promote climate-resilient agroforestry practices among farmers.

### **Disaster and risk management**

Challenges: Extreme weather events, such as droughts and heavy rainfall, increase the risk of disasters like flooding and landslides.

#### **Management strategies:**

Preparedness and early warning: The ECCCCAP focuses on developing strategies to manage and reduce climate-related risks, including preparing advisories for residents.

### **Energy and transport**

Challenges: Reliance on traditional energy sources contributes to greenhouse gas emissions, while extreme weather can damage transport infrastructure.

#### **Management strategies:**

Clean energy transition: The county promotes clean energy initiatives, including green infrastructure plans in settlements like Dallas, which incorporate clean energy and other climate resilience measures.

#### **Cross-cutting issues and stakeholder engagement**

Challenges: Effective climate action requires broad participation and addresses social impacts like the mental health issues affecting farmers.

#### **Management strategies:**

Public participation: The ECCCCAP was developed through a highly participatory process and involves stakeholders like the private sector, civil society, and academia in its implementation.

Financial mechanisms: To fund climate resilience projects, the county has established the Embu County Climate Change Fund and is seeking partnerships with development partners.

Youth engagement: The Youth Climate Action Fund, supported by Bloomberg Philanthropies, funds youth-led projects focusing on environmental issues.

Capacity building: Training, extension services, and educational programs build community and institutional capacity to address climate change.

### **Management outlook**

Management discussions for Embu's climate change efforts will focus on several areas to ensure the ECCCCAP's effectiveness:

**Resource mobilization:** The county must secure significant financial resources to implement the ECCCAP effectively, drawing from both county revenues and external partnerships.

**Implementation accountability:** The Embu County Climate Change Act of 2024 establishes clear responsibilities for both public and private entities, requiring climate change response reporting. This needs to be effectively monitored.

**Impact assessment:** Continuous monitoring of the ECCCAP's implementation is crucial to ensure initiatives, such as the Youth Climate Action Fund and green infrastructure projects, are having a tangible, positive impact.

**Stakeholder collaboration:** Fostering and maintaining strong partnerships among government, community groups, youth, and the private sector is key to mobilizing adequate resources and ensuring community buy-in for climate action.

#### Environmental and Sustainability Reporting

**i) *Sustainability strategy and profile***

Embu County's sustainability efforts are anchored in its Climate Change Action Plan (2023–2027), which outlines a comprehensive framework for environmental stewardship and community resilience.

**Strategic Pillars:**

- **Climate Resilience:** The county aims to enhance the resilience of communities against climate shocks such as droughts and extreme weather events, which have severely impacted agriculture and food security. This was done by proving drought resistance seedlings to the community.
- **Mainstreaming Sustainability:** Sustainable practices are being integrated across all sectors, including agriculture, water, energy, and infrastructure.
- **Inclusive Participation:** Special interest groups youth, women, elderly, and persons with disabilities are actively involved in climate action planning and implementation

**ii) *Environmental performance***

- **Catchment and Riparian Protection:** Rehabilitation of hills, wetlands, and riverbanks to preserve biodiversity and water sources. This was done in four different hills.
- **Green Energy Promotion:** Encouraging adoption of clean energy technologies to reduce carbon emissions. Through planting of indigenous trees and drought resistant plants.
- **Solid Waste Management:** Establishing material recovery facilities, transfer stations, and waste-to-energy systems to promote recycling and reduce landfill dependency. There was provision of waste bins and rehabilitation of Kagunga dumpsite.

**iii) *Employee welfare***

The fund has made some strides in shaping its public service framework, especially around employee welfare, hiring policies, and stakeholder engagement. Here's a breakdown of what's currently in place and where things stand:

Employee Welfare in the Fund

- Consultation & Participation: A study found that employee consultation significantly impacts service delivery. When staff are involved in decision making, productivity and satisfaction improve.
- Devolution Goals: The fund was expected to bring governance closer to the people, including engaging employees and citizens in oversight and decision making. This was achieved through public participations. There were frameworks and actual stakeholders' engagements

**iv) *Corporate Social Responsibility / Community Engagements***

The fund is actively integrating Corporate Social Responsibility (CSR) into its climate change agenda, with a growing number of initiatives that reflect both government leadership and community-driven action. Here's a detailed look at the key activities being carried out

**1. Youth Climate Action Fund (YCAF)**

- Launched in June 2024, this micro-grant program supports youth-led climate solutions.
- Grants range from KSh 130,000 to 500,000 for projects like:
  - Tree planting and reforestation
  - Urban farming and community gardens
  - Renewable energy installations
  - Climate education and awareness campaigns

**2. Tree Planting & Forest Conservation**

- The fund has prioritized reforestation and hill and springs conservation as part of its climate resilience strategy.
- CSR activities include:
  - Partnering with schools, churches, and private companies for mass tree planting
  - Protecting catchment areas and riparian zones
  - Promoting agroforestry to balance farming and conservation

**3. Clean Energy Programs**

- CSR efforts support the transition to low-carbon energy, especially in rural areas.
- Activities include:
  - Distribution of solar kits and clean cookstoves
  - Training on energy-efficient farming and irrigation

**4. Climate Education & Public Engagement**

- CSR partners help fund:
  - Climate resilience workshops
  - Public forums on climate-smart agriculture
  - Youth competitions and exhibitions on sustainability themes

**5. Stakeholder Collaboration**

- The county's Climate Change Action Plan (2023–2027) emphasizes working with:
  - Civil society organizations
  - Private sector actors
  - Faith-based groups and cooperatives

**10. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

**Principal activities**

The principal activity/mission/ mandate of the Fund is to provide funding for climate change activities identified in the County Climate Change Action Plan and County Climate Finance Framework and for connected purposes.

**Results**

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 6.

**Trustees**

The members of the Board of Trustees who served during the year are shown on page iii.

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....  
**Chair of the Board/Fund Administration Committee**

**Date:** 25/08/2025 .....

### **11. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Public Finance Management (Climate Change Fund) Regulations, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of 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 Fund;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Fund;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and the Public Finance Management (Climate Change Fund) Regulations, 2016.

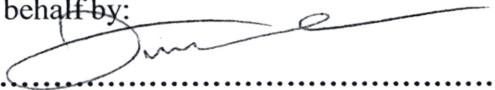
The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of the Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of the going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 25<sup>th</sup> August 2025 and signed on its behalf by:

  
.....

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON EMBU COUNTY CLIMATE CHANGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

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### 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 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report, when read together, constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Embu County Climate Change Fund set out on pages 1 to 38, which comprise of the statement of financial position as

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Embu County Climate Change Fund as at 30 June, 2025, and of its financial performance and of its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (County Government) Regulations, 2015, and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unreconciled Variances in Revenue from Exchange Transactions**

The statement of financial performance reflects comparative revenue from exchange transactions amount of Kshs.166,094,833, which had a variance with the amount reflected from The National Treasury data of Kshs.180,903,845, made up of Kshs.90,946,945, Kshs.57,447,200, and Kshs.33,000,000 in respect to grants from KFW (German Grant, County contributions, and County Climate Institutional Support Grant resulting in a variance of Kshs.14,809,012, which has not been reconciled. This affects the cash and cash equivalents balances by understating by the same amount.

In the circumstances, the accuracy of comparative revenue from exchange transactions amount of Kshs.166,094,833 could not be confirmed.

#### **2. Inaccurate and Unsupported Disclosure of Cash and Cash Equivalents**

Statement of financial position reflects cash and cash equivalents balance of Kshs.15,036,000 held in two bank accounts as disclosed in Note 17 to the financial statements. However, the following anomalies were noted.

- i. The cash and cash equivalents balance of kshs.15,036,000 include Kshs.8,873,285 held in a Central Bank of Kenya Account. However, the cash book reflects a balance of Kshs.7,309,446, resulting in an unexplained variance of kshs.1,563,838.6
- ii. The cash and cash equivalents of Kshs.15,036,000 include a balance of Kshs.6,162,715, held in a commercial bank account. However, the cash book reflects a balance of kshs.5,215 resulting in unexplained variance of Kshs.6,157,499.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.15,036,000 could not be confirmed.

### **3. Inaccurate Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects a surplus of Kshs.9,804,145. However, recalculation of the same revealed a deficit amount of Kshs.31,022,044. This leads to a variance of Kshs.21,217,899 which has not been explained or reconciled.

Further, review of the approved supplementary budget estimates of the Embu County Government Appropriation Act reflects a budget estimate of Kshs.299,169,310 in respect of the Embu County Climate Change Fund for development and recurrent expenditures. However, the statement of comparison of budget vs actual amounts revealed a budget estimate amount of Kshs.141,460,839 resulting in an unexplained budget variance of Kshs.157,708,471. Further, the Embu County Climate Change Fund steering committee failed to provide the approved itemized estimates of revenue, the county climate finance framework, and the strategic plan of the Climate Change Fund.

In the circumstances, the accuracy and completeness of the budget and actual amounts could not be confirmed

### **4. Unsupported Expenditure on Kariguri Springs-Itubua**

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects an amount of Kshs.130,238,583 in respect to use of goods and services. Included in this amount is land restoration works totalling Kshs.1,395,016 awarded to a local merchant vide Contract No: 1673269-2024/2025 for Sustainable Land Management (SLM) and degraded land restoration in Embu-Lower Manyatta Sub-County. These works entailed planting bamboo, and establishing a one thousand (1,000) tree seedling nursery around Kariguri Springs Itubua at a cost of Kshs.1,395,016. The project commenced on 9 December, 2024 and was completed on 13 January, 2025. The contractor was paid the whole contract amount on 20 January, 2025. However, review of project documents and field inspection revealed the following:

- i. Supervision amount of Kshs.50,000 was not supported with documentation such as sign sheets, approvals, rates applied, and requisitions.
- ii. The contract cost amount included an amount of Kshs.260,000 for planting and tending Bamboo and Kshs.22,000 for establishing a 1,000-tree seedling nursery. However, field verification revealed that no Bamboo was planted and no nursery was established. Instead, only about two hundred (200) seedlings were observed, which were unmaintained and unsecured.

In the circumstance, the accuracy of the expenditure amount of Kshs.332,000 could not be confirmed.

### **5. Incorrect Classification of Assets**

The statement of financial performance reflects the use of goods and services amount to Kshs.130,238,583. Included in this amount are capital projects, namely: solarization kshs.9,187,406, water projects Kshs.23,080,942, and energy savings jikos

Kshs.9,921,974 which have been incorrectly classified. Further, the projects have been included in the property, plant, and equipment, and at the same time reflected in the use of goods and services.

In the circumstances, the accuracy of the use of goods and services amount of Kshs.130,238,583 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Embu County Climate Change Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion Section of my report, I have determined that there were no key audit matters to report in the year under review.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.141,460,839 and Kshs.141,460,838 respectively. Similarly, the Fund spent Kshs.130,238,583 against actual receipts of Kshs.141,460,839 resulting to an under-utilization of Kshs.11,222,256 or 8% of the actual receipts.

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

My opinion is not modified in respect of this matter.

### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Embu County Climate Change Fund in 2024/2025 revealed that the following matters remained unresolved as in attached Appendix.

### **Other Information**

The Fund Administration Committee is responsible for the Other Information set out on pages i to xxiv, which comprises Fund information and Overall Performance, Statement of Performance Against Fund's Predetermined Objectives, Environmental and

Sustainability Reporting, and Statement of Fund's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1. Unaccounted Payment on the Establishment of Kagunga Dumpsite Waste Transfer and Segregation Centre

The statement of financial performance and as disclosed in Note 12 to the financial statement reflects use of goods and services amount of Kshs.130,238,583. Included in the latter amount is the cost of rehabilitation of dumpsites and bins of Kshs.7,492,536 which further includes an amount Kshs.3,498,560 paid to a supplier for the establishment of Kagunga Dumpsite Waste Transfer and segregation Centre vide Negotiation No. 1702299-2024/2025. Field verification in September, 2025 revealed that although the construction of the perimeter wall was done, part of the superstructure works was not done, which included the fixation of still grills and vehicle barriers. Despite these omissions, the contractor was paid Kshs.374,120 for the aforementioned components that were neither executed nor delivered, indicating possible overpayment or misappropriation of funds.

In the circumstances, the value for money of Kshs.374,120 could not be confirmed.

#### 2. Failure to Open and Operate Bank Accounts for Ward Planning Committees

The Management did not open bank accounts for Ward Planning Committees contrary to Regulation 33(1) of the Public Finance Management (Embu County Climate Change Fund) Regulations, 2020, which states that each Ward Planning Committee shall open two bank accounts, one for operating expenses and the other for Fund funds.

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

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.

### **Responsibilities of Management and the Fund Administrative Committee**

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 Fund'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.

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**25 November, 2025**

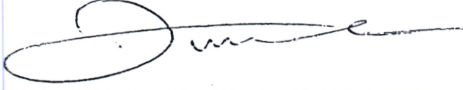
## Appendix; Unresolved Prior Year Audit Matters


	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Inaccuracy in the property, plant, and equipment
2	2023/2024	Unreconciled surplus
3	2023/2024	Non-compliance with the reporting template
4	2023/2024	Failure to prepare the fund implementation status
5	2023/2024	Failure to open and operate Bank Accounts forward planning committees

Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025

13. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	6	12,820,000	6,874,310
Transfers From the County Government	7	36,000,000	159,220,523
Debtors-IDA (1ST Tranche disbursement)	18	9,804,145	0
		<b>58,624,145</b>	<b>166,094,833</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	9	0	0
Other Income	10	0	0
		0	0
<b>Total Revenue</b>		<b>58,624,145</b>	<b>166,094,833</b>
<b>Expenses</b>			
Employee Costs	11	0	0
Use of goods and services	12	130,238,583	127,105,649
Depreciation and Amortization Expense	13	0	0
Finance Costs	14	0	5,390
<b>Total Expenses</b>		<b>130,238,583</b>	<b>127,111,039</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	15	0	0
Gain /Loss on fair value of investments	16	0	0
<b>Surplus/(Deficit) for the Period</b>		<b>(71,614,438)</b>	<b>38,983,794</b>

  
Name: Sammy M Gakobo  
Administrator of the Fund

  
Name: Zipporah Wanjiru  
Fund Accountant  
ICPAK Member Number: 31755

Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025

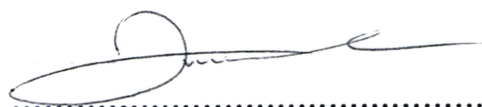
14. Statement of Financial Position As at 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	17	15,036,000	82,836,694
Current Portion of Long- Term Receivables from Exchange Transactions	18	9,804,145	0
Prepayments	19	0	0
Inventories	20	0	0
Investments in financial assets	21	0	0
<b>Total current assets</b>		<b>24,840,145</b>	<b>82,836,694</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	22	0	0
Intangible Assets	23	0	0
Long-Term Receivables from Exchange Transactions	18	0	0
Investment Property	24	0	0
<b>Total non- current assets</b>		<b>0</b>	<b>0</b>
<b>Total Assets (A)</b>		<b>24,840,145</b>	<b>82,836,694</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	25	13,617,889	0
Current Provisions	26	0	0
Current Portion of Borrowings	27	0	0
Employee Benefit Obligations	28	0	0
Social benefit liabilities	29	0	0
<b>Total current liabilities</b>		<b>13,617,889</b>	<b>0</b>
<b>Non-Current Liabilities</b>			
Non-Current Provisions	26	0	0
Long Term Portion of Borrowings	27	0	0
Non-Current Employee Benefit Obligation	28	0	0

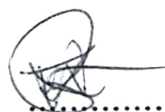
**Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Social benefit liabilities	29	0	0
<b>Total Liabilities (B)</b>		<b>13,617,889</b>	<b>0</b>
<b>Net Assets (A-B)</b>		<b>11,222,256</b>	<b>82,836,694</b>
<b>Represented By:</b>			
Revolving Fund		0	0
Reserves		0	0
Accumulated Surplus		11,222,256	0
<b>Net Assets</b>		<b>11,222,256</b>	<b>82,836,694</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 25th August 2025 and signed by:



.....  
Name: **Sammy M Gakobo**  
Administrator of the Fund



.....  
Name: **Zipporah Wanjiru**  
Fund Accountant  
ICPAK Member Number:31755

**Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**15. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July (Previous FY)</b>	-	-	43,902,900	43,902,900
Surplus/(Deficit) For the Period	-	-	38,933,794	38,933,794
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023/2024</b>	-	-	<b>82,836,694</b>	<b>82,836,694</b>
<b>Balance As At 1 July 2024/2025</b>	-	-	<b>82,836,694</b>	<b>82,836,694</b>
Surplus/(Deficit) For the Period		-	(71,614,438)	(71,614,438)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024/2025</b>	-	-	<b>11,222,256</b>	<b>11,222,256</b>

**Embu County Climate Change Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**16. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		12,820,000	6,874,310
Transfers from the county government		36,000,000	159,220,523
Interest received		0	0
Receipts from other operating activities		0	0
<b>Total receipts</b>		<b>48,820,000</b>	<b>166,094,833</b>
<b>Payments</b>			
Fund administration expenses		116,620,694	127,155,649
General expenses		0	0
Finance cost		0	5,390
Other payments		0	0
<b>Net cash flows from operating activities</b>	30	<b>0</b>	<b>0</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		0	0
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		0	0
<b>Net cash flows used in investing activities</b>		<b>(0)</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		0	0
<b>Net cash flows used in financing activities</b>		<b>(0)</b>	<b>0</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(67,800,694)</b>	<b>38,933,794</b>
Cash and cash equivalents at 1 July 2024	17	82,836,694	43,902,900.00
<b>Cash and cash equivalents at 30 June 2025</b>	17	<b>15,036,000</b>	<b>82,836,694</b>

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17. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Budget carryovers from the previous year*</b>	82,836,694	0	82,836,694	82,836,694	0	100%
<b>Receipts</b>						
Public Contributions and Donations	12,820,000	-	12,820,000	12,820,000	0	100%
Transfers From County Govt.	36,000,000		36,000,000	36,000,000	0	100%
IDA (1ST Tranche disbursement)	9,804,145	-	9,804,145	9,804,145	0	100%
Other Income	0	-	0	0	0	0
<b>Total Income</b>	<b>141,460,839</b>		<b>141,460,839</b>	<b>141,460,839</b>	<b>0</b>	<b>100%</b>
<b>Expenses</b>						
Fund Administration Expenses	141,460,839	-	141,460,839	130,238,583		99%
General Expenses	0	-	0	0	0	0
Finance Cost	0	-	0	0	0	0
<b>Total Expenditure</b>	<b>141,460,839</b>	<b>0</b>	<b>141,460,839</b>	<b>130,238,583</b>	<b>11,222,256</b>	<b>92%</b>
<b>Capital expenditure</b>						
<b>Surplus For the Period</b>	<b>-</b>					

**Budget notes**

The difference is due to underfinancing of the project.

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**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	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

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**18. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Embu County Climate Fund is established by and derives its authority and accountability from Public Finance Management Act (No. 18 of 2012) COUNTY CLIMATE CHANGE FUND) REGULATIONS, 2020. The Fund is wholly owned by the County Government of Embu and is domiciled in Kenya. The Fund's principal activity is to provide funding for climate change activities.

**2. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Adoption of new and revised standards**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> 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: 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	<b>Applicable 1<sup>st</sup> January 2025</b> 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

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	<p>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><b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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><b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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><b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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><b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess</li> </ul>

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	<p>such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>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.</p>
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**(i) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements)

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**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.

**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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2024/2025 was approved by the County Assembly on 7<sup>th</sup> July 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 in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of on the FY 2024/2025 budget following the governing body'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 a 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.

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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 cash flows has been presented.

**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 of the items. 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.

**a) 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.

**b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.**(entity to amend appropriately)** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**c) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial

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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 of financial assets**

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 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.

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**Summary of Significant Accounting Policies (Continued)**

**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.

**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**

The entity 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 20.

**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

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

**e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity 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.

**f) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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**Summary of Significant Accounting Policies (Continued)**

**g) Contingent liabilities**

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

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

**h) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

**i) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**j) Employee benefits – Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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**Summary of Significant Accounting Policies (Continued)**

**k) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**l) 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.

**m) Related parties**

The Entity 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 CEO and senior managers.

**n) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**o) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**Summary of Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

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

State all judgements, estimates and assumptions made e.g.

**a) Estimates and assumptions –**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**b) Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Entity
- 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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

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**Notes To the Financial Statements Continued**

**6. Public contributions and donations**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Donation From Development Partners	12,820,000	6,724,3100
Contributions From the Public	0	100,000
<b>Total</b>	<b>12,820,000</b>	<b>6,874,310</b>

This was a donation from the Bloomberg Foundation.

**7. Transfers from County Government**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations	36,000,000	159,220,523
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
<b>Total</b>	<b>36,000,000</b>	<b>159,220,523</b>

**8. Fines, penalties and other levies**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Late Payment Penalties	0	0
Fines	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**9. Interest income**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Interest Income from Mortgage Loans	0	0
Interest Income From Car Loans	0	0
Interest Income From Investments in financial assets	0	0
Interest Income On Bank Deposits	0	0
<b>Total Interest Income</b>	<b>0</b>	<b>0</b>

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**10. Other income**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Insurance Recoveries	0	0
Income from Sale of Tender Documents	0	0
Bad debts recovered	0	0
Miscellaneous Income	0	0
<b>Total Other Income</b>	<b>0</b>	<b>0</b>

**11. Employee Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Other ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**12. Use of Goods and Services**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
General Office Expenses	1,579,260	840,000
Professional Services Costs	3,881,856	0
Administration Fees	9,155,910	123,267,039
Solarization	9,187,405	0
Water projects	23,080,942	0
Committee Allowances	0	2,640,000
Rehabilitation of hills	7,206,241	0
Energy saving Jikos	12,209,494	0
Monitoring and screening	3,786,700	0
Printing And Stationery	30,000	364,000
Bank Charges	10,229	0
Seedlings	33,088,210	0
Dumpsite and Bins	7,492,536	0
Other YCAF	19,529,800	0
<b>Total</b>	<b>130,238,583</b>	<b>127,111,039</b>

\* Water projects, Energy jikos and solarization are all grants to entities thus do not qualify to be included in the Property, Plant and Equipment schedule.

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**13. Depreciation and Amortization Expenses**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**14. Finance costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Interest On Bank Overdrafts	0	4,190
Interest On Loans From Banks	0	1,200
<b>Total</b>	<b>0</b>	<b>5,390</b>

**15. Gain/(loss) on disposal of assets**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**16. Gain/ (loss) on Fair Value Investments**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
<b>Total Gain</b>	<b>0</b>	<b>0</b>

**17. Cash and cash equivalents**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Embu Car Loan Account	0	0
Embu County Mortgage Account	0	0
Fixed Deposits Account	0	0

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On – Call Deposits	0	0
Current Account	15,036,000	82,886,694
Others ( <i>Specify</i> )	0	0
<b>Total Cash and Cash Equivalents</b>	<b>15,036,000</b>	<b>82,886,694</b>

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>c) Current Account</b>			
Family Bank	075000051996	0	1,090,360
Equity Bank	0190282103523	6,162,715	6,724,310
Central Bank	1000512199	8,873,285	75,022,024
<b>Sub- Total</b>		<b>15,036,000</b>	<b>82,836,694</b>
<b>d) Others(Specify)</b>			
Cash In Transit		0	0
Cash In Hand		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>Grand Total</b>		<b>15,036,000</b>	<b>82,836,694</b>

**18. Receivables from exchange transactions**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
Other Exchange Debtors-IDA (1 <sup>ST</sup> Tranche disbursement)	9,804,145	0
Less: Impairment Allowance	(0)	(0)
<b>Total Current Receivables</b>		

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<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	0	0
<b>Total Non-Current Receivables</b>		<b>0</b>
<b>Total Receivables From Exchange Transactions</b>	<b>9,804,145</b>	<b>0</b>

**Additional disclosure on interest receivable**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

**19. Prepayments**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**20. Inventories**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Other Inventories ( <i>Specify</i> )	0	0
<b>Total Inventories</b>	<b>0</b>	<b>0</b>

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Detailed disclosure on inventories

	FY 2024/2025	FY 2023/2024
Opening balance	0	0
Additional Inventory in the year	0	0
Inventory expensed in the year	0	0
Write-downs in the year	0	0
Others specify	0	0
Closing balance	0	0

**21. Investments in financial assets**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
<b>c. Equity investments (specify)</b>		
Equity/ shares in Entity	0	0
Sub- total	0	0
<b>Grand total</b>	<b>0</b>	<b>0</b>

**Movement of Equity Investments**

Impairment allowance/ provision	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	(0)	(0)
Gain/(loss) in fair value of investments through surplus or deficit	0	0
<b>At the end of the year</b>	<b>0</b>	<b>0</b>

**e) Shareholding in other entities**

Name of Entity where investment is held	No of shares	Nominal value of shares	Fair value of shares	Fair value of shares
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**Embu County Climate Change Fund  
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	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
	0	0	0	0	0	0

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22. Property, plant, and equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Rate	X%	X%	X%	X%	X%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2023/2024</b>	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	-	-	(0)
Transfers/Adjustments	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2023/2024</b>	0	0	0	0	0	0
<b>At 1<sup>st</sup> July 2024/2025</b>						
Additions	0	0	0	0	0	0
Disposals	(0)	(0)	-	-	-	(0)
Transfer/Adjustments	(0)	(0)	0	0	(0)	(0)
Revaluation Adjustments	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2024/2025</b>	0	0	0	0	0	0
<b>Depreciation And Impairment</b>						
<b>At 1<sup>st</sup> July 2023/2024</b>	(0)	(0)	(0)	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	(0)	-	-	-	(0)
<b>At 30<sup>th</sup> June 2023/2024</b>	0	0	0	0	0	0
<b>At 1<sup>st</sup> July 2024/2025</b>						
Depreciation	(0)	(0)	(0)	(0)	-	(0)
Disposals	0	0	-	-	-	0
Impairment	(0)	(0)	(0)	-	-	(0)
Transfer/Adjustment	0	0	(0)	(0)	0	0
<b>At 30<sup>th</sup> June 2024/2025</b>	0	0	0	0	0	0
<b>Net Book Values</b>						
<b>At 30<sup>th</sup> June 2023/2024</b>	0	0	0	0	0	0
<b>At 30<sup>th</sup> June 2024/2025</b>	0	0	0	0	0	0

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**23. Intangible assets**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	0	0
Additions	0	0
<b>At End of The Year</b>	0	0
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	0	0
Amortization	0	0
<b>At End of The Year</b>	0	0
Impairment Loss	0	0
<b>At End of The Year</b>	0	0
<b>NBV</b>	0	0

**24. Investment Property**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>At beginning of the year</b>	0	0
Additions	0	0
Disposal during the year	0	0
Depreciation	0	0
Impairment	0	0
Gain/(loss) in fair value (if fair value is elected)	0	0
<b>At end of the year</b>	0	0

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

**25. Trade and other payables from exchange transactions**

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Trade Payables	13,617,889		0	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
<b>Total Trade and Other Payables</b>	<b>13,617,889</b>		<b>0</b>	
<b>Ageing analysis (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	13,617,889	100%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total (tie to above total)</b>	<b>13,617,889</b>		<b>0</b>	

**26. Provisions**

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance b/f</b>	0	0	0	0
Additional provisions	0	0	0	0
Provision utilised	(0)	(0)	(0)	(0)
Change due to discount and time value for money	(0)	(0)	(0)	(0)
<b>Total provisions year end</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0

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**27. Borrowings**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments of External Borrowings During the Period	(0)	(0)
Repayments of Domestic Borrowings During the Period	(0)	(0)
<b>Balance At End of The Period</b>	0	0

The table below shows the classification of borrowings into external and domestic borrowings:

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0
<b>Domestic Borrowings</b>	0	0
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
<b>Total Balance at End of The Year</b>	0	0

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
<b>Total</b>	0	0

**Embu County Climate Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**28. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
<b>Total</b>	0	0	0	0	0

**29. Social Benefit Liabilities**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Health social benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
<b>Total</b>	0	0
Current social benefits	0	0
Non- current social benefits	0	0
<b>Total (tie to totals above)</b>	0	0

**30. Cash generated from operations.**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	0	0
<b>Adjusted For:</b>		
Depreciation	0	0
Amortization	0	0
Gains/ Losses On Disposal Of Assets	(0)	(0)
Interest Income	(0)	(0)
Finance Cost	0	0
<b>Working Capital Adjustments</b>		
Increase In Inventory	(0)	(0)
Increase In Receivables	(0)	(0)
Increase In Payables	0	0
<b>Net Cash Flow From Operating Activities</b>	0	0

**Embu County Climate Fund  
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**31. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund 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. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

**b) Related party transactions**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

**c) Key management remuneration**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**d) Due from related parties**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Embu County Climate Fund  
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**Other Disclosures Continued**

**e) Due to related parties**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**32. Contingent assets and contingent liabilities**

Contingent Liabilities	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Court Case Embu County Against the Fund	0	0
Bank Guarantees	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Embu County Climate Fund  
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**33. Financial risk management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
<b>Total</b>	0	0	0	0
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
<b>Total</b>	0	0	0	0

**Embu County Climate Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from 2025

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024/2025</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	0	0	0	0
<b>At 30 June 2023/2024</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	0	0	0	0

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

**Embu County Climate Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**i. Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2025/2026</b>			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Embu County Climate Fund  
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**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund’s statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>2024/2025</b>			
Euro	10%	0	0
USD	10%	0	0
<b>2023/2024</b>			
Euro	10%	0	0
USD	10%	0	0

**ii. Interest rate risk**

Interest rate risk is the risk that the entity’s financial condition may be adversely affected as a result of changes in interest rate levels. The entity’s interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund’s deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

**Sensitivity analysis**

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**Embu County Climate Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**d) Capital risk management.**

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
<b>Total funds</b>	0	0
Total borrowings	0	0
Less: cash and bank balances	(0)	(0)
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	0%	0%

**34. Events after the reporting period**

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

**35. Ultimate and Holding Entity**

The entity is a County Public Fund under the Department of Water, environment and Climate change. Its ultimate parent is the County Government of Embu.

**36. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

**Embu County Climate Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**19. Annexes**

**Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
2023/2024	Inaccuracy in the property, plant, and equipment	The property, plant and equipment were grants to other entities thus they were not supposed to be posted in the fund's books.	Resolved	
2023/2024	Unreconciled surplus	The surplus for this year has been reconciled.	Resolved	
2023/2024	Non-compliance with the reporting template	The reporting template has been complied with in this financial year.	Resolved	
2023/2024	Failure to prepare the fund implementation status	The fund implementation status was prepared and submitted.	Resolved	
2023/2024	Failure to open and operate Bank Accounts for ward planning committees	The issue is still outstanding and the management is working out a way to change that requirement.	Not Resolved	6 Months



**SAMMY M GAKOBO**  
Fund Administrator  
Date 25th August 2025

**Embu County**  
**Climate Change Fund/Board** (Indicate actual name of the entity)  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Annex II: Inter-Fund Confirmation Letter**

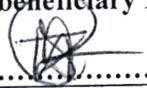
Embu County FLLoCA  
P. O BOX 36  
EMBU.

The Embu County FLLoCA fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Embu county as at 30 <sup>th</sup> June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2025			Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
FT24260G9FYF	16-Sep-24	11,000,000			11,000,000	11,000,000	0
FT25184XQJCG	30-Jun-25		9,155,000		9,155,000	9,155,000	0
FT25184FZQLJ	30-Jun-25		15,845,000		15,845,000	15,845,000	0
<b>Total</b>		<b>11,000,000</b>	<b>25,000,000</b>		<b>36,000,000</b>	<b>36,000,000</b>	<b>0</b>

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Fund:**

Name Zipporah W David . Sign  Date 25/10/2025

**Embu County**

**Climate Change Fund/Board** (Indicate actual name of the entity)

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**Annex III: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners		
				Q1	Q2	Q3	Q4			
Rehabilitation of hills and springs	Rehabilitating hills and springs in different wards	Restore natural vegetation and improve water retention	Community sensitization and awareness			7,206,241		Embu County Government/IDA	Embu County community	
Seeds and seedlings	Providing drought-resistant seeds and seedlings	To ensure food security and promote sustainable agriculture	Seeds and seedlings distribution, trainings, and seed selections		11,195,100	17,899,110	3,994,000	Embu County Government/IDA	Embu County community	
Rehabilitation of dumpsites and bins	Rehabilitating the dump site and providing waste bins	Environmental restoration and public health movement	Providing bins and protecting the community from waste		995,976		6,496,560	Embu County Government/IDA	Embu County community	
Solarization	Solarization of boreholes	Ensure a sustainable water supply	Installation of solar and community engagement		2,299,563		6,887,842	Embu County Government/IDA	Embu County community	
Water project	KYEWASCO water supply	Ensure a sustainable water supply	Tapping and piping of water		8,653,281	11,577,380		Embu County Government/IDA	Embu County community	
YCAF group distributions	Funding youth projects on climate change projects	Empowering and capacity building	Planting trees,		11,058,500		5,348,500	Bloomberg Foundation	Embu County Youth	

Embu County

Climate Change Fund/Board (Indicate actual name of the entity)

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**Annex IV: Reporting on Disaster Management Expenditure**

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments