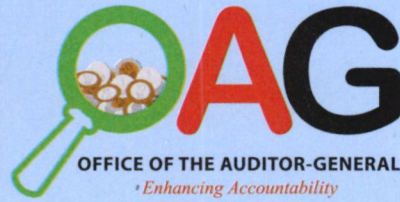


REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

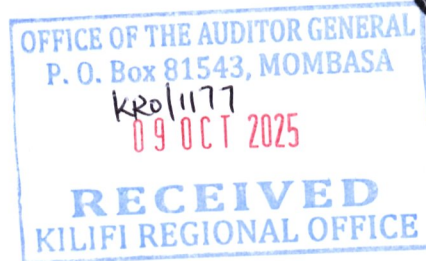
ON

**KILIFI COUNTY CLIMATE
CHANGE FUND**

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

PAPERS LAID	
DATE	26/11/25
TABLED BY	S.M.L
COMMITTEE	-
CLERK AT THE TABLE	Belinda

Revised 30th June 2025



KILIFI COUNTY CLIMATE CHANGE FUND

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

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

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Table of Contents

1.	Acronyms and Definition of Key Terms	ii
2.	Key Entity Information and Management	iii
3.	Fund Administration Committee	viii
4.	Management Team	xi
6.	Report of The Fund Administrator	xvi
7.	Statement of Performance Against the County Fund's Predetermined Objectives	xviii
8.	Corporate Governance Statement	xx
9.	Management Discussion and Analysis	xxii
10.	Environmental and Sustainability Reporting	xxiv
11.	Report of The Trustees	xxvi
12.	Statement of Management's Responsibilities	xxvii
13.	Report of The Independent Auditor on the Financial Statements for Climate Change Fund	xxviii
14.	Statement of Financial Performance for the Year Ended 30 th June 2025	1
15.	Statement of Financial Position As at 30 June 2025	2
16.	Statement of Changes in Net Assets for the year ended 30 th June 2025	4
17.	Statement of Cash Flows for The Year Ended 30 June 2025	5
18.	Statement Of Comparison Of Budget And Actual Amounts For The Period 30 th June2025	7
19.	Notes to the Financial Statements	9
20.	Annexes	43

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 directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Kilifi County Climate Fund is established by Climate change Act 2021 and derives its authority from the National Treasury Government of Kenya . The Fund is wholly owned by the County Government of Kilifi and is domiciled in Kenya.

The fund's objective is to

1. Mainstream climate change action in all sectors of the county government
2. Build community resilience towards the impacts of climate change
3. Implement climate change adaptation and mitigation strategies to reduce community vulnerability to impacts of climate change.
4. facilitate effective management of climate change impacts by enhancing adaptive capacity reducing vulnerability to climate change.
5. promote, support and facilitate community-based and community initiated adaptation and mitigation activities;
6. enforce duties and provide incentives for the private sector to contribute to achievement of low carbon climate resilient development.
7. facilitate public participation in climate change response through capacity development, awareness creation, representation and access to information
8. establish frameworks and mechanisms for mobilization, transparent and accountable management of financial and other resources for climate change response .
9. establish and implement mechanisms to promote and facilitate climate change research and development training and capacity building.
10. integrate climate change into the exercise of power and functions of all levels of the county government including in decentralized units and enhance cooperative climate change governance between the county, neighbouring counties and the National government.
11. contribute to national efforts to address the adverse impacts of climate Change

The Fund's principal activity is to Implement climate change adaptation and mitigation strategies to reduce community vulnerability to impacts of climate change.

b) Principal Activities

- i. Community driven and bottom-up planning of response to climate Change.
- ii. Commitment to informed participation of communities in planning and implementation of climate change response interventions.
- iii. Recognition, respect and integration of indigenous knowledge of communities in climate change response;

- iv. Planning and implementation of climate change response to be anchored in and supportive of devolution;
- v. Flexible learning approach to addressing challenges of climate change
- vi. Investment in public goods to foster adaptation to climate change
- vii. Inclusion of all major actors in planning and implementation of climate change response;
- viii. Protection of the climate system for the benefit of present and future generation. Ensuring a just transition for all towards an environmentally sustainable economy and a society in the light of county circumstances and developmental goals;
- ix. National values and principles of governance spelt out in Article 10 of the Constitution;
- x. Values and principles of public service spelt out in Article 232 of the constitution.
- xi. Promotion and protection of the right to a clean and healthy environment in accordance with Article 42 of the Constitution;
- xii. Commitment to fulfillment of the state obligations in respect of the environment as stipulated under article 69 of the constitution.

Ward Climate committees

The fund has ward committees of which there are seven members in each ward .We have 35 wards committee in Kilifi county .

Functions of ward committee include:

- i. to co-ordinate and mobilize communities and other stakeholders in the ward to design and implement climate change response activities;
- ii. to co-ordinate research, knowledge management, public education, awareness creation, and capacity building on climate change, its impacts and strategies for responding thereto;
- iii. to co-ordinate, facilitate and manage community consultations on priority climate change response activities;
- iv. facilitate public participation in climate change governance, implementation of agreed climate change response activities, and monitoring of those activities;
- v. co-ordinate and facilitate provision of technical support to communities in the ward in developing proposals on climate change response projects for funding by the County Climate Change Fund;
- vi. to oversee implementation of climate change response projects funded by the County Climate Change Fund and report thereon to the Planning Committee;
- vii. to perform any other functions that may be assigned to it by the Planning Committee.

Below are the names of chairperson of which projects were implemented

Ref	Name	Position	Ward
1.	Cornelius Kalu	Chair person	Rabai
2.	Arnold Masha	Chair person	Watamu
3.	Saumu Yaa	Chair person	Dabaso

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

4.	Benard Ngowa	Chair person	Jilore
5.	Musa Abdalla	Chair person	Sabaki
6.	Rina Nyadzua	Chair person	Mwarakaya

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Omar Said Omar	County Executive committee Member
2	Jacinta Tre'sa Ismail	Chief officer
3	Teresia Dzame Rimba	County project corditor
4	Lennox Mwangolo	Monitoring and Evaluation officer
5	Sabastian Muye Kashero	Fund Administrator
6	Peter M Maghanga	Project Accountant

d) Key Management team

Ref	Name	Position
1	Omar Said Omar	County Executive committee Member
2	Jacinta Tre'sa Ismail	Chief officer
3	Teresia Dzame Rimba	County project Coordinator
4	Lennox Mwangolo	Monitoring and Evaluation
5	Sabastian Kashero	Fund Administrator
6	Peter Maghanga	Project Accountant

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Kezia Wangui
2	Senior Internal Auditor	Laura Mwachondo

f) Registered Offices

P.O. Box 519
KIMAWASCO Building/House/Plaza
Mombasa Malindi Road/Highway
Nairobi, KENYA

g) Fund Contacts

Telephone: (254) 718154147
E-mail: zali@kilifi.go.ke
Website: www.kilifi.go.ke

h) Fund Bankers

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

Key Entity and Management (Continued)

j) Independent Auditors

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

k) Principal Legal Adviser

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



l) County Attorney


County Government of Kilifi



P.O BOX 519-80108

Kilifi



3. Fund Administration Committee


Name	Details of qualifications and experience
<p>1.Omar Said Omar</p> 	<ul style="list-style-type: none"> • CECM for water environment natural resources forestry and climate change • Member of Kilifi County Public Service Board
<p>2</p>  <p>1.Name: CPA JACINTA TRE'SA ISMAIL 2.D.O.B: 28 April 1962 3.PWD Reg No. NCPWD/P/585164</p>	<p>Qualifications</p> <ul style="list-style-type: none"> • East Africa Certificate of Education – 4th FORM 1ST DIVISION. • Master of Business Administration (Finance Option – Kenyatta University). • Bachelor of Commerce (Financial Management- University of South Africa). • Certified Public Accountant-(Institute of Certified Public Accountants in Kenya- MN0.28256). • Computer packages- Microsoft (Word, Excel, PowerPoint, Access). - Accounting (Sage Sterling Plus, QuickBooks).
	<p>Working Experience</p> <ul style="list-style-type: none"> • County Chief Officer For Environment, Forestry & Climate Change • Chief Officer – Cooperative Development Directorate in the Department of Trade (County Government of Kilifi). • Chief Officer Revenue Mobilization Division, in the Department of Finance and Economic Planning (County Government of Kilifi). • Chief Officer Economic Planning Division, in the Department of Finance and Economic Planning (County Government of Kilifi).




	<ul style="list-style-type: none"> • Principal Accountant for Kilifi and Malindi Municipalities (County Government of Kilifi). • Principal Accountant of Health Services Department (County Government of Kilifi). • Fund Administrator for Kilifi County Ward Scholarship Fund. • Acting Head of Treasury Accounting (County Government of Kilifi). • County Receiver of Revenue (County Government of Kilifi).
<p>3. Teresa Dzame Rimba</p>  <p>DoB: 22/01/1990</p>	<p><u>Academic Qualification:</u> Completed Masters in Environmental Science and Ongoing Ph.D. (Environmental Science-Climate change and land use management).</p> <p><u>Responsibility:</u></p> <ol style="list-style-type: none"> i. Coordinating climate change adaptation strategies and implementation. ii. Coordinating the implementation of the Participatory climate risks of the county iii. Coordinating county stakeholders and partners on climate change. iv. Developing climate change programs and investment interventions. v. Coordination on Environmental Compliance on both Environment and social safeguards for the county projects including preparation of Risk assessment Reports, ESIA's and ESMPs reports. <p><u>Work Experience</u></p> <p>A Trained, practicing and professional Environmentalist with vast experience of about 9 years actively practicing on Environmental conservation strategies with various stakeholders, Projects on Environment, Fisheries, Water sector, Forestry, community and climate change such as County Government of Kilifi, NEMA and as an individual Environmental consultant (Lead Expert).</p> <p>Professional experience lies in the field of Assessing Environmental and social matters on over an array of projects ranging from Restoration of forest ecosystems, Water, Road infrastructure and fisheries as a Certified</p>

	Environmental assessor and lead expert Registered by both NEMA and EIK (Environment Institute of Kenya)
<p>4.Lennox Mwangolo</p>  <p>DOB12/01/1985</p>	<p>Qualifications Bachelor of Science in Wood science technology Monitoring and Evaluation</p> <p>Responsibility. Give guidance and coordinate Monitoring and evaluation process and undertake regular monitoring of all activities, projects and programs addressing climate change implemented by county departments, Flocca and other counterparts to ensure set targets and objectives are timely achieved.</p> <p>Experience. I have a 14 years of experience in Environmental conservation, forestry and wood utilisation, climate change and sustainable waste management.</p>
<p>5.Sabastian Muye Kashero</p>  <p>DOB 02/02/1972</p>	<p>Qualifications Masters In Business Administration CPA(K)</p> <p>Working Experience CPA Kashero Sabastian has a vast experience of over 20 years in public sector in financial management not limited to Approval of financial expenditures on the implemented climate change investments priorities as identified in the climate change Adaptation Plan (CCAP).</p>

4. Management Team

Name	Details of qualifications and experience
<p>1 Omar Said Omar</p> 	<ul style="list-style-type: none"> • CECM for water environment natural resources forestry and climate change • Member of Kilifi County Public Service Board
<p>2.</p>  <p>1.Name: CPA JACINTA TRE'SA ISMAIL 2.D.O.B: 28 April 1962 3.PWD Reg No. NCPWD/P/585164</p>	<p>Qualifications</p> <ul style="list-style-type: none"> • East Africa Certificate of Education – 4th FORM 1ST DIVISION. • Master of Business Administration (Finance Option – Kenyatta University). • Bachelor of Commerce (Financial Management- University of South Africa). • Certified Public Accountant-(Institute of Certified Public Accountants in Kenya- MN0.28256). • Computer packages- Microsoft (Word, Excel, PowerPoint, Access). - Accounting (Sage Sterling Plus, QuickBooks). <p>Working Experience</p> <ul style="list-style-type: none"> • County Chief Officer For Environment, Forestry & Climate Change • Chief Officer – Cooperative Development Directorate in the Department of Trade (County Government of Kilifi). • Chief Officer Revenue Mobilization Division, in the Department of Finance and Economic Planning (County Government of Kilifi). • Chief Officer Economic Planning Division, in the Department of Finance and Economic Planning (County Government of Kilifi).

	<ul style="list-style-type: none"> • Principal Accountant for Kilifi and Malindi Municipalities (County Government of Kilifi). • Principal Accountant of Health Services Department (County Government of Kilifi). • Fund Administrator for Kilifi County Ward Scholarship Fund. • Acting Head of Treasury Accounting (County Government of Kilifi). • County Receiver of Revenue (County Government of Kilifi).
<p>3. Teresia Dzame Rimba</p>  <p>DoB: 22/01/1990</p>	<p><u>Academic Qualification:</u> Completed Masters in Environmental Science and Ongoing Ph.D. (Environmental Science-Climate change and land use management).</p> <p><u>Responsibility:</u></p> <ol style="list-style-type: none"> i. Coordinating climate change adaptation strategies and implementation. ii. Coordinating the implementation of the Participatory climate risks of the county iii. Coordinating county stakeholders and partners on climate change. iv. Developing climate change programs and investment interventions. v. Coordination on Environmental Compliance on both Environment and social safeguards for the county projects including preparation of Risk assessment Reports, ESIA's and ESMP's reports. <p><u>Work Experience</u> A Trained, practicing and professional Environmentalist with vast experience of about 9 years actively practicing on Environmental conservation strategies with various stakeholders, Projects on Environment, Fisheries, Water sector, Forestry, community and climate change such as County Government of Kilifi, NEMA and as an individual Environmental consultant (Lead Expert).</p>

	<p>Professional experience lies in the field of Assessing Environmental and social matters on over an array of projects ranging from Restoration of forest ecosystems, Water, Road infrastructure and fisheries as a Certified Environmental assessor and lead expert Registered by both NEMA and EIK (Environment Institute of Kenya)</p>
<p>4.Lennox Mwangolo</p>  <p>DOB 12/01/1985</p>	<p>Qualifications Bachelor of Science in Wood science technology Monitoring and Evaluation</p> <p>Responsibility. Give guidance and coordinate Monitoring and evaluation process and undertake regular monitoring of all activities, projects and programs addressing climate change implemented by county departments, Flocca and other counterparts to ensure set targets and objectives are timely achieved.</p> <p>Experience. I have a 14 years of experience in Environmental conservation, forestry and wood utilisation, climate change and sustainable waste management.</p>
<p>5.Sabastian Muye Kashero</p>  <p>DOB 02/02/1972</p>	<p>Qualifications Masters In Business Administration CPA(K)</p> <p>Working Experience CPA Kashero Sabastian has a vast experience of over 20 years in public sector in financial management not limited to Approval of financial expenditures on the implemented climate change investments priorities as identified in the climate change Adaptation Plan (CCAP).</p>
<p>6.Peter M. Maghanga</p> 	<p>Qualifications Bachelor of Commerce, CPA(K)</p> <p>Working Experience CPA Maghanga Peter has over 15 years experience in financial management in Public sector not</p>

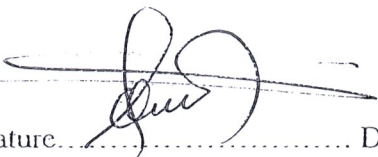
DOB 13/02/1982	limited to the Preparation of Financial statement and SoE Preparation of monthly cashbook and bank reconciliation. Examination of payment vouchers before payments
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5. Board/Fund Chairperson's/CECM Report

Kilifi County Climate Change Fund was established to promote, manage, operationalize procedures that promote climate change programs. The purpose of the Fund is: to finance climate change resilience and its assessment; to finance implementation of priority climate change response projects proposed by Ward Planning committees and communities and approved by the financing committee; to finance monitoring and evaluation exercises reporting and learning including documentation, photography and video recording of climate change projects; for administrative costs which shall not exceed three percent of the total Fund per financial year; capacity building activities at county level, national level and international level as approved by the Steering Committee; and to provide funding for integration and mainstreaming of climate change programs, actions, interventions and duties as identified in the Kilifi County Integrated Development Plan, the Climate Change Act, 2021, the National Climate Change Action Plan, Kilifi County Climate Change Action Plan and for connected purposes.

Sources of the fund shall include but not limited to: monies appropriated by the Kilifi County Assembly; grants and donations; endowments and bequests; monies from any other source as approved by the County Executive Committee Member for the time being responsible for County Treasury; and all monies received, savings and accruals to this Fund and any balances not spent at the end of the financial year which shall be held in the Fund to be used in subsequent years for purposes for which the Fund is established unless County Executive Committee Member for the time being responsible for County Treasury directs otherwise.

The Fund expenses incurred shall be administered in accordance with section.116 of the Public Finance Management Act, 2012; all monies received, savings and accruals to the fund and any balances not spent at the end of the financial year shall be retained in the fund to be used in subsequent years for the purposes of which the fund is established; the fund and usage of money through the fund shall be published and publicized

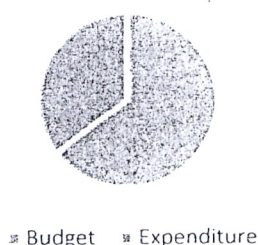
Name Hassan Omar Said Signature  Date 30/07/2025

CECM of the Climate Change Fund

6. Report of The Fund Administrator

Climate change fund had an estimated budget of Kenya shillings two hundred and sixty eight million two hundred and thirty four thousand eight hundred and six (268,234,806) out of this budget we received Kenya shillings one hundred and forty seven thousand three hundred and ninety two thousand nine hundred and twenty six (147,392,926.00) of which Kenyan shillings seventy three million six and ninety six thousand four hundred and sixty three (73,696,463) were received towards the 4th quarter of Financial year 2024-2025 and we managed to spend one hundred and twenty three million two hundred thousand three hundred and fifty nine shillings and ninety cents (123,200,359.90) leading to 46.00 % absorption rate. The low absorption rate was due to late funds disbursement from the national treasury also county didn't honour its counter part contribution of one hundred and three million shillings. Below is a pie chart on illustration on the same

Absorption rate in % age



We managed to implement the following projects

- Rehabilitation and restoration of Sabaki primary school and its surrounding landscape due to extreme soil erosion in Sabaki ward, Magarini Sub-
- Installation of water harvesting structures in 15 ECD schools in Jilore ward, Malindi Subcounty
- Roof water harvesting structures for promotion of kitchen gardening at household level targeting 15 vulnerable household (PWDs, female headed family, elderly headed household, young female headed family) in Dabaso ward, Kilifi North sub-county
- Upscaling restoration of Kaya Mudzi muvya by planting 100,000 indigenous seedlings in Rabai Kisurutini ward, Rabai sub-county
- Beehive Upscaling and establishment of an indigenous tree nursery

All this projects were done and implemented in line with the budget.

Challenges occurred was to rush on the activities since the funds were disbursed late but all was achieved.

In order to absorb all funds in the future we would advice the National treasury to disburse funds early and county should honour its counter part fund so as we begin the activities and projects as planned.

There was no high risks areas identified in the activities implemented.

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

The Statement of Performance against the County Fund’s Predetermined Objectives is a key component of financial reporting that aligns the financial performance of county governments with their planned objectives. It is a requirement for county authorities to demonstrate how well they have achieved their goals as outlined in the County Integrated Development Plan (CIDP), which informs both the annual budget and specific projects funded by the County Fund. The statement typically includes: a comparison of actual performance against set targets, description of the results achieved, highlighting successes or areas where performance deviated from expectations, contextual explanations for any significant variances. This helped to ensure transparency and accountability, allowed stakeholders to assess how effectively resources have been used to meet the county’s development goals.

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

- a) Preparation, and production of Kilifi County Climate Change Risk Management Policy Framework.
- b)Development of Kilifi County Climate Information System Strategy
- m) Preparation,production of Kilifi County Climate Change Regulation, 2023
- n) Procurement climate change investments projects

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Procurement of Climate change Investments projects	To ensure all climate change investments projects are procured	Number of Climate change investments projects	% public benefiting from investments projects	During FY 2024-2025 ,6 projects were done and completed
Development of Kilifi County Climate Information System Strategy	To ensure all public is aware Kilifi County Climate Information System Strategy	Number Climate Kilifi County Climate Information System Strategy	% of public aware on Kilifi County Climate Information System Strategy	During FY 2023 ,2024 public accessed Kilifi County Climate Information

Kilifi County Climate Change Fund

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

		Booklets printed		System Strategy
Preparation, production of Kilifi County Climate Change Regulation, 2023	To ensure all public is aware Kilifi County Climate Change Regulation, 2023	Number Climate Kilifi County Climate Change Regulation, 2023 booklets printed	% of public aware on Kilifi County Climate Change Regulation, 2023	During FY 2023 ,2024 public accessed County Climate Change Regulation, 2023
Preparation, and production of Kilifi County Climate Change Risk Management Policy Framework.	To ensure all public is aware with climate change risk Management Policy Framework	Number Climate Change Risk Management Policy Framework. Booklets printed	% of public aware on Kilifi County Climate Change Risk Management Policy Framework.	During FY 2023 ,2024 public accessed Kilifi County Climate Change Risk Management Policy Framework.

8. Corporate Governance Statement

The Kilifi County Climate Change Fund does not have a board of management or trustees. The governance structure is on the topmost is the H.E. Governor, below him is the County Executive Committee Member in-charge of climate change, then the chief officer in-charge of climate change, then director in-charge of climate change, environmental safeguard officer, grievance redress officer, monitoring and evaluation officer, communication officer, fund administrator, and fund accountant. This makes the County Climate Change Unit (CCU). Other governance structure within the climate change unit is climate change committees formed at three levels of governance. We have the ward climate change planning committees formed in all the 35 wards of Kilifi County made up of seven members with the ward administrator being the secretary and an ex-official to the committee. The committee is elected to serve for 5 years none renewable. The roles of the committee are; to co-ordinate and mobilize communities and other stakeholders in the ward to design and implement climate change response activities; (b) to co-ordinate research, knowledge management, public education, awareness creation, and capacity building on climate change, its impacts and strategies for responding thereto; (c) to co-ordinate, facilitate and manage community consultations on priority climate change response activities; (d) facilitate public participation in climate change governance, implementation of agreed climate change response activities, and monitoring of those activities; (e) co-ordinate and facilitate provision of technical support to communities in the ward in developing proposals on climate change response projects for funding by the County Climate Change Fund; (f) to oversee implementation of climate change response projects funded by the County Climate Change Fund and report thereon to the Planning Committee; (g) to perform any other functions that may be assigned to it by the Planning Committee. The other governance structure is the county climate change planning committee. This committee is comprised of key departments within the county governments, agencies and non state actors representatives who public benefits organizations, faith based organization, youth representative, women representative, People living with disability representative. Its composed of nine members, elected and run for three years renewable once. The committee has to be appointed and gazetted by H.E the Governor. Amongst, many other roles, this committee is responsible of; coordinate planning and implementation of projects for climate change response in the county, coordinate implementation of the County Climate Change Action Plan and County climate finance framework, establish guidelines for ward climate change committees in

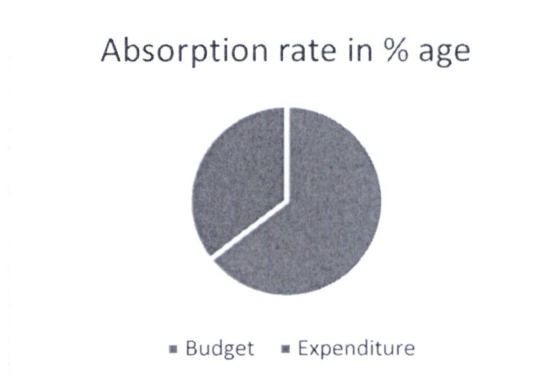
formulating climate response projects, coordinate development and implementation of County Climate Change Fund Regulations. The highest governance structure within climate change unit is the steering committee. This committee is made up of nine members and its chaired by County Executive Committee Member in-charge of Climate change. This committee is appointed and gazetted by the H.E Governor. It runs for three years renewable once. Its composition is key departments represented by the County Executive Committee members, public benefits representative, Faith based representative, youth representative, women and People living with disability. The committee meets atleast bi-annually to oversight the operations of the county climate change unit. Among the roles of this committee include but not limited to; ensure mainstreaming of climate change into county planning and development processes, coordinate formulation and monitor implementation of County Climate Change Action Plan, County climate finance framework and any other county climate change policies, plans and strategies. Supervise the administration of County Climate Change Fund established under this Act, review, approve and monitor implementation of regulations for administration and management of the Fund, review and make recommendations on implementation of the County Climate Change Action Plan and any other reports on County climate change response interventions, advise county governments on legislative, policies and other measures necessary for climate change response, approve and oversee the implementation in the county of a comprehensive program of climate change education, awareness creation and capacity building, provide policy direction on research, training and dissemination of information relating to climate change, ensure positive linkages, interactions and synergy between the county, neighboring counties and national government in climate change response programming and action, ensure coordinated approach to climate change response action within the county government, perform any other function assigned by the county government.

- *succession plan,*

The sustainability plan for the climate change fund is based on several things; First, the climate change unit to be established to be a full directorate with staff permanently employed and work on the unit without being seconded as it is now. The directorate to engage all kinds of experts and enhance collaborations with stakeholders and partners to compliment in the work and activities of the directorate. Again, the budgeting through the Kilifi County Climate change (amendment) Act, 2023 appropriates 2% annual budget to climate action interventions makes the operations of the unit sustainable over the years. Again, the potential to attract donor funds to support climate change unit actions is very high. The effort to mainstream climate change across sectors gives the assurance of the continued existence and sustainability of climate action interventions.

9. Management Discussion and Analysis

Climate change fund had an estimated budget of Kenya shillings two hundred and sixty eight million two hundred and thirty four thousand eight hundred and six (268,234,806) out of this budget we received Kenya shillings one hundred and forty seven thousand three hundred and ninety two thousand nine hundred and twenty six (147,392,926.00) of which Kenyan shillings seventy three million six and ninety six thousand four hundred and sixty three (73,696,463) were received towards the 4th quarter of Financial year 2024-2025 and we managed to spend one hundred and twenty three million two hundred thousand three hundred and fifty nine shillings and ninety cents (123,200,359.90) leading to 46.00% absorption rate. The low absorption rate was due to late funds disbursement from the national treasury also county didn't honour its counterpart contribution of one hundred and three million shillings. Below is a pie chart on illustration on the same



We managed to implement the following projects

- Rehabilitation and restoration of Sabaki primary school and its surrounding landscape due to extreme soil erosion in Sabaki ward, Magarini Sub-
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- Roof water harvesting structures for promotion of kitchen gardening at household level targeting 15 vulnerable household (PWDs, female headed family, elderly headed household, young female headed family) in Dabaso ward, Kilifi North sub-county
- Upscaling restoration of Kaya Mudzi muvya by planting 100,000 indigenous seedlings in Rabai Kisurutini ward, Rabai sub-county
- Beehive Upscaling and establishment of an indigenous tree nursery

All this projects were done and implemented in line with the budget.

Challenges occurred was to rush on the activities since the funds were disbursed late but all was achieved .

In order to absorb all funds in the future we would advice the National treasury to disburse funds early and county should honour its counter part fund so as we begin the activities and projects as planned.

There was no high risks areas identified in the activities implemented.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile -

The top management of the unit is made of the County Executive Committee Member who is responsible for the running of the larger department of Water, Environment, Solid waste, Natural resources, Forestry and Climate change. Sustainability leadership in department is often centered on integrating environmental, social, and economic considerations into administrative processes. Top management in county governments plays a critical role in promoting sustainability by setting policies, engaging with the community, and fostering internal capacity. A sustainability strategy typically includes energy conservation, waste management, climate change adaptation, and community engagement. Key leadership profiles focus on administrators who balance the need for long-term sustainable development with the practicalities of day-to-day governance. The County Executive Committee Member tasked with ensuring that sustainability efforts align with the broader public service objectives. Effective sustainability leadership also involves developing organizational capacity and fostering interdepartmental collaboration to embed sustainability in the county's operations. Moreover, creating a robust sustainability management model allows counties to assess and implement strategies that address not only the environmental impact but also the social and economic implications of development

ii) Environmental performance

Guided by the existing environmental laws and policies, the county climate change unit boosts of the various polices guiding its operations. The county has county forest conservation and management policy and Act of 2016, 2019 respectively. There is also an environmental control regulation, 2016, solid waste management Act, 2019, climate change policy,2023, Kilifi County climate change Act,2023. This is also to be cognizant of the national laws that exists and Kilifi County is bound to abide by the same. However, key insights into environmental performance generally involve managing and improving environmental impacts at the local government level. Environmental performance refers to the effectiveness of policies and actions taken to ensure sustainable resource use, pollution reduction, and conservation of ecosystems. For Kilifi County, adopting strategies such as improving environmental health, promoting green initiatives, and ensuring sustainable practices in agriculture and waste management can be integral. Furthermore, encouraging transparent governance, which includes proper monitoring and enforcement of environmental policies, would align the county with broader goals of sustainable development. Kilifi's focus could involve creating an enabling environment for sustainable livelihoods, possibly integrating policies related to waste management, water conservation, and biodiversity preservation. An example of a county-specific guideline might include frameworks to attract and retain health professionals, which could indirectly contribute to improving environmental health standards in local communities.

iii) Employee welfare

The staff in climate change unit are part of the larger department of Water, Environment, Solid waste, Natural resources, Forestry and Climate change. The staff are mostly seconded to the department from the main department and other related documents. The welfare, recruitment and supervision is currently guided by the national and county laws through

the County Public Service Board. County employee welfare policies are designed to ensure the well-being of public service workers. They typically address issues such as training opportunities, ethical standards, and the overall support system for employees. In some counties, such as Kilifi, specific frameworks are established to attract and retain a qualified workforce, which may include healthcare professionals. These frameworks outline guidelines for training, adherence to Human Resource policies, and service conditions. In addition, welfare policies often incorporate support mechanisms for staff, focusing on maintaining both physical and psychological well-being. The induction process for new public service employees includes familiarizing them with county legislation, ethical standards, and wellness programs, which may also be covered under welfare guidelines. Staff welfare is integral to creating a productive work environment, and staff welfare policies offer structured support for their holistic well-being.

Kilifi County Climate Change Fund

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

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities The principal activities of the Fund are

- (i) Mainstream climate change actions across all sectors of county governments
- (ii) Build community resilience towards the impacts of climate change

Results

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

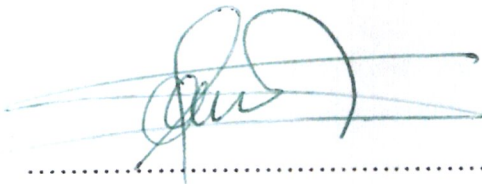
Trustees

The members of the Kilifi climate change fund who served during the year are shown on page VIII (*refer to the key entity information and management page*). The changes in the Board during the financial year are as shown below:

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. The Auditor General is to carry out the audit of the *Climate change Fund* for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board



.....

CECM of Climate Change Fund

Date: 7/10/25.....

12. 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 Climate change act 2021 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 PFM Act, 2012 and 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 Fund’s transactions during the financial year ended June 30, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm 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 going concern basis of preparation of the financial statements.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 7/10/ 2025 and signed on its behalf by:

.....
Sebastian Kamari
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 KILIFI COUNTY CLIMATE CHANGE FUND OR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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 Kilifi County Climate Change Fund set out on pages 1 to 47, which comprise of the statement of financial position

Report of the Auditor-General on Kilifi County Climate Change Fund for the year ended 30 June, 2025

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 Kilifi County Climate Change Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kilifi County Climate Change Act, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.8,592,314 in respect of property, plant and equipment as disclosed in Note 22 to the financial statements. The balance includes plant equipment and machinery, furniture and fittings and computers and office equipment balances of Kshs.2,489,000, Kshs.757,864 and Kshs.5,345,450 respectively. However, no depreciation or amortization expenses were charged during the year under review. The Management attributed this to lack of depreciation policy which they indicated was in the process of being developed.

In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs.8,592,314 could not be confirmed.

2. Failure to Disclose Refundable Deposits Balance

The statement of financial position reflects a balance of Kshs.122,232,760 in respect of trade and other payables from exchange transactions as disclosed in Note 25 to the financial statements. However, the balance omits refundable deposits balance of Kshs.6,609,856 deducted from four (4) projects as retention money.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.122,232,760 could not be confirmed.

3. Inaccurate Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects Kshs.Nil revenue performance difference while the recalculated revenue performance difference is Kshs.133,683,760. In addition, the statement reflects total budget expenditure of Kshs.123,200,360 while the recalculated total expenditure budget is Kshs.203,000,000. Further, the statement reflects Kshs.45,626,760 in respect of actual surplus for the period under review while the recalculated surplus is Kshs.37,034,446.

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on page iii to xxvii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management's 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, 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 THE 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. Irregular Procurement of Civil Works

The statement of financial performance reflects expenditure totalling Kshs.118,501,046 on use of goods and services as disclosed in Note 12 to the financial statements. Included in this expenditure is Kshs.95,543,556 in respect of other infrastructure and civil works. Review of the records revealed the following:

1.1 Construction of Water Harvesting Structures for Vulnerable Households in Dabaso Ward

Included in the expenditure on civil works is an expenditure of Kshs.24,042,189 made to a local contractor which relates to contract No.KCG/ENRM/FLOCCA/1790972/2024-2025 on construction of water harvesting structures for upscaling of kitchen gardening for fifteen (15) vulnerable households in Dabaso ward, Kilifi North Sub-County. The contract agreement was signed on 11 April, 2025 to run for six (6) months. However, review of expenditure and project procurement file revealed the following:

- i. The tender was advertised on 27 February, 2025 as per the user requisition dated 16 December, 2024. However, the user requisition was not supported with minutes of public participation exercise to ascertain how the intended beneficiaries were identified.
- ii. According to the bill of quantities, the scope of works included excavation, construction of reinforced concrete works, foundation walling, wall plaster and rendering, tank supply, fitting, installation, purchase and planting four hundred (400) ornamental trees and flowers at a total cost of Kshs.1,220,700 per household. However, evidence of delivery of all the trees to the fifteen (15) beneficiaries was not provided.
- iii. The contractor submitted an invoice No.183 dated 27 June, 2025 for Kshs.24,042,189 based on summary statement of account dated 27 June, 2025. However, the valuation of measured works report indicates that the works carried to main summary for each household was worth Kshs.1,107,001 translating to Kshs.16,605,021 for the fifteen (15) households with the total inclusive of VAT amounting to Kshs.20,189,824 resulting to overpayment of Kshs.3,852,365.
- iv. The payment includes a retention amount of Kshs.2,404,218 paid to Kilifi County Government Retention which is not supported with evidence of a deposit in the bank, a retention register and a disclosure in the statement of financial position. In addition, the agreement is not clear on how the retention money would be paid and after how long.
- v. Paragraph 4 of the professional opinion under part B legal and practical aspects of the quotation, which requires the Head of Procurement to indicate whether the recommended price for standard goods, services and works are within indicative market prices, wrongly indicates that the price is within the budget.

- vi. The bills of quantities provided indicate details for preliminary and general items, gutter system and two (2) water tank plinth with 10,000 litres plastic water tank. However, the drip kits and accessories of Kshs.400,000 per house hold is not supported with detailed works to be done resulting to unsupported Kshs.6,000,000.
- vii. The payment also includes unjustified expenditures of Kshs.1,500,000 on project management and Kshs.915,525 in respect of contingency.
- viii. The contract agreement between the contractor and management was signed by the Chief Officer Environment, Climate Change and Forestry and not the Fund Administrator who is the Accounting Officer.

1.2 Construction of Water Harvesting Structures in Early Childhood Development and Education Centres in Jilore Ward

Included in the expenditure on civil works is an expenditure of Kshs.13,369,236 made to a local contractor which relates to contract No.KCG/ENRM/FLOCCA/1790921/2024-2025 on construction of water harvesting structures in Early Childhood Development and Education (ECDE) – Jilore ward for fifteen (15) Schools at a contract sum of Kshs.20,296,474. The contract agreement was signed on 11 April, 2025 to run for a six (6) months period. The scope of works included excavation, construction of reinforced concrete works, foundation walling, wall plaster and rendering, tank supply, fitting, installation, purchase and planting four hundred (400) ornamental trees and flowers at a total cost of Kshs.1,015,680. The contractor submitted an invoice No.098 dated 27 June, 2025 for Kshs.13,369,236 based on summary statement of account dated 27 June, 2025.

However, review of expenditure and project procurement file revealed the following:

- i. The payment includes unjustified expenditures of Kshs.500,000 on project management.
- ii. The payment includes a retention amount of Kshs.1,336,923 paid to Kilifi County Government Retention which is not supported with evidence of a deposit in the bank, a retention register and a disclosure in the statement of financial position. In addition, the agreement is not clear on how the retention money would be paid and after how long.
- iii. The contract agreement between the contractor and management was signed by the Chief Officer Environment, Climate Change and Forestry and not the Fund Administrator who is the Accounting Officer.
- iv. Paragraph 4 of the professional opinion under part B legal and practical aspects of the quotation, which requires the Head of Procurement to indicate whether the recommended price for standard goods, services and works are within indicative market prices, wrongly indicates that the price is within the budget.
- v. Physical verification carried out on 10 September, 2025 revealed that projects at three (3) schools namely Jilore, Sosoni and Kakoneni were actually implemented in Primary Schools and not ECDE centres as indicated.

- vi. A majority of the tree seedlings supplied had dried up leading to loss of public funds totalling Kshs.1,950,000 and Management did not provide a report to ascertain the implementation status of the projects in the other thirteen (13) ECDE schools.
- vii. The projects had not yet been handed over to the School Management which may affect the success of the tree planting exercise.

1.3 Restoration of Kaya Mudzi Muvya and Establishment of an Indigenous Tree Nursery at Kaya Mudzi Muvya, Rabai Kisurutini Ward

Included in the expenditure on civil works is an expenditure of Kshs.15,879,546 made to a local contractor which relates to contract No.KCG/ENRM/FLOCCA/1691186/2024-2025 on restoration of Kaya Mudzi Muvya and establishment of an indigenous tree nursery at Kaya Mudzi Muvya, Rabai Kisurutini Ward at a contract sum of Kshs.18,891,022. The contract agreement was signed on 21 January, 2025 to run for a six (6) months period. Review of the supporting documentation revealed the following:

- i. The contractor submitted an invoice No.032 dated 20 June, 2025 for Kshs.13,369,236 based on summary statement of account dated 20 June, 2025. However, the summary of statement for payment of account and the inspection and acceptance certificate indicates the contract value to be Kshs.18,891,021 while the bill of quantities provided indicates the grand total carried to form of tender as Kshs.19,839,623 resulting to unexplained inconsistency of Kshs.948,602. In addition, the certificate issued on 20 June, 2025 indicates total work done to be valued at Kshs.13,389,264 which was in contrast to the report by the Project Engineer dated 20 June, 2025 forwarding the certificate which valued the work done at Kshs.15,879,546 while an undated inspection and acceptance certificate indicates that the committee diligently assessed and confirmed that the procured project had been rendered satisfactorily for Kshs.18,891,021. The inconsistencies in these documents have not been explained.
- ii. The summary indicates that ninety thousand (90,000) indigenous seedlings were supplied at a cost of Kshs.6,750,000 whose details were not provided including the type and who received the seedlings.
- iii. The payment includes a retention amount of Kshs.1,587,954 paid to Kilifi County Government Retention which is not supported with evidence of a deposit in the bank, a retention register and a disclosure in the statement of financial position. In addition, the agreement is not clear on how the retention money would be paid and after how long.
- iv. The bill of quantities provided indicate a breakdown of five (5) bills which do not align with the eight (8) bills in the summary of the same document.
- v. The payment includes unjustified expenditures of Kshs.300,000 on project management.

- vi. Paragraph 4 of the professional opinion under part B legal and practical aspects of the quotation, which requires the Head of Procurement to indicate whether the recommended price for standard goods, services and works are within indicative market prices, wrongly indicates that the price is within the budget.
- vii. The contract agreement between the contractor and Management was signed by the Chief Officer Environment, Climate Change and Forestry and not the Fund Administrator who is the Accounting Officer.
- viii. The drilling of borehole was not supported by drilling permit, a pump continuous discharge test report and water sample laboratory analysis report and borehole completion report.
- ix. The Company is not in the list of firms licensed to operate as Qualified Water Resource Contractors for the year 2025 having duly been registered/renewed their licenses.

1.4 Rehabilitation and Restoration of Sabaki Primary School and Landscaping

Included in the expenditure on civil works is an expenditure of Kshs.12,807,615 made to a local contractor which relates to contract No.KCG/ENRM/FLOCCA/1690958/2024-2025 on restoration of Sabaki Primary School and its surrounding environment in Sabaki Ward at a contract sum of Kshs.12,807,615. The project involved rain water harvesting works and gabion works.

The contract agreement was signed on 11 April, 2025 to run for a six (6) months period. Review of the supporting documentation revealed the following:

- i. A request for inspection by the contractor dated 27 June, 2025 indicates the project was complete as per the bills of quantities upon which an inspection and acceptance committee was appointed the same day (27 June, 2025) and on the same day visited the site and submitted a report dated the same day (27 June, 2025) indicating that the works were currently at 95% and were progressing satisfactorily. The team recommended payment for work done of Kshs.10,921,804 with a retention of 10% to be paid after defects liability period. A certificate prepared on the same day (27 June, 2025) was for work done certified for Kshs.11,041,047. However, a payment of Kshs.12,807,615 was prepared and paid. The inconsistencies in these documents have not been explained.
- ii. The project was not supported by a detailed and approved drawings as required in part 1 of the tender document on preliminaries at a cost of Kshs.30,000.
- iii. The contractor submitted an invoice No.067 dated 27 June, 2025 for Kshs.12,807,615 based on summary statement of account dated 27 June 2025. The payment includes a retention amount of Kshs.1,280,761 paid to Kilifi County Government Retention which is not supported with evidence of a deposit in the bank, a retention register and a disclosure in the statement of financial position. In addition, the agreement is not clear on how the retention money would be paid and after how long.

- iv. The payment includes unjustified expenditures of Kshs.500,000 on project management and Kshs.206,687.20 on contingency.
- v. Paragraph 4 of the professional opinion under part B legal and practical aspects of the quotation, which requires the Head of Procurement to indicate whether the recommended price for standard goods, services and works are within indicative market prices, wrongly indicates that the price is within the budget.
- vi. The contract agreement between the contractor and Management was signed by the Chief Officer Environment, Climate Change and Forestry and not the Fund Administrator who is the Accounting Officer.

1.5 Irregular Procurement, Unsupported Expenditure and Loss of Funds on Purchase of Tree Seedlings

Review of records revealed that the Fund spent a total of Kshs.2,999,000 on the supply and delivery of seventeen thousand (17,000) assorted indigenous tree seedlings indicated to have been supplied by a local Company. However, the audit revealed the following:

- i. The payment voucher indicates the expenditure relates to supply, delivery, branding and commissioning of traditional bee hives.
- ii. The delivery note No.060 dated 24 June, 2025 is not signed by the person who received and the person who delivered.
- iii. The delivery vehicle registration number has not been indicated.
- iv. The invoice No.033 dated 24 June, 2025 is for Kshs.2,999,000 while a re-computation of the invoice gives Kshs.2,564,000 resulting to loss of Kshs.435,000.
- v. The counter receipt voucher (S13) No.2975981 indicates that the assorted seedlings were received in the department of water store on 24 June, 2025 and entered into bin card (S3) No.479606 which has not been provided for verification.
- vi. The inspection and acceptance certificate indicates the supply and delivery of indigenous tree seedlings for apiculture met all the specifications of quality and quantity as expected on the LPO but did not specify the number of seedlings received.
- vii. The Fund Administrator, who is the Accounting Officer was appointed by the Chief Officer as a member of inspection and acceptance committee.
- viii. The Fund Administrator was appointed as one of the unsealers during the tender opening and a scorer during evaluation process of the tender.

- ix. The contract agreement between the contractor and Management was signed by the Chief Officer Environment, Climate Change and Forestry and not the Fund Administrator who is the Accounting Officer.
- x. The market survey on the indicative prices for the indigenous trees was not done and the prices appear grossly inflated.
- xi. The professional opinion indicates that the price is within the budget instead of stating whether the recommended price for goods, services and works are within the indicative market prices.
- xii. The criteria for identification of the beneficiaries, list and criteria applied to select the persons/households to benefit from the tree planting programme was not provided.

1.6 Duplicate Appointment of Members to Inspection and Acceptance Committee

The Chief Officer, environment and forestry on 27 June, 2025 appointed members to the inspection and acceptance committee as indicated below:

Name of Member	Designation
Julius Kiplimo	Chief Principal Assistant Engineer
Siyat Osman	Superintendent Engineer
Sebastian Kashero	Principal Accountant (Fund Administrator)
Patience Kahonzi	Environment Officer
Albert Ngala	Principal Procurement Officer

However, the appointment of the members was done on the same day and the committee prepared reports for three (3) projects as indicated below:

Project	Amount of Contract (Kshs)
Construction of water harvesting structures for upscaling of kitchen gardening for vulnerable households in Dabaso Ward	24,042,189
Construction of water harvesting structures in ECDE - Jilore Ward	20,296,474
Restoration of Sabaki Primary School and its surrounding environment in Sabaki Ward Magarini Sub County	12,807,615

Evidence of the committee movement and actual visit to the three (3) sites on the same day has not been provided.

In the circumstances, the value for money on the projects could not be determined and Management was in breach of the law.

2. Failure to Deduct and Remit Capacity Building Levy

During the year under review, the Fund procured goods, works and services worth Kshs.103,242,853. However, the suppliers/contractors were paid full contract amounts without deducting the 0.03% Public Procurement Capacity Building Levy amounting

to Kshs.30,973. This is contrary to Public Procurement Capacity Building Levy Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. A procuring entity shall deduct the levy from the contract value at the time of making payments for such contracts; and not later than the 20th day of the following month, remit the funds to the Public Procurement Regulatory Authority or its authorized agent.

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

3. Irregular Procurement of Catering Services

Review of records revealed that the Fund spent a total of Kshs.460,800 on meals and tea. However, the audit revealed the following:

- i. The payment was for twenty (20) persons involved in a four (4) days exercise. However, the attendance register indicates that only fifteen (15) persons attended the workshop resulting to loss of Kshs.115,400.
- ii. The procurement was through a framework agreement. However, the prices charged were uncompetitively determined by the Management.
- iii. An annual value for money assessment by the Head of Supplies Chain Management was not provided to support the framework agreement which was signed in November, 2022 for a three (3) year period.

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure to Establish Steering and Planning Committee

Review of records revealed that a steering, a planning and ward committees to oversee the implementation of climate change activities in the County were not in

place as required. The Fund is managed by an administration committee that has not been anchored in the law contrary to Section 7, 18 and 26 17 of Kilifi County Climate Change Act, 2021 which states that 'there is established steering committee, planning committee and ward committees that will be in charge of implementation of climate change activities in the County.'

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.

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 the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the 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.

Those charged with governance are 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

18 November, 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	0.0	0.0
Transfers From the County Government	7	147,392,926.00	41,475,447.50
Fines, Penalties and Other Levies	8	0.0	0.0
		147,392,926.00	41,475,447.50
Revenue From Exchange Transactions			
Interest Income	9	0	0
Other Income	10	0	0
		0	0
Total Revenue		147,392,926.00	41,475,447.50
Expenses			
Employee Costs	11	0	0
Use of goods and services	12		
		118,501,046.00	26,900,268.00
Total Expenses		118,501,046.00	26,900,268.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	0	0
Gain /Loss on fair value of investments	16	0	0
Surplus/(Deficit) for the Period		28,891,880.00	14,575,180.00

(The notes set out on pages 1 to 5 form an integral part of these Financial Statements)

.....
 Name: *Sebastian Karim*
 Administrator of the Fund

.....
 Name: *Peter Mwendwa*
 Fund Accountant
 ICPAK Member Number: *18982*

15. Statement of Financial Position As at 30 June 2025

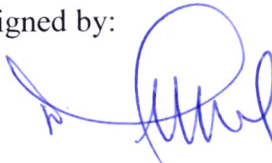
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	159,267,206.00	12841879.50
Current Portion of Long- Term Receivables From Exchange Transactions	18	0	0
Prepayments	19	0	0
Inventories	20	0	0
Investments in financial assets	21	0	0
Total current assets		159,267,206.00	12,841,879.50
Non-Current Assets			
Property, Plant and Equipment	22	8,592,314.00	3,893,000.00
Intangible Assets	23	0	0
Long Term Receivables from Exchange Transactions		0	0
Investment Property	24	0	0
Total non- current assets		8,592,314.00	0
Total Assets (A)		167,859,520.00	16,734,879.50
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	122,232,760.00	0
Current Provisions	26	0	0
Current Portion of Borrowings	27	0	0
Employee Benefit Obligations	27	0	0
Social benefit liabilities	28	0	0
Total current liabilities		122,232,760.00	0
Non-Current Liabilities			
Non-Current Provisions	26	0	0

Kilifi County Climate Change Fund


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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Long Term Portion of Borrowings	27	0	0
Non-Current Employee Benefit Obligation	27	0	0
Social benefit liabilities	28	0	0
Total Liabilities (B)		122,232,760.00	0
Net Assets (A-B)		45,626,760 .00	16,734,879.50
Represented By:			
Revolving Fund			
Reserves		0	0
Accumulated Surplus		45,626,760 .00	16,734,879.50
Net Assets		45,626,760 .00	16,734,879.50

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 7/10 2025 and signed by:



 Name: Sebastian Kapeno
 Administrator of the Fund



 Name: Grace Mwachaka
 Fund Accountant
 ICPAK Member Number: 18982

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	0	0	16,734,880.00	16,734,880.00
Surplus/(Deficit) For the Period	0	0	0	0
Funds Received During the Year	0	0		0
Transfers	0	0		0
Revaluation Gain	0	0		0
Balance As At 30 June 2024	0	0	16,734,880.00	16,734,880.00
Balance As At 1 July 2024	0	0	16,734,880.00	16,734,880.00
Surplus/(Deficit) For the Period	0	0	28,891,880.00	28,891,880.00
Funds Received During the Year	0	0		
Transfers	0	0		
Revaluation Gain	0	0	0	0
Balance As At 30 June 2025	0	0	45,626,760.00	45,626,760.00

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the county government		147,392,926 .00	41,475,448.00
Interest received		0	0
Receipts from other operating activities		0	0
Total receipts		147,392,926 .00	41,475,448.00
Payments			
Fund administration expenses		967,600.00	26,900,268.00
General expenses		0	0
Finance cost		0	0
Other payments		0	0
Net cash flows from operating activities	29	146,425,326.00	14,575,180.00
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		0	(2,489,000.00)
Purchase of furniture and fittings		0	
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		0	0
Net cash flows used in investing activities		0	12,086,180.00
Cash flows from financing activities		0	12,086,180.00
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0

Kilifi County Climate Change Fund

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

Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash Equivalents		146,425,326.00	12,086,180.00
Cash and cash equivalents at 1 July		12,841,880.00	755,700.00
Cash and cash equivalents at 30 June		159,267,206 .00	12,841,880.00

Kilifi County Climate Change Fund

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

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 30th June 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
Carryovers		-	-	12,841,879.50		
Receipts						
Public Contributions and Donations	0	-	-	-	-	
Transfers From County Govt.	255,392,926.00	12,841,880.00	268,234,806.00	147,392,926.00	120,841,880	55
Interest Income	0	-	-	-	-	
Other Income	0	-	-	-	-	
Total Receipts	255,392,926.00	-	268,234,806.00	160,234,805.50	-	60
Payments						
Fund Administration Expenses	8,000,000.00	-	8000000	7,968,360.00	31,640	100
Use of goods and services	15,000,000.00	-	15000000	14,989,130.00	10,870	100
Civil works	180,000,000.00	-	180000000	95,543,555.90	84,456,444	53
Finance Cost	0	-	-	-	-	

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

Total Payments	203,000,000. 00	0)	123,200,359.9 0	118,501,045.90	4,699,314	96
Capital expenditure	5,000,000.00	-	5,000,000.00	4,699,314.00	300,686	94
Surplus For the Period		-		45,626,760.00		

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	45,626,760.00
1	Reason for differences	0
2	Reason for differences	0
3	Increase in trade payables	122,232,760.00
4	capitalization of assets	(8,592,314.00)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	159,267,206.00

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kilifi County Climate Change Fund entity is established by and derives its authority and accountability from Climate Change Act. The entity is wholly owned by the Kilifi County Government and is domiciled in Kenya. The entity’s principal activity is Mainstream climate change actions across all sectors of county governments

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

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

There were no new and amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and	<i>Applicable 1st January 2025</i> 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:

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

Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	Applicable 1st January 2026 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.
IPSAS 48: Transfer Expenses	Applicable 1st January 2026 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.

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

<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i> 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"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

(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.)*

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

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

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 27 June 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 01 June on the FY 2024 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.

Summary of Significant Accounting Policies (Continued)

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial 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 xx-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.

Summary of Significant Accounting Policies (Continued)

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 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.

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 xx*.

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 recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises 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.

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.

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.

i) 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.

Summary of Significant Accounting Policies (Continued)

j) 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.

k) 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.

l) 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.

m) Cash and cash equivalents

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

n) 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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

Notes To the Financial Statements Continued

6. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From the Public	0	0
Total	0	0

(Provide brief explanation for this revenue)

7. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	147,392,926.00	41,475,448 .00
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
Total	147,392,926.00	41,475,448 .00

8. Fines, penalties and other levies

Description	2024-2025	2023-2024
	Kshs	Kshs
Late Payment Penalties	0	0
Fines	0	0
Total	0	0

9. Interest income

Description	2024-2025	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
Total Interest Income	0	0

(Provide brief explanation for this revenue)

10. Other income

Description	2024-2025	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
Total Other Income	0	0

11. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other (<i>Specify</i>)	0	0
Total	0	0

12. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Daily Subsistence Allowance	5,507,660	7,922,579
Publishing & Printing Services		2,655,921
Advertising, Awareness and Publicity Campaigns		799,000
Catering Services (receptions), Accommodation, Gifts, Food and Drinks	460,800	2,001,600
General Office Supplies (papers, pencils, forms, small office equipment etc)	499,900	
Purchase of Uniforms and Clothing - Staff	2,998,770	
Agricultural materials and smaill equipment	8,991,360	
Refined Fuels and Lubricants for Transport	1,500,000	540,360

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

Purchase of Office Furniture and Fittings		
Purchase of Computers, Printers and other IT Equipment		
Research ,feasibility, studies		12,980,808
Other Infrastructure and Civil Works	95,543,556	
Purchase of tree seeds and seedlings	2,999,000	
Other Capital Grants and Trans		-
Audit Fees		-
Provision For Doubtful Debts		-
Social benefit expenses*		
Total	118,501,046	26,900,268

13. Depreciation and Amortization Expenses

Description	2024-2025	2023-3034
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

14. Finance costs

Description	2024-2025	2023-3034
	Kshs	Kshs
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

15. Gain/(loss) on disposal of assets

Description	2024-2025	2023-3034
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0

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

Total	0	0
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16. Gain/ (loss) on Fair Value Investments

Description	2024-2025	2023-3034
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

17. Cash and cash equivalents

Description	2024-2025	2023-3034
	Kshs	Kshs
Kilifi County Climate Change account	159,267,206 .00	12,841,879.50
Current Account	0	0
Others (<i>Specify</i>)	0	0
Total Cash and Cash Equivalents	159,267,206 .00	12,841,879.50

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

Financial Institution	Account number	2024-2025	2023-3034
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
Sub- Total		0	0
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
Sub- Total		0	0
c) Current Account			
Central Bank of Kenya	1000546778	159,267,206 .00	12,841,879.50
Bank B		0	0
Sub- Total		159,267,206 .00	12,841,879.50

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

d) Others(Specify)		0	0
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		0	0

18. Receivables from exchange transactions

Description	2024-2025	2023-3034
	Kshs	Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	(0)	(0)
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	0	0

Additional disclosure on interest receivable

Description	2024-2025	2023-3034
	Kshs	Kshs
Interest Receivable		
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
Current loan repayments due	0	0
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	2024-2025	2023-3034
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (<i>Specify</i>)	0	0
Total	0	0

20. Inventories

Description	2024-2025	2023-3034
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (<i>Specify</i>)	0	0
Total Inventories	0	0

Detailed disclosure on inventories

	2024-2025	2023-3034
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	2024-2025	2023-3034
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution	0	0
CBK	0	0
CBK	0	0
Sub- total	0	0
b. Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
c. Equity investments (specify)		
Equity/ shares in Entity xxx	0	0
Sub- total	0	0
Grand total	0	0

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance/ provision	2024-2025	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

Kilifi County Climate Change Fund

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

At the end of the year	0	0
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e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		2024-2025	2023-2024
	%	%	%	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

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

22. Property, plant, and equipment

	Land and Buildings	Motor vehicles	Plant equipment and machinery	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs		Kshs	Kshs	Kshs
At 1st July 2024	0	0	0	508,000.00	896,000.00	1,404,000.00
Additions	0	0	2,489,000.00	0	0	2,489,000.00
Disposals	0	0	0	-	-	0
Transfers/Adjustments	0	0	0	0	0	0
At 30th June 2024	0	0	0	508,000.00	896,000.00	3,893,000.00
At 1st July 2025						
Additions	0	0	0	249,864.00	4,449,450.00	4,699,314.00
Disposals	0	-	0	-	-	0
Transfer/Adjustments	0	0	0	0	0	0
At 30th June 2025	0	0	0	757,864.00	5,345,450.00	8,592,314.00
Depreciation And Impairment						
At 1 st July (Previous FY)	0	0	0	0	0	(0)
Depreciation	0	0	0	0	0	0
Impairment	0	-	0	-	-	0
At 30th June 2024	0	0	2,489,000.00	508,000.00	896,000.00	3,893,000.00
At 1st July 2025			2,489,000.00	757,864.00	5,345,450.00	8,592,314.00
Depreciation	0	0	0	0	-	0
Disposals	0	-	0	-	-	0
Impairment	0	0	0	-	-	0
Transfer/Adjustment	0	0	0	0	0	0

Kilifi County Climate Change Fund

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

At 30 th June 2025	0	0	2,489,000.00	757,864.00	5,345,450.00	8,592,314.00
Net Book Values			2,489,000.00	757,864.00	5,345,450.00	8,592,314.00
At 30 th June 2024	0	0	2,489,000.00	508,000.00	896,000.00	3,893,000.00
At 30 th June 2025	0	0	2,489,000.00	757,864.00	5,345,450.00	8,592,314.00

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

23. Intangible assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At Beginning of The Year	0	0
Additions	0	0
At End of The Year	0	0
Amortization And Impairment		
At Beginning of The Year	0	0
Amortization	0	0
At End of The Year	0	0
Impairment Loss	0	0
At End of The Year	0	0
NBV	0	0

24. Investment Property

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	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
At end of the year	0	0

25. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade Payables	122,232,760.00		0	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	122,232,760.00		0	
Ageing analysis (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total

Kilifi County Climate Change Fund

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

Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	0		0	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

26. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	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)
Total provisions year end	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0

27. Borrowings

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance At Beginning of The Period	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)
Balance At End of The Period	0	0

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

Description	2024-2025	2023-2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0

Kilifi County Climate Change Fund

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

Euro Denominated Loan from Z Organization'	0	0
Domestic Borrowings		
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
Total Balance at End of The Year	0	0

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

28. Social Benefit Liabilities

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0

Kilifi County Climate Change Fund

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

Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

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

29. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	28,891,880.00	12,841,880.00
Adjusted For:		
Depreciation	0	0
Amortization	0	0
Gains/ Losses On Disposal Of Assets	(0)	(0)
Interest Income	(0)	(0)
Finance Cost	0	0
Working Capital Adjustments		
Increase In Inventory	(0)	(0)
Increase In Receivables	(0)	(0)
Increase In Payables	117,533,446.00	0
Net Cash Flow From Operating Activities	146,425,326.00	12,841,880.00

30. 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	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

Description	2024-2025	2023-2024
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

Other Disclosures Continued

e) Due to related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

31. Contingent assets and contingent liabilities

Contingent Liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court Case Xxx Against the Fund	0	0
Bank Guarantees	0	0
Total	0	0

32. 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
At 30 June 2025				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2024				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

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
At 30 June 2025				
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
Total	0	0	0	0
At 30 June 2024				
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
Total	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.

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
At 30 June 2025			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

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
2024-2025			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
2023-2024			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

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 endeavoured to bank with institutions that offer favourable 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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

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

33. Events after the reporting period

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

34. Ultimate and Holding Entity

The entity is a County Public Fund established by Climate Change Act 2021 under the Ministry of Finance. Its ultimate parent is the County Government of Kilifi.

35. Currency

The financial statements are presented in Kenya Shillings (Kshs)

20. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>The page numbers in the table of contents and the corresponding pages in the financial statements are not properly aligned. In addition, the header for the page with the disclosure of related party balances up to the page on annexes is indicated as relating to car loan/mortgage fund instead of Kilifi County Climate Change Fund.</p> <p>In the Circumstances, the accuracy of presentation and disclosures in the annual report and financial statement could not be confirmed.</p>	<p>The header for the page with the disclosure of related party is hereby corrected and also corresponding pages in the financial statement is aligned</p>	Resolved	
2	<p>The statement of financial performance reflects revenue from transfers from county government totalling Ksh 42,231,148 while the corresponding Note 2 to the financial statement reflects revenue totalling Ksh 115,927,6111 resulting to un explained variance of Ksh 73.696,463.</p> <p>In the circumstances, the accuracy of the revenue totalling 42.231,148 could not be confirmed</p>	<p>The Financial statement is hereby corrected as Ksh 42,231,147.5 0. Ksh 73,696,463 was the fund received to CRF after financial year closure.</p>	Resolved	
3	<p>The statement of financial position reflects a balance of Ksh 12,841,880 in respect to cash and cash equivalents while the</p>	<p>The figure of ksh 12,841,879.5 0 is hereby corrected in</p>	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>corresponding and Note 12 to the financial statement reflects a balance of Ksh 86,538,343 resulting to unexplained variance of statement reflects balance of Ksh 86,538,343 resulting to unexplained variance of 73,696,463. In addition, the statement of cashflows reflects a balance of Ksh 13,597,579. in respect of cash and cash equivalent as at 30 June resulting to unexplained variance of 755,699.</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Ksh 12841,880 could not be confirmed.</p>	<p>the cash and cash equivalent notes. The unexplained variance of Ksh 73,696,463 was erroneously reported as funds received same year whereby funds were received towards July 2024.</p>		
4	<p>The statement of financial position reflects a balance of Kshs 3,893,000 in respect of property, plant and equipment while the corresponding Note 17 to the financial statements reflects a balance of Kshs 1,228,450 resulting to unexplained variance of Kshs. 2,664,550.</p> <p>In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs 3,893,000 could not be confirmed.</p>	<p>The corresponding Note 17 to financial statement which was erroneously recorded is hereby corrected and it corresponds with the statement of financial position.</p>	Resolved	
5	<p>The statement of financial position and Note 15 to the financial statements reflects a Nil Inventories balance. However, the statement of financial performance and Note 7 to the financial</p>	<p>Ksh 2,489,000 which was omitted in note 15 of inventories is</p>	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>statements reflects expenditure totalling to Ksh 29,389,268 in respect of use of goods and services out of which Kshs 2,489,000 was in respect of purchase of workshop tools, spares and small equipment and which should have been disclosed as inventory.</p> <p>In the circumstances, the accuracy and completeness of inventories Nil balance could not be confirmed</p>	hereby updated.		
6.	<p>The statement of financial position reflects a balance of Kshs 16,734,880 in respect of accumulated surplus. However, the statement of financial performance reflects a surplus of Ksh 12,841,880 which is also confirmed in the statement of changes in net assets resulting to unexplained variance of Kshs 3,893,000.</p> <p>In circumstances, the accuracy of the accumulated surplus Nil balance could not be confirmed.</p>	The variance of Ksh 3,893,000 in the statement of Financial position is Non-current assets being accumulation of FY 2022-2023 Asset Ksh 1,404,000 and FY 2023-2024 Ksh 2,489,000 Totalling to Kshs 3,893,000	Resolved	
7.	<p>Inaccurate Statement of cash flows</p> <p>The statement of cashflows reflects a cash and cash equivalent balance as at 30th June 2024 of 13,597,579 while the recalculated balance is Kshs 11,108,580 resulting to a variance of Kshs</p>	The variance of Kshs 2,489,000 is with respect to asset purchased, However the cashflow statement is	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>2,489,000 attributed to wrong disclosure of fund administration expenses. In addition, the statement of cashflows reflects a corresponding amount of Kshs 15,330,880 while Note 25 to the financial statements reflects a corresponding amount Kshs 86,538,343 resulting to a variance of Kshs 71,207,463. The note is not properly aligned with the statement of cashflows.</p> <p>In the circumstances, the accuracy and completeness of the statement of cashflows could not be confirmed.</p>	<p>hereby corrected and also note 25 of the financial statement and attached is amended Financial statement report.</p>		
8.	<p>Inaccurate statement of Comparison of Budget and actual Amounts</p> <p>The statement of budget and actual amounts reflects transfers from County Government actual on comparable basis totalling to Kshs 29,389,268 while the statement of financial performance reflects a corresponding total of Ksh 42,231,148 resulting to variance of 12,841,880. In addition, the statement reflects Kshs Nil actual total expenditure on comparable basis while the supporting schedules reflect Kshs 29,389,268 resulting to unreconciled variance of Kshs. 29,389,268.</p> <p>In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed</p>	<p>The Budgeted amount being Ksh 42,231,148 while actual was 29,389,268 resulting to a variance of 12,841,880 which is unspent funds. The Nil figure in the actual total is hereby corrected and attached is financial statement report on the same.</p>	Resolved	

*Kilifi County Climate Change Fund
Annual Report and Financial Statements For the year ended 30th June 2025*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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

Fund Manager/Accounting Officer (enter title of head of Fund)

Date... 7/10/2025 *Jacinta T. Ismail*
Jhurnal

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

Annex II: Inter-Fund Confirmation Letter

Climate Change Fund
P.O Box 519-801018 Kilifi

The *Climate change Fund Unit* wishes to confirm the amounts disbursed to you as at 30th 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 [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 th June 2025			Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
FT24190LW8WK	08/07/2023		73,696,463.00		73,696,463.00	73,696,463.00	0
FT25134JV468	24/04/2024		73,696,463.00		73,696,463.00	73,696,463.00	0
Total			<u>147,392,926.00</u>		<u>147,392,926.00</u>	<u>147,392,926.00</u>	0

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

Head of Accountants department of beneficiary Fund:

Name Rebastian Kather Sign [Signature] Date 9/10/25

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

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 and restoration of Sabaki primary school and its surrounding landscape due to extreme soil erosion in Sabaki ward, Magarini Sub-county	Rehabilitation and restoration of Sabaki primary school and its surrounding landscape	Ensure soil erosion is controlled	Rehabilitation and restoration of sabaki primary school land scapa				12,807,614.75	World bank	County Government of Kilifi
Installation of water harvesting structures in 22 ECD schools in Jilore ward, Malindi Subcounty	Installation of water harvesting structures in 22 ECD schools in Jilore ward, Malindi Subcounty	Ensure there enough water in schools					20,296,474.00	World bank	County Government of Kilifi
Roof water harvesting structures for promotion of kitchen gardening at household level targeting 100 vulnerable household (PWDs, female headed family, elderly headed household, young	Installation of water harvesting structures in vulnerable household (PWDs, female headed family, elderly headed household, young female headed	Ensure there enough water in vulnerable household (PWDs, female headed family, elderly headed					24,042,189.00	World bank	County Government of Kilifi

**Kilifi County
Climate Change Fund**

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

female headed family) in Dabaso ward, Kilifi North sub-county		household, young female headed							
Supply and delivery of indigineous tree seedlings	Supply and delivery of indigineous tree seedlings	improved Forest cover					2,999,999	World bank	County Government of Kilifi
Supply and delivery and commissioning of traditional beehives	Supply and delivery and commissioning of traditional beehives	Apiculture farmers livelihood improved					2,998,560	World bank	County Government of Kilifi
Supply and delivery and commissioning of traditional beehives	Supply and delivery and commissioning of traditional beehives	Apiculture farmers livelihood improved					2,997,600	World bank	County Government of Kilifi
Supply and delivery and commissioning of traditional beehives	Supply and delivery and commissioning of traditional beehives	Apiculture farmers livelihood improved					2,995,200	World bank	County Government of Kilifi
Supply and delivery and of PPEs for Apiculture	Supply and delivery and of PPEs for Apiculture	Apiculture farmers livelihood improved					2,998,700	World bank	County Government of Kilifi
Suply and delivery of nursery accessories	Suply and delivery of nursery accessories	improved Forest cover					2,999,996	World bank	County Government of Kilifi
Construction of Miami borehole In Malindi	Construction of Miami borehole In Malindi	Ensure there is enough water in the house holds					2,999,940	World bank	County Government of Kilifi

**Kilifi County
Climate Change Fund**

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

Construction of mtangani borehole in Malindi	Construction of mtangani borehole in Malindi	Ensure there is enough water in the house holds					4,971,680	World bank	County Government of Kilifi
Water Harvesting structure delivered and constructed	Water Harvesting structure delivered and constructed	Ensure there is enough water in the house holds					4,999,672	World bank	County Government of Kilifi
Water Harvesting structure delivered and constructed	Water Harvesting structure delivered and constructed	Ensure there is enough water in the house holds					4,999,672	World bank	County Government of Kilifi
Upscaling restoration of Kaya Mudzi muvya by planting 100,000 indigenous seedlings in Rabai Kisurutini ward, Rabai sub-county	1. Procurement of 100,000 seedlings of indigenous tree species, 2. Establishment of an indigenous tree nursery for continued restoration program	Forest cover is improved					18891022	World bank	County Government of Kilifi
Rehabilitation of Murengi-Benesi water pan in Majajani (1750 household) in Mnarani ward, Kilifi North Subcounty	1. Construction of spillway 2. Dam perimeter fencing 3. water tank for storage, 4.. Installation of solar panels for	Ensure there is enough water in the house holds					9,638,459.00	World bank	County Government of Kilifi

Kilifi County

Climate Change Fund

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

	<p>pumping and lighting, 5. Construction of a toilet, 6. excavation of side well, 7. Construction of cattle trough, 8. construction of a tree nursery shade for tree nursery establishment.</p>								
<p>Rehabilitation of Kobero earth pan in Kanagoni A2 village in Adu ward, Magarini subcounty</p>	<p>1. Construction of spillway 2. Dam perimeter fencing 3. water tank for storage, 4.. Installation of solar panels for pumping and lighting, 5. Construction of a toilet, 6. excavation of side well, 7. Construction of cattle trough, 8. construction of a tree nursery shade</p>						9,193,517.25	World bank	County Government of Kilifi

**Kilifi County
Climate Change Fund**

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

	for tree nursery establishment.								
Rehabilitation of Bakebuku water pan in Magarini ward, Magarini sub-county	1. Construction of spillway 2. Dam perimeter fencing 3. water tank for storage, 4.. Installation of solar panels for pumping and lighting, 5. Construction of a toilet, 6. excavation of side well, 7. Construction of cattle trough, 8. construction of a tree nursery shade for tree nursery establishment.						9,354,979.00	World bank	County Government of Kilifi
Construction of water pan at Dera-Kwa Kashuru in Kibarani ward, Kilifi North Subcounty	1. Survey and design, 2. Construction of the water pan, 3. Construction of perimeter fencing, 4. Installation of a storage tank,						24,958,540.80	World bank	County Government of Kilifi

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

	5. Installation of solar panels for pumping & lighting, 6.construction of a toilet, 7. Excavation of a side well, 8. Construction of a cattle trough, 9. construction of a tree nursery shade/store for tree nursery establishment.								
Upscaling of beeKeeping project in Mwarakaya ward, Kilifi South subcounty by providing modern beehives and a preferred tree species (Ocium basilicum)	Establishment of apiculture						14,989,130.00	World bank	County Government of Kilifi
Climate Smart agriculture – On farm ponds for 10 household individual farmer level in Bamba ward, Ganze subcounty.	1. Excavation of the farm pond 2. Laying of the dam liner, 3. construction of a silt trap,						9,984,797.42	World bank	County Government of Kilifi

**Kilifi County
Climate Change Fund**

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

	4. Agricultural extension								
Rehabilitation of Kwa Karisa Hare - (Mirihini) water pan in Ganze ward Ganze subcounty.	<ul style="list-style-type: none"> 1. Construction of spillway 2. Dam perimeter fencing 3. water tank for storage, 4.. Installation of solar panels for pumping and lighting, 5. Construction of a toilet, 6. Excavation of side well, 7. Construction of cattle trough, 8. construction of a tree nursery shade for tree nursery establishment. 						12,447,490.10	World bank	County Government of Kilifi

Kilifi County

Climate Change Fund

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

Annex IV: Reporting on Disaster Management Expenditure

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