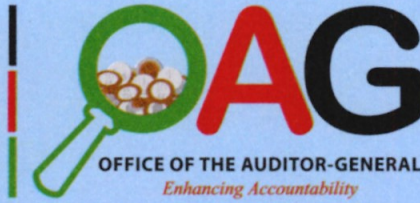


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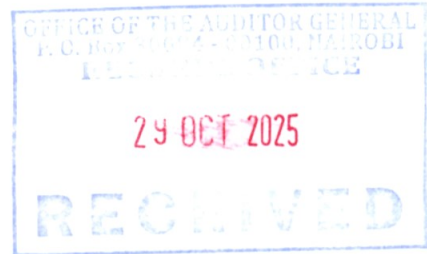
ON

**THE KENYA AGRICULTURAL BUSINESS
DEVELOPMENT PROJECT (SIDA GRANT
NUMBER 15808)**

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

STATE DEPARTMENT FOR AGRICULTURE

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 FEB 2026	DAY: Tuesday
TABLED BY:	Deputy Leader Majority Party. Hon. Owan Bayo, MP
CLERK-AT-THE-TABLE:	Mr. Benson Inzoka



**PROJECT NAME: KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT
(KABDP)**

IMPLEMENTING ENTITY: STATE DEPARTMENT FOR AGRICULTURE

PROJECT GRANT NUMBER: 15808

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT (KABDP)
Annual Report and Financial Statements For the Financial Year Ended 30 June, 2025

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
PAVCA	Priority Agriculture Value Chain Actor
PAVCO	Priority Agriculture Value Chain Organization
ASDSP	Agricultural Sector Development Support Programme
ASTGS	Agriculture Sector Transformation and Growth Strategy
ATO	Agricultural Transformation Organization
BeTA	Bottom up Economic Transformation Agenda
CASSCOM	County Agriculture Sector Steering Committee
CECM	County Executive Committee Member
COG	Council of Governors
CPC	County Project Coordinator
CPS	County Project Secretariat
FY	Financial Year
GOK	Government of Kenya
GOS	Government of Sweden
JASCCM	Joint Agriculture Sector Consultation and Coordination Mechanism
JASSCOM	Joint Agriculture Sector Steering Committee
KABDP	Kenya Agricultural Business Development Project
M&E	Monitoring and Evaluation
MoA&LD	Ministry of Agriculture and Livestock Development
NPS	National Project Secretariat
OAG	Office of the Auditor General
PAVCAs	Priority Agriculture Value Chain Actors
PAVCs	Priority Agriculture Value Chains
PAVCOs	Priority Agriculture Value Chain Organizations
SIDA	Swedish International Development Cooperation
TIMPs	Technologies Innovations and Management Practices
VCAs	Value Chain Actors
VCD	Value Chain Development
VCO	Value Chain Organization
JAS	Joint Agriculture Secretariat
IGS	Intergovernmental Secretariat
FAO	Food And Agriculture Organization
KIAMIS	Kenya Integrated Agricultural Management Information System

2. Project Information and Overall Performance

2.1 Name and registered office

Ministry of Agriculture And Livestock Development, State Department For Agriculture is the implementing Agency located at Kilimo House, Cathedral Road Nairobi.
P. O. Box 30028-00100, Nairobi.

Name: The Project 'official Name: KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT (KABDP)

Objective: The overall objective of the Project is to transform crops and livestock production into commercially oriented enterprises that ensure sustainable food and nutrition security.

Address: The Project headquarters offices are at, NAIROBI County, Kenya.

The address of its registered office is:

HILL PLAZA BUILDING, 6TH FLOOR

NGONG ROAD

P.O.BOX 30028 - 00100

NAIROBI

TEL: 254-20-2714867,

EMAIL: kabdp.kilimo.go.ke

The Project also has offices/branches as follows:

- At all the Forty-Seven (47) Counties countrywide

Contacts: The following are the Project contacts

Telephone: (254) -20-2714867,

EMAIL: kabdp.kilimo.go.ke

Website: www.kilimo.house.go.ke

2.2 Project Information

Project Start Date:	The Project start date is 01-03-2024
Project End Date:	The Project end date is 30-06-2027
Project Coordinator:	The Project Coordinator is Jane Ndungu
Project Sponsor:	The Project Sponsor is Swedish Government under Sida

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2.3 Project Overview

Line Ministry/State Department of the Project	The Project is under the supervision of the Ministry of Agriculture And Livestock Development (State Department For Agriculture).
Project number	15808
Strategic goals of the Project	The overall objective of the Project is to transform crops and livestock production into commercially oriented enterprises that ensure sustainable food and nutrition security.
Achievement of strategic goals	The Project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> i) Business development knowledge and skills of the Agriculture Priority Value Chain Actors (PVCAs) and Value Chain Organizations (VCO) enhanced. ii) Marketed volumes of agriculture priority value chains (PVCAs) products increased. iii) Resilience of agriculture priority value chains (PVCAs) businesses to environment and climate change enhanced. iv) Agricultural business development policy and institutional environment for priority VCAs strengthened
Other important background information of the Project	KABDP will contribute to realization of this objective by increasing access to markets of APVCs products. The achievement of the sector goal will help to achieve the Vision 2030 objectives which aims to transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment. This project goal is consistent with the Government's Bottom-up Economic Transformation Agenda (BeTA) which places emphasis on agricultural transformation and inclusive growth through the value chain approach in all sectors of the economy. Hence, progress towards the achievements of the project's goal will be assessed by the growth of the agricultural sector and its contribution to the expansion of the national economy. The project will support the development of agribusinesses by PAVCAs along 30 Priority Value Chains (PAVCs) with propensity to commercialization. Some of these VCs are included in the BeTA priority VCs cutting across all the three categories on food security, reducing imports and promoting exports.

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<p>Current situation that the Project was formed to intervene</p>	<p>This is a countrywide project to be implemented by the two levels (MoALD and the 47 counties). Beneficiaries will be drawn from the 1450 wards in 295 sub-counties. The implementation of the project is country wide to ensure there is equity and inclusion in the distribution of the development partners and Government of Kenya (GoK) resources. The project targets to benefit 300,000 value chain actors (VCAs) through 480 value chain organizations. 45% of the beneficiaries will be women while youth and men will be 18% and 37% respectively. Deliberate strategies to focus on women and youth given the constraints they face in value chain development will be applied.</p> <p>The project will support development of agribusinesses by PAVCAs along 30 Priority Value Chains (PAVCs) with propensity to commercialization. Each County will work with three (3) priority value chains implemented in ASDSP II and prioritized in the governments BeTA model approach that has borrowed heavily from ASDSP.</p> <p>Considering that a lot of efforts in the last ten years of ASDSP went into organizing VCAs across each of the prioritized value chain into value chain groups (VCGs) and value chain platforms (VCPs), it is considered that this capacity built will be used as a ladder in achieving faster business development among the PAVCAs and PAVCOs and will require less resources than starting with new APVCs and PAVCAs. The thrust of the intervention is to facilitate the aggregation of PAVCAs and their products that are prerequisites for commercialization of small businesses along agricultural value chains. Moreover, there is already the existence of data and information regarding VCAs, VCOs, level of productivity, and market potential among many more that will facilitate implementers develop strategies and guidelines for faster implementation.</p>
<p>Project duration</p>	<p>The Project started on 1st March 2024 to 30th June, 2027</p>

2.4 Bankers

The following are the bankers for the current year:

Bank: Kenya Commercial Bank

Branch: Upper Hill Branch

Account No: 1332624766

2.5 Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya.

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2.6 Roles and Responsibilities

This represents the list of key officers working on the Project, their role, their positions, and their contact information.

No	Name	Title Designation	Key Qualifications	Responsibilities
1	Jane Ndungu	National Project Co-ordinator	Msc in Crop Protection	Overall management and coordination of the Project implementation
2	Bernard Mwangangi	Business Development Officer	Msc. Agriculture & Rural Development	<ul style="list-style-type: none"> a). Coordinating capacity assessment of service providers on entrepreneurship skills b). Conducting the articulation and analysis of gender-based and market access related constraints along PVCs c). Conducting market development initiatives in consultation with stakeholders d). Inventorize market information service providers e). Support development of market linkages and conduct regular market surveys g). Developing partnership with a view to increasing service providers and supporting their linkages to VCAs h). Supporting adaptation and transfer of business technology to VCAs
3	Maren Amoko Bwana	Policy Institution & Capacity Development specialist	PhD Planning & Natural Resource Management	<ul style="list-style-type: none"> a). Reviewing Project capacity development plan and models including curricula and Project b). Ensuring consultative linkages between national level Sector institutions and the County Project Secretariats in collaboration with JAS-IGS; d). Preparation of plans for mentoring young professional d). Enhancing capacities of established structures for consultation, cooperation and coordination at the national level;

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No	Name	Title Designation	Key Qualifications	Responsibilities
				e). Together with others, ensure support to initiatives for establishment and operationalization of structures for consultation, cooperation and coordination at the national level;
3	Aggrey Yona Adul	Communication/Transport Officer	Msc. Agricultural Information and Communication Management (AICM)	a). Conducting the Project communication activities b). Management of Project vehicles in close consultation with NPC
4	David Karuga Ndorongo	Project Accountant	Masters in Business Administration (M.B.A) - Finance	Management and operations of Project financial systems
5	John Stephen Ayere	Principal ICT Officer	Bsc in ICTM	Management of Project ICT equipments and services
6	Jane Wanjiru Mwaniki	Project Procurement Officer	Bachelor's Degree in Purchasing and Supplies Management	Operations of Project procurement services
7	Eric Milgo	Project Procurement Officer	Bachelor's Degree in Purchasing and Supplies Management	Operations of Project procurement services

All the officers can be contacted by Telephone: (254) -20-2714867,
EMAIL: *Kabdp.kilimo.go.ke*

2.7 Funding summary

The Project total budget is Kshs 4.910 billion and it is for a duration of 3 years from 2024 to 2027. It is co- financed by a budget of Kshs 2.2 Billion from Government of Sweden and Kshs 2,710,000,000 by Government of Kenya.

Below is the funding summary:

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A: SOURCE OF FUNDS

Source of funds	Donor Commitment		Amount received to date – 30 th June 2025)		Undrawn balance to date – 30 th June 2025	
	<i>Donor currency Swedish Kronors</i>	<i>KShs</i>	<i>Don or curre ncy Swed ish Kron ors</i>	<i>KShs</i>	<i>Donor currency Swedish Kronors</i>	<i>KShs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
GRANT SUMMARY						
Swedish Government under SIDA	200,000,000	2,200,000,000	-	-	200,000,000	2,200,000,000
Total Grants	200,000,000	2,200,000,000	-	-	200,000,000	2,200,000,000
Counter Part funds						
Counter Part funds Government of Kenya - MOAL& D)	-	360,000,000	-	42,000,000	-	318,000,000
Counter Part funds Government of Kenya - County Governments	-	2,350,000,000	-	-	-	2,350,000,000
Total	-	2,710,000,000	-	42,000,000	-	2,668,000,000
Total Funding Summary	200,000,000	4,910,000,000	-	42,000,000	200,000,000	4,868,000,000

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B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative Amount paid to date – (30 th June 2025)	Cumulative Amount paid to date – (30 th June 2025)	Unutilized balance to date (30 th June 2025)	
	<i>Donor currency Swedish Kronors</i>	<i>Kshs</i>	<i>Donor currency Swedish Kronors</i>	<i>Kshs</i>	<i>Donor currency Swedish Kronors</i>	<i>Kshs</i>
	(A)	(A')	(B')	(B')	(A)-(B)	(A')-(B')
(i) Grant						
Swedish Government under SIDA	-	-	-	-	-	-
(ii) Counterpart funds						
Counter Part funds Government of Kenya – MOA & LD	-	42,000,000	-	42,000,000	-	-
Counter Part funds Government of Kenya - County Governments	-	-	-	-	-	-
Total	-	42,000,000	-	42,000,000	-	-

The Donor currency is in Swedish Kronor

2.8 Summary of Overall Project Performance:

The Projects absorption rate of the Project is tabulated below

BUDGET ABSORPTION RATE- BUDGET V/S ACTUAL EXPENDITURES (Amount in Ksh)

Details	FY 2024/2025
Budget	72,000,000
Payments	42,691,463
Absorption % (Budget /Payment)	59%

2.8.1 Summary of Overall Project Performance

Though the project was temporarily terminated at the End of June by the Donor – Sweden. The achievement highlighted were at the inception Phase 1st March 2024- August 2024.

However, the project objective would have been realised of the Project during its lifespan

KABDP aimed to "**improve market access for targeted agricultural priority value chain actors** in the project areas in order to improve incomes, create employment and provide food and nutrition security". This objective would have been achieved through the following interventions:

- i) Enhancing the business development knowledge and skills among the PAVCAs and their associated PAVCOs;
- ii) increasing market volumes of PAVC produce and products;
- iii) enhancing resilience of the agribusinesses to environment and climate change effects; and
- iv) strengthening the agricultural business development policy and institutional environment.

2.8.2 Target Groups

This is a countrywide project to be implemented by the two levels (MoALD and the 47 counties). There are two categories of beneficiaries,

- i) The PAVCAs and VCOs who are the principal beneficiaries of the project and
- ii) Implementing institutions who are the secondary beneficiaries. The direct beneficiaries will be drawn from the 1450 wards in 295 sub-counties.

The implementation of the project is county wide to ensure there is equity and inclusion in the use of the development partners and Government of Kenya (GoK) resources.

The project targets to benefit 300,000 value chain actors (VCAs) through 480 value chain organizations. 45% of the beneficiaries will be women while youth and men will be 18% and 37% respectively.

The project will support the development of agribusinesses by PAVCAs along 30 Priority Value Chains (PAVCs) with propensity to commercialization. Some of these VCs are included in the BeTA priority VCs cutting across all the three categories on food security, reducing imports and promoting exports

Each County will work with three (3) priority value chains implemented in ASDSP II and prioritized in the governments BeTA model approach.

Challenges

The abrupt termination of KABDP by the Embassy of Sweden (EoS) caused several challenges impacting on completing inception activities some of the notable challenges include:

1. **Disruption of Funding:** Termination halted financial support, causing abrupt and premature termination in project activities and operations.
2. **Inability to Finalize Contracts:** Procurement processes, especially for consultants and technical assistants, were left incomplete.
3. **Stoppage in Baseline Studies:** Baseline studies and data collection were disrupted, affecting project planning and assessments.

4. **Staff and Resource Gaps:** The sudden stoppage impacted internal capacity building and staff involvement, stalling progress.
5. **Lack of Clear Communication:** Uncertainty from Embassy Of Sweden termination affected project stakeholders and decision-making processes.

WAY FORWARD

- 1) In case the termination is upheld, GoK should reallocate resources and downscale activities while maintaining KABDP's original objectives.
- 2) Focus on critical and high-impact value chains and regions with strong commercialization potential.
- 3) Streamline operations by leveraging existing infrastructure and partnerships.
- 4) Prioritize capacity-building for large value chain organizations with high growth potential.
- 5) Strengthen policy and institutional frameworks to ensure resilience and sustain project outcomes despite reduced funding.
- 6) Develop a concept that ensures the continued implementation of the project

2.9 Summary of Project Compliance:

The Project is guided by the Public Procurement and Disposal Act, 2015 and its regulation, Public Financial Management Act, 2012 and its regulation

The Project endeavours to deliver value for money outputs

The Project is compliant to law.

3. Statement of Performance Against Project's Predetermined Objectives

The KABDP intervention responds to the sector overarching Agricultural Policy 2021 whose objective is "**Transformation of crops, livestock and fisheries production into commercially oriented enterprises that ensure sustainable food and nutrition security**". Through the development of businesses along the value chain nodes of selected Priority Agriculture Value Chains, the Project will improve incomes among PAVCAs (men, women, and youth) thus reduce poverty, create additional jobs and improve food and nutrition security while ensuring environmental sustainability. The project is aligned to the Swedish Strategy for development cooperation 2021-2025 with Kenya as it responds to Strategic Area 3 "Better opportunities and tools to enable poor people to improve their living conditions".

The Project builds on the Agricultural Sector Development Support Programme (ASDSP II) lessons learnt during the implementation process and targets to address the gaps found to achieve commercialisation. It will target Prioritized Agriculture Value Chain Actors from the primary producers to the consumers and value chain organizations by supporting activities that will lead to the realization of the four outcome areas:

Outcome 1: Business development knowledge and skills among PAVCAs and VCOs enhanced: The objective of this outcome is to enhance business knowledge and skills of PAVCAs for improved market access. This will be achieved through: i) building PAVCAs and PAVCOs

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business development knowledge and skills ii) supporting Inclusive business development Innovations and iii) Supporting Agricultural business digital systems

Outcome 2: Market Volumes of PAVC Products Increased: The objective of this result area is to increase the produce/products market volumes of the Priority Agricultural Value Chains nodes through aggregation of PAVCAs and VCOs, and organizational capacity building of the VCOs. This outcome objective will be achieved through three pathways: i) Facilitating the aggregation of the PAVCAs and VCOs and their produce/products/services into formal and large VCOs, and ii) Building the organizational capacity of VCOs

Outcome 3: Resilience of agricultural businesses to environment and climate change impacts enhanced: The objective of this outcome area is to enhance the resilience of inclusive PAVCO and PAVCAs businesses to environment and climate change impacts through the following project interventions: i) Building the technical capacity of PAVCOs and PAVCAs on environmental management for building resilience to climate change on their businesses and, ii) Supporting PAVCOs and PAVCAs to implement appropriate environmental management and CSA TIMPs.

Outcome 4: Agriculture business development policy and institutional environment strengthened:

The objective of this outcome is be to strengthen the agriculture business development policy and institutional environment. This will be achieved by (i) leveraging on the institutional framework for the sector coordination, the JASSCOM, CASSCOMs and its sector working groups and (ii) supporting the review and or formulation of sector policies (including regulations, strategies, plans and standards).

Result areas

Outcome 1: Business development knowledge and skills among PAVCAs and VCOs enhanced
Output 1.1: PAVCAs and VCOs business development knowledge and skills built
Output 1.2: Inclusive Business Development Innovations supported
Output 1.3: Agricultural business digital systems supported
Outcome 2: Market Volumes of PAVC's products increased
Output 2.1: Priority Agricultural Value Chain Actors (PAVCA's) and Value Chain Organizations (VCO's) Aggregated
Output 2.2: Value Chain Organizations' (VCO's) Organizational capacity built
Outcome 3: Resilience of agricultural businesses to environment and climate change impacts enhanced
Output 3.1: VCOs and APVCAs knowledge and skills on resilience built
Output 3.2: Environment Management and CSA TIMPs supported
Outcome 4: Agriculture business development policy and institutional environment strengthened.
Output 4.1: Capacity of agricultural sector institutions and project coordination strengthened.
Output 4.2: Policy and legal instruments for agribusiness improved
4.4 Project coordination and management

Key intervention strategies

Implementation of KABDP will be informed by seven-point strategy

- i) Value Chain Approach where all actors (input, producers, transporters, traders, processors) work in harmony with own interest and in support of each other for the benefit of their businesses.
- ii) Emphasize the need that the value chains determined will be commercially viable, resilience to climate change, and foster biodiversity conservation
- iii) The Project will specifically implement the Gender and social inclusion strategy 2020 and will prioritize economic inclusion of women and youth in Value Chain Development to facilitate their right to economic development
- iv) Linking sector actors at all levels to facilitate mutually inclusive, demand-driven identification of value chain bottlenecks and sector transformation issues needing attention
- v) Aggregation driven where the entry point of the project will be the value chain organizations that have critical mass of PAVCAs to supply adequate quantities of quality products to meet existing and expanded market demand.
- vi) Graduation of PVCAS to middle income level focus.
- vii) Exit strategy: Planning and implementation of the project activities will be phased in a manner that sustainability of results allows for use of project resources to new activities so that future support will target new beneficiaries or address additional core problems that reduce elimination of poverty and hunger

Monitoring and evaluation plan

M&E plan will provide information on performance monitoring and evaluation, data collection and delivery, result reporting, documentation, and dissemination methods. The plan guides what to monitor and evaluate, the required information and who needs the report. It also outlines key monitoring and evaluation questions, allows identification of the information needed and how to collect it, Persons responsible for different tasks as well as timelines. NPS and CPS in consultation with the planning and M&E sector units will develop a detailed M&E plan by June 2024. KABDP monitoring will be guided by the performance monitoring plan as prescribed in the project M&E plan. It will be done periodically at the national and county levels to assess the progress and performance of the project and the achievement of its expected outputs and outcomes and respective annual activity targets

Communication and Knowledge Management

The project will strengthen the knowledge management and communication unit in order to develop institution capacity in knowledge creation/generation, storage, retrieval, learning, dissemination, and utilization in evidence informed decision making. This will be in line with the project purpose to increase market access for improved incomes, food, and Nutrition security of targeted agricultural priority value chain actors in project areas. The county-based communication units shall work with Governor's communication units for purposes of information and knowledge packaging and dissemination.

The project will develop the Knowledge management and Communication framework (KMF) as an effective tool to guide the implementation of the knowledge, information, learning and communication aspects within the project. This framework will be in line with the KABDP objectives and harmonized with the Kenya Digital Economy blueprint, 2019, Knowledge Management policy in Kenya, 2022 and National Agricultural Marketing strategy 2021-2030.

The key activities in implementing the knowledge management, learning and communication will include.

- i) Development of knowledge management framework and Communication strategy and county specific communication plans
- ii) The knowledge management and communication strategy will guide the implementation of knowledge management and communication activities within the KABDP. The NPS will guide in the development process of the strategy in consultation with line ministry and related programmes. The CPS will then develop county specific Knowledge management and communication plans in line with the key thematic areas of the national strategy.
- iii) Attempts will be made to develop partnership with FAO KIAMIS project with a purpose to linking KADBP results and services to KIAMIS and also for KABDP to draw good lessons from KAIMIS with particular interest on access to information, markets, financial services and extension by PAVCAs and PAVCOs.

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The progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Kenya Agricultural Business Development Project (KABDP)	The objective of this outcome is to enhance business knowledge and skills of PAVCAs for improved market access. This will be achieved through: i) building PAVCAs and PAVCOs business development knowledge and skills ii) supporting Inclusive business development Innovations and iii) Supporting Agricultural business digital systems	Business Development Knowledge and Skills among PAVCAs and PAVCOs Enhanced	i.) % change in the number of agribusiness enterprises for VCAs; (by sex and age) ii.) % increase of VCAs using business plans by sex and age.	<p>National Achievements</p> <ul style="list-style-type: none"> • Develop for Business knowledge and skills enhancement guidelines • Develop Grant mechanism guidelines • Review VCOs identification guideline, • Assessment and recommendation of incubation/Mentorship Models for KABDP, • Review of Counties strategic interventions value chain action plans • Action Planning for gender and Social Inclusion in counties <p>County Level</p> <ul style="list-style-type: none"> • Review of Counties strategic interventions value chain action plans • Action Planning for gender and Social Inclusion in counties • Profile selected VCOs • Identify incubation centers and initiate linkages <p>Achievements During the year under review, KABDP</p>

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Project	Objective	Outcome	Indicator	Performance
				developed and gave comprehensive report on the number of agri-business agri-enterprises for VCAs; (by sex and age) in its monthly reports.
	The objective of this result area is to increase the produce/products market volumes of the Priority Agricultural Value Chains nodes through aggregation of PVCAs and VCOs, and organizational capacity building of the VCOs. This outcome objective will be achieved through three pathways: i) Facilitating the aggregation of the PAVCAs and VCOs and their produce/products/services into formal and large VCOs, and ii) Building the organizational capacity of VCOs	Market Volumes of PAVC Products Increased	i). % increase in volumes of products aggregated by PAVCOs ii). % increase in volume of produce/products marketed by VCOs ii). % reduction in post-production losses	<p>National Level</p> <ul style="list-style-type: none"> Develop implementation guidelines on aggregation of PAVCAs/PAVCOs <p>County Level</p> <ul style="list-style-type: none"> Identify PAVCOS for aggregation <p>Achievements During the year under review, KABDP updated the “KilimoBuz” an online market place for Agricultural produce and products through a consultative meeting and workshop with system developers from ICT Authority, MOALD and KALRO. New parameters and system design were developed and uploaded. The system has acquired new phase in line with KABDP value chains.</p>
	The objective of this outcome area is to enhance the resilience of inclusive PAVCO and PAVCAs businesses to environment and	Resilience of agricultural businesses to environment and climate change	(i) % increase in the adoption of environment and climate-smart agricultural	<p>National Level</p> <ul style="list-style-type: none"> Develop guideline to profile climate risks faced by PVCOs and PVCAs

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Project	Objective	Outcome	Indicator	Performance
	climate change impacts This outcome objective will be achieved through the following project interventions: i) Building the technical capacity of PAVCOs and PAVCAs on environmental management for building resilience to climate change on their businesses and, ii) Supporting PAVCOs and PAVCAs to implement appropriate environmental management and CSA TIMPs.	impacts enhanced	TIMPs (Technologies, innovations, management practices) by PAVCOs and PAVCAs (by sex and age); (ii) % increase in number of PAVCAs by sex and age and PAVCOs growing farm forestry trees.	<ul style="list-style-type: none"> • Piloting of the guideline in select Counties • Develop guidelines on grant for environment and CSA TIMPs (Combine with Grant in Outcome 1) <p>County Level</p> <ul style="list-style-type: none"> • profile climate risks faced by PAVCOs and PVCAs <p>Achievements</p> <p>During the Year under review, KABDP planned to develop 6 key implementation guidelines, 1 strategy and 1 plan. (Business knowledge and skills enhancement guidelines, PAVCO identification guidelines, Aggregation of PAVCAs/PAVCOs implementation guidelines, Service providers' engagements guidelines, Guideline to profile climate risks faced by PVCOs and PVCAs, M&E plan, Knowledge management and Communication strategy). This was not carried out.</p>
	The objective of this outcome is to strengthen the agriculture business development policy and institutional	Agriculture business development policy and institutional environment strengthened.	i)% level of stakeholder satisfaction with agricultural	<p>National activity</p> <ul style="list-style-type: none"> • Sensitization of CPS on KABDP • Sensitize CECs/COs on KABDP • Sensitize accounts, finance, audit and

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Project	Objective	Outcome	Indicator	Performance
	<p>environment. This will be achieved by</p> <p>(i) leveraging on the institutional framework for the sector coordination, the JASSCOM, CASSCOMs and its sector working groups and</p> <p>(ii) supporting the review and or formulation of sector policies (including regulations, strategies, plans and standards).</p>		<p>business operating environment</p> <p>ii)% level of awareness of the sector policies among PAVCAs.</p>	<p>procurement units at the County and national level on the Finance and Procurement Guidelines.</p> <ul style="list-style-type: none"> Develop implementation guidelines on business development policy and institutional environment inventory and sensitization of National potential partners sensitization of National project steering structures <p>County Level activity</p> <ul style="list-style-type: none"> inventory and sensitization of County potential partners sensitize County Coordination structures on KABDP
	<p>KABDP monitoring will be guided by the performance monitoring plan as prescribed in the project M&E plan. It will be done periodically at the national and county levels to assess the</p>	<p>M&E and communication</p>	<ul style="list-style-type: none"> Finalize M&E instruments/tools Performance monitoring and evaluation 	<ul style="list-style-type: none"> Project Baseline survey Development of web-based Management information system (MIS) for M&E Develop Monitoring and Evaluation (M&E) Plan Inception Reporting

KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT (KABDP)
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Project	Objective	Outcome	Indicator	Performance
	progress and performance of the project and the achievement of its expected outputs and outcomes and respective annual activity targets		<ul style="list-style-type: none"> • Performance monitoring reporting 	<ul style="list-style-type: none"> • Develop work plans FY 2024/025 & 2025/2026 • Develop Finance and procurement guidelines • Opening County Operational account • Procurement of Rolling Audits & Technical services • Bilateral Review mission <p>County level</p> <ul style="list-style-type: none"> • Develop County M&E plan • Develop County FY 2024/025 & 2025/2026 • Deposit/Opening Special designated Account and Operation Account in a commercial Bank <p>Achievements in the national Level</p> <ul style="list-style-type: none"> • Developed Budget and workplan for FY 2024/2025 & 2025/2026 • Drafting of the Intergovernmental Participation Agreements (IPAs) and Memorandum of Understanding (MoU): <ul style="list-style-type: none"> i) ToR for the National Project Steering

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Project	Objective	Outcome	Indicator	Performance
				<p>ii) Committee Developed Draft Intergovernmental Participation Agreements (IPAS) between MoA&LD and the 47 County Governments done</p> <p>iii) MOU between MoA&LD and CoG submitted</p> <p>a. Clearance by CS</p> <p>b. Concurrence with CoG with letter</p> <p>c. Clearance by the AG</p> <p>After submission to the AG chambers by PS, SDA for approval, they were sent to NT for approval</p> <p>Preparation of project Baseline survey</p> <ul style="list-style-type: none"> • Identification, Profiling & Appointment of baseline team members (NBT): Development & Sensitization of NBT on Baseline TORs. • Development of Baseline Tools, (PVCAs) and (PVCOs) Questionnaire & alignment to the Project Document: • The development of the Priority

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Project	Objective	Outcome	Indicator	Performance
				<p>Agricultural Value Chain Actors (PVCAs) Baseline Questionnaire.</p> <ul style="list-style-type: none"> • The development of the Priority Agricultural Value Chain Organizations (PAVCOs) Baseline Questionnaire. • Programming of data collection software & inputting PVCAs & PVCOS questionnaires Tools • Simulation, Pretesting & Correction of the PVCOS & PVCAs questionnaires (data collection software) <p>Procurement processes</p> <p>i). Development of TORs and draft Expression of Interest (EOI) adverts</p> <p>Terms of Reference for the two consultancies were developed and forwarded to the Embassy of Sweden for a “No Objection”. The procurement process was initiated by publishing the Expression of Interest EOI adverts on one of the daily newspaper and in the State Department for Agriculture’s website.</p>

KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT (KABDP)
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Project	Objective	Outcome	Indicator	Performance
				<p>ii). Evaluation of Expression of Interest (EOI) documents</p> <p>The EOI tender documents for the two consultancies opened publicly and recorded in Tender Opening minutes as per the requirements of the Public Procurement and Asset Disposal Act 2015 (PPADA 2015). Evaluation of the bid documents was conducted by the Evaluation Committee appointed by the Accounting Officer. The signed evaluation reports together with the professional opinions were forwarded to the Accounting Officer of the State Department for Agriculture for review and approval to shortlist the qualified bidders. The approved professional opinions shortlisting the qualified bidders and the signed evaluation reports were shared with the Embassy of Sweden.</p> <p>iii). Preparation of Request for Proposal (RFP) document for issuance to the shortlisted bidders</p> <p>Request for Proposal (RFP) documents ready</p>

KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT (KABDP)
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Project	Objective	Outcome	Indicator	Performance
				<p>for issuance to the shortlisted bidders.</p> <p>Financial aspects</p> <p>i. A Special KABDP Designated Account was opened at the Central Bank</p> <p>ii. A written disbursement request of SEK 40,000,000 was sent to the Embassy of Sweden in Nairobi</p> <p>iii. Efficiency Audit Terms of reference were developed by the Embassy of Sweden The Audit was to be performed by independent External Auditors</p> <p>iv. The National Treasury issued a No-objection to open bank accounts for the National and Counties</p> <p>v. The National Government opened KABDP commercial bank accounts at Kenya Commercial bank – Capital Hill</p> <p>Reporting:</p> <ul style="list-style-type: none"> • Developed Individual performance appraisals for all the staff. • Prepared and submitted quarterly

KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT (KABDP)
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Project	Objective	Outcome	Indicator	Performance
				<ul style="list-style-type: none"> Prepared Annual performance contract implementation reports for the project. <p>Monitoring and Evaluation (M& E) and Information Management Strengthened KABDP prepared and submit to State Department for Agriculture, Director Crops quarterly and Annual Progress Report of the project implementation as required</p>
	<p>The project will strengthen the knowledge management and communication unit in order to develop institution capacity in knowledge creation/generation, storage, retrieval, learning, dissemination, and utilization in evidence informed decision making. This will be in line with the project purpose to increase market access for improved incomes, food, and Nutrition security of targeted agricultural priority value chain actors in project areas. The county-based communication units shall work with</p>	<p>Knowledge Management and Communication</p>	<p>i) Developed Knowledge management framework</p> <p>ii) Developed knowledge management and Communication strategy and county specific communication plans</p> <p>iv) Linkages /partnership with FAO & KIAMIS project</p>	<ul style="list-style-type: none"> Knowledge & Communication Strategy Develop website & integration TIMS Portal Launch of KABDP <p>County level</p> <ul style="list-style-type: none"> Develop County communication plan <p>Achievements During the year under review, KABDP upgraded the TIMPs portal, an online knowledge management repository and dissemination platform.</p>

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Project	Objective	Outcome	Indicator	Performance
	Governor's communication units for purposes of information and knowledge packaging and dissemination.			
	Project implementation	Project operations	<ul style="list-style-type: none"> Operations 	Office general supplies and services, equipment and vehicle maintenance, communication
	Project implementation	Human Resources	Project staffing	Project staff are supposed to be based at the NPS and CPS and are responsible for the day-to-day management of the Project. For the NPS to deliver on these responsibilities, it requires a team of specialist in the following areas: and whose terms of reference shall be developed during the inception period and used to allocate duties to identified and qualified specialists: 1) National Project Coordinator; 2) Business and Grant Development Specialist, Markets Development Specialist, Environmental Management and Resilience Specialist, Policy and Institutional Specialist, Monitoring and Evaluation specialist. These specialists will be supported by Communication and Knowledge Management, Project Account units, ICT and procurement units who will be responsible and custodian for all communication and knowledge /publicity of the project accounting, ICT and

KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT (KABDP)
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Project	Objective	Outcome	Indicator	Performance
				<p>procurement functions , support staffs and drivers will be deployed on need basis. The counties will require competent specialists in the following areas: 1) project Cordinator 2) Business and Grant management; 3) Market development; 4) Environmental and resilience; 5) Policy and institutional management and, 6) Monitoring and evaluation. Support staffs and drivers shall be deployed .The terms of reference for these positions should be developed during the inception period and specialist identified to fill gaps where they exist.</p>

4. Environmental and Sustainability Reporting

The Project is anchored to Ministry and the project executes the mandates as guided by policies of the Ministry. As the project was prematurely terminated within its three (3) Months after its signing, it had planned to develop guidelines for the promotion environmental friendly through partnership with various bodies who have the ability to maintain or continue offering services to the citizens of the country over the long- term focuses mainly on the five areas indicated below.)

2. Sustainability strategy and profile

The accounting officer would maintain sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

3. Environmental performance

The Project had intended to develop within its workplan an environmental policy guidelines by the end of first year of its existence , and they would be ,measured from the outcome arears within the Project. An effort was to be made manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

4. Employee welfare

The Project has policies guiding the hiring process and take into account the gender ratio. The Project also maintain the balance on gender while engaging with the stakeholders. The Project also engage in capacity building in managing careers, appraisal and reward systems. The Project maintain the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA)

5. Market place practices-

The Project maintain all the aspects as below:

a) Responsible Supply chain and supplier relations-

The Project maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

b) Responsible ethical practices

The Project maintain ethical and anti- corruption practices and responsible political involvement.

c) Regulatory impact assessment

The Project Safeguard citizen and stakeholder's rights.

Community Engagements

The Project also intended to develop community guidelines when engaging the community including capacity building, labour relations, staff training and development, and water and sanitation initiatives. The project would follow on Government circulars issued on community engagement including Tree Planting

5 Statement of Project Management Responsibilities

The Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development and the Project Coordinator **Kenya Agricultural Business Development Project (KABDP)** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project ; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development and the Project Coordinator **Kenya Agricultural Business Development Project (KABDP)** accept responsibility for the Project's financial statements, which have been prepared on the accrual basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development and the Project Coordinator **Kenya Agricultural Business Development Project (KABDP)** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2025, and of the Project's financial position as at that date.

The Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development and the Project Coordinator **Kenya Agricultural Business Development Project (KABDP)** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary, State Department For Agriculture, Ministry of Agriculture And Livestock Development and the Project Coordinator Kenya Agricultural Business Development Project (KABDP) confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by The Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development and the Project Coordinator **Kenya Agricultural Business Development Project (KABDP)** on 28th Oct 2025 and signed by them


.....
Name: **Dr. Kipronoh Ronoh P.**
Principal Secretary


.....
Name: **Jane Ndungu**
Project Coordinator

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT (SIDA GRANT NUMBER 15808) FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR AGRICULTURE

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Agricultural Business Development Project (SIDA Grant Number 15808) set out on pages 1 to 23, which

Report of the Auditor-General on the Kenya Agricultural Business Development Project (SIDA Grant Number 15808) for the year ended 30 June, 2025 - State Department for Agriculture

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Agricultural Business Development Project (SIDA Grant Number 15808)-State Department for Agriculture 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 Public Finance Management Act, 2012 and the Grant Agreement No.15808 dated 20 February, 2024 between the Republic of Kenya and the Swedish International Development Cooperation Agency (SIDA).

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Agricultural Business Development Project (Grant Number 15808)-State Department for Agriculture Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a budgeted and actual receipts on comparable basis of Kshs.72,000,000 and Kshs.42,002,500 respectively resulting in under-funding of Kshs.29,997,500 or 42% of the budget. Further, during Supplementary II revision of the budget for the financial year 2024/2025, the project had received a budget cut of Kshs.703,000,000 from an initial budget of Kshs.775,000,000.

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

2. Uncertainty Over the Status of the Project Grant Agreement

The Government of Kenya entered into a grant agreement with the Government of Sweden represented by Swedish International Development Cooperation Agency (SIDA)

on 20 February, 2024 to finance the Kenya Agricultural Business Development Project (KABDP). The project aimed to transform crop and livestock production into commercially oriented enterprises to promote sustainable food and nutrition security. However, a letter dated 28 June, 2024 from the Embassy of Sweden communicated the termination of the grant agreement. Subsequently, correspondence from the Principal Secretary, State Department for Agriculture, dated 26 August, 2024, indicated that a high-level consultative meeting held on 20 August, 2024 resolved that both parties would continue engaging to address the matter. As at the time of audit in October, 2025, no further documentation or communication was provided to confirm whether the termination had been finalized or if the issue had been amicably resolved.

In the absence of supporting documentation or correspondence confirming the final status of the grant, it was not possible for the audit to ascertain whether the agreement was effectively terminated.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

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

In connection with my audit on Kenya Agricultural Business Development Project (Grant Number 15808) - State Department for Agriculture 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 effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delayed Implementation of the Inception Activities

Review of the inception activities progress matrix as presented in Annex 2 of the Inception report, indicate none of the inception activities had been finalized during the period between the signing of the grant agreement on 20 February, 2024 and the issuance of the notice of termination on 28 June, 2024 contrary to the grant agreement which required the inception report be presented after completion of the inception activities and which indicates that termination should not affect the continued implementation of the project unless jointly decided so.

Failure to finalize inception activities within the required timelines affected the achievement of project objectives.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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 Carry Out Internal Audits

During the year under review, there was no evidence that the Project was subjected to review by the Internal Audit function of the State Department. This is contrary to Section 73(1) of the Public Finance Management (PFM) Act, 2012, which requires every national government entity to make appropriate arrangements for an internal audit function to monitor, evaluate, and report on the effectiveness of the entity's risk management, control, and governance processes.

Failure to subject the Project to internal audit reviews undermines the effectiveness of internal controls, exposes the Project to unmitigated risks, and may lead to non-detection of errors, fraud, or mismanagement of resources.

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 Project's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Management is responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant

legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

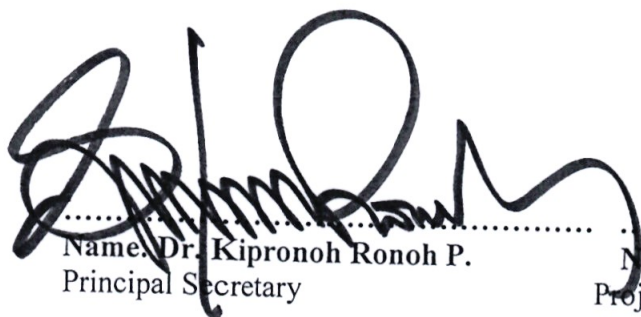
4 November, 2025


Kenya Agricultural Business Development Project (KABDP)
Annual Report and Financial Statements For the Financial Year Ended 30th June, 2025


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

	Notes	2024/2025
		Kshs
Revenue from non-exchange transactions		
Revenue Transfers	5	62,085,000
Miscellaneous Incomes	6	2,500
Total Revenue		62,087,500
Expenses		
Use of goods and services	7	42,691,463
Total expenses		42,691,463
Surplus for the year		19,396,037

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th OCT 2025 and signed by:


 Name: Dr. Kipronoh Ronoh P.
 Principal Secretary


 Name: Jane Ndungu
 Project Coordinator

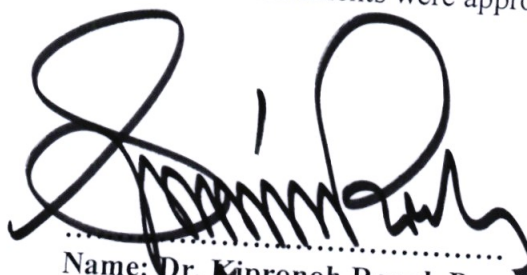

 Name: Douglas Mutemi
 Head Of Accounting Unit
 ICPAK Member Number: 6851

Kenya Agricultural Business Development Project (KABDP)
Annual Report and Financial Statements For the Financial Year Ended 30th June, 2025

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

	Note	FY 2024/2025 Kshs
Assets		
Current Assets		
Cash and Cash equivalents		
Receivables	8	330,881
Total Current Assets	9	20,085,000
		20,415,881
Non-Current Assets		
Property, Plant and Equipment		-
Total Non- Current Assets		-
Total Assets		20,415,881
Liabilities		
Current Liabilities		
Trade and Other Payables		
Total Current Liabilities(b)	10	1,019,844
		1,019,844
Total Liabilities		1,019,844
Net Assets		
Represented By:		19,396,037
Accumulated Surplus		19,396,037
Total Net Assets		19,396,037

The financial statements were approved on 28th Oct. 2025 and signed by:



Name: Dr. Kipronoh Ronoh P.
Principal Secretary



Name: Jane Ndungu
Project Coordinator



Name: Douglas Mutemi
Head of Accounting Unit
ICPAK Member Number: 6851

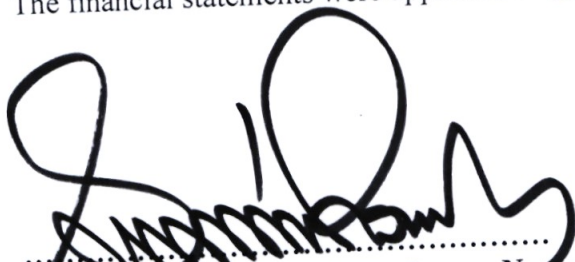
Kenya Agricultural Business Development Project (KABDP)
Annual Report and Financial Statements For the Financial Year Ended 30th June, 2025


9. Statement of Changes in Net Assets

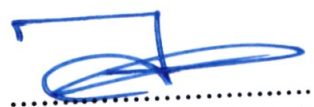
Description	Accumulated Surplus
	Kshs
As at 1st July 2024	0
Surplus for the period	19,396,037
As at 30th June 2025	19,396,037

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

The financial statements were approved on 28th Oct 2025 and signed by:


 Name: Dr. Kipronoh Ronoh P.
 Principal Secretary

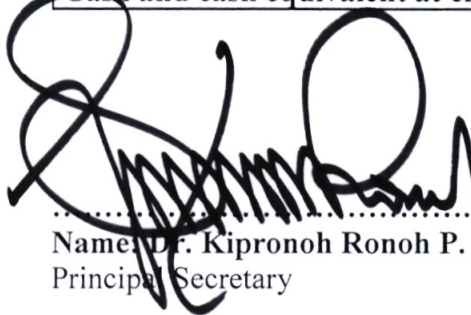

 Name: Jane Ndungu
 Project Coordinator



 Name: Douglas Mutemi
 Head Of Accounting Unit
 ICPAK Member Number: 6851

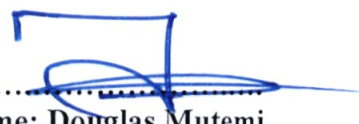
Kenya Agricultural Business Development Project (KABDP)
Annual Report and Financial Statements For the Financial Year Ended 30th June, 2025

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

Description	Note	FY 2024/2025 Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers	5	42,000,000
Miscellaneous Revenue	6	2,500
Total receipts		42,002,500
Payments		
Use of goods and services		41,671,619
Total payments		41,671,619
Net cash flow from operating activities		330,881
Cashflow from investing activities		
Acquisition of non-financial assets		-
Net cash flows from investing activities		-
Cash flow from financing activities		-
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		330,881
Cash and cash equivalent at 1st July 2024		-
Cash and cash equivalent at end of Period 2025	8	330,881


 Name: D.F. Kipronoh Ronoh P.
 Principal Secretary


 Name: Jane Ndungu
 Project Coordinator

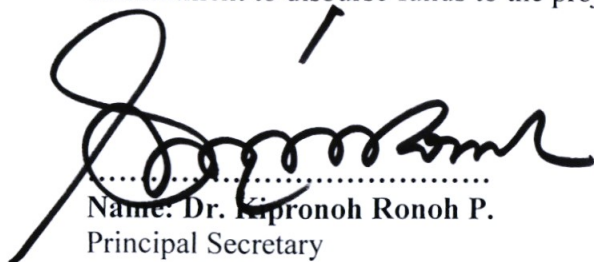

 Name: Douglas Mutemi
 Head of Accounting Unit
 ICPAK Member Number: 6851

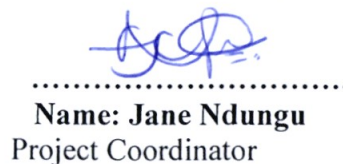
Kenya Agricultural Business Development Project (KABDP)
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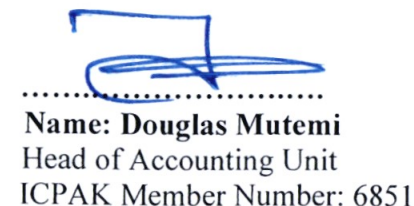
11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers	775,000,000	703,000,000	72,000,000	42,000,000	30,000,000	58%
Miscellaneous Revenue	-	-	-	2,500	(2,500)	0%
Total Revenue	775,000,000	703,000,000	72,000,000	42,002,500	29,997,500	86%
						0%
Payments						0%
Use of goods and services	218,610,807	146,610,807	72,000,000	41,671,619	30,328,381	58%
Transfer to other Government Entities	555,189,193	555,189,193	-	-	-	0%
Acquisition of property, plant and Equipment's	1,200,000	1,200,000	-	-	-	
Total Payments	775,000,000	703,000,000	72,000,000	41,671,619	30,328,381	58%
Surplus or Deficit	-	-	-	330,881	(330,881)	

Note: The significant budget utilization/performance differences in the last column are as a result of the Donor not honouring their commitment to disburse funds to the project for the implementation.


Name: Dr. Kipronoh Ronoh P.
Principal Secretary


Name: Jane Ndungu
Project Coordinator


Name: Douglas Mutemi
Head of Accounting Unit
ICPAK Member Number: 6851

12. Notes to the Financial Statements

1. General Information

KABDP is established by and derives its authority and accountability from The Ministry Of Agriculture and Livestock – State Department Of Agriculture. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity’s principal activity is to contribute to agriculture sector growth through the adoption of innovative, commercially oriented, and modern agriculture and livestock enterprises for poverty reduction and sustainable food and nutrition security.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), the project has taken advantage of the transitional provisions under IPSAS 33, and therefore these first year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the project has taken advantage of the transition provisions outlined in IPSAS 33

1. Assets

- Property, Plant and Equipment (IPSAS 17)
- Investment Property (IPSAS 16)
- Intangible Assets (IPSAS 31)
- Heritage Assets (IPSAS 17)
- Biological Assets (IPSAS 27)
- Certain Financial Instruments (IPSAS 28–30/41)

2. Liabilities

- Employee Benefits (IPSAS 39)
- Provisions, Contingent Liabilities and Contingent Assets (IPSAS 19)
- Service Concession Arrangements (IPSAS 32)
- Certain Financial Instruments liabilities

3. Disclosures

- Related Party Disclosures (IPSAS 20)
- Service Performance Information (RPG 3/IPSAS 39)

The project will progressively recognize and disclose these elements during the transitional period, and no later than the end of the three (3) year period as required by IPSAS 33.

Steps Taken Towards Full IPSAS Accrual Compliance

The Project has initiated a phased approach towards full compliance with accrual basis IPSAS in line with IPSAS 33 transitional provisions. The key steps undertaken include:

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1. Capacity Building

- Training of finance and project staff on accrual accounting principles under IPSAS.
- Seeking technical advice and Engaging of Staff of PSAS Board to guide implementation.

2. Asset and Liability Identification

- Commenced preparation of a comprehensive **Fixed Asset Register** covering property, plant and equipment, and ICT infrastructure.
- Initiated data collection on potential liabilities such as outstanding obligations.

3. Systems and Processes

- Development of standard operating procedures (SOPs) aligned to accrual IPSAS.

4. Progressive Recognition of Elements

- Recognition of receivables, and payables on an accrual basis.
- Gradual preparation to recognize Property, Plant and Equipment (IPSAS 17) and Employee Benefits (IPSAS 39).

5. Disclosure Enhancements

- Introduced improved disclosures in line with IPSAS 24 (Budget vs. Actual) and IPSAS 20 (Related Party Disclosures) where data is available.

6. Governance and Oversight

- Establishment of an implementation roadmap, approved by the Project Steering Committee, with clear milestones toward full IPSAS compliance.

These financial statements were authorized for issue by the accounting officer on ^{28th Oct} 2025

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<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 cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current	<i>Applicable 1st January 2025</i> The Standard requires,

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

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> 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	<i>Applicable 1st January 2026</i> 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.
IPSAS 49- Retirement Benefit Plans	<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.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2024/2025 was approved by the parliament in 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 to conclude the final budget. Accordingly, the entity adjusted the budget guided by the supplementary done during the year under review as approved by Parliament. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

c) Property, plant and equipment

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

d) Leases

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

e) Intangible assets

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

f) Research and development costs

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

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

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

g) Financial instruments

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

Financial assets

Classification

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

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Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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.

Financial liabilities

Classification

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

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h) Inventories

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

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

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

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

Inventories (Continued)

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

i) Provisions

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

Contingent liabilities

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

Contingent assets

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

Kenya Agricultural Business Development Project (KABDP)
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j) Nature and purpose of reserves

The Project creates and maintains reserves in terms of specific requirements. Not applicable to KABDP project.

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The Project 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.

m) 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.

n) Borrowing costs

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

o) Related parties

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

p) Service concession arrangements

The Project analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where

Kenya Agricultural Business Development Project (KABDP)
Annual Report and Financial Statements For the Financial Year Ended 30Th June, 2025

a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

r) Subsequent events

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

Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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

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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

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.

Notes to the financial statements

5. Revenue Transfers

Description	FY 2024/2025
	KShs
Unconditional Transfers	
GoK Counter Part funding	42,000,000
Transfers from Development partners	20,085,000
Total Unconditional Transfers	62,085,000

Note:

- Ksh 42,000,000 represent Gok Counterpart Funding as required by the Grant Agreement
- Ksh 20,085,000 represent Exchequer requested from the Donor during the year under review

6. Miscellaneous revenue

Description	FY 2024/2025
	Kshs
Other incomes not specified elsewhere	2,500
Total Miscellaneous Incomes	2,500

Note: Kshs 2,500 represent amount deposited to cover Kenya Commercial Bank Account Opening Charges)

7. Use of Goods and Services

Description	FY 2024/2025
	Kshs
Bank charges	75,577
Communication, supplies and services	288,000
Fuel and lubricants	1,000,000
General office supplies	1,197,000
Stationery, Printing, advertising, and information supplies	49,300
Hospitality supplies and services	320,000
Other operating payments(specify)	36,374,310
Routine maintenance – vehicles and other transport equipment	3,338,776
Routine maintenance- other assets	48,500
Total	42,691,463

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 Annual Report and Financial Statements For the Financial Year Ended 30th June, 2025

8. Cash and Cash Equivalents

Description	FY 2024/2025
	Kshs
Cash in Bank	330,881
Others (Specify)	-
Total	330,881
Details	FY 2024/2025
Foreign Currency Accounts	
Central Bank of Kenya [A/c No 1000742647]	-
Local Currency Accounts	
Kenya Commercial Bank 1332624766	330,881
Total Local currency balances	<u>330,881</u>
Total bank account balances	<u>330,881</u>

9. Receivables

Description	FY 2024/2025
Donor Funds	20,085,000
Total Receivables	20,085,000

Note: This represent the Donor Exchequer requested Ref MOALD/KABDP/FIN/1/2023/2024 Vol.01 (015) dated 26th August 2024 & A letter to Sida- Ref: No: MOF/ERD/109/78/02 'C' Dated 19th September,2024)

Ageing analysis for Receivables

Description	FY 2024/2025		1 st July 2024	
	Kshs		Kshs	
	Current FY 2024/2025	% of the total	Compa rative FY	% of the total
Less than 1 year	20,085,000	100%	0	%
Total (a+b)	20,085,000	100%	0	%

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10. Trade and Other Payables

Description	FY 2024/2025		1st July 2024	
	Kshs		Kshs	
Trade payables	1,019,844		-	
Total trade and other payables	1,019,844	-	-	-
Ageing analysis: (Trade and other payables)	FY 2024/2025	% of the Total	1st July 2024	% of the Total
			1st July 2024	
Under one year	1,019,844	100 %	-	-
Total (tie to above total)	1,019,844		-	-

11. Cash Generated from Operations

Description	FY 2024/2025
Surplus/Deficit for the period	19,396,037
Adjusted for:	
Depreciation	-
Working capital adjustments	
Increase in receivables	(20,085,000)
Increase in payables	1,019,844
Net cash flow from operating activities	330,881

12. Special Deposit Accounts

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

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

Special Deposit Accounts Movement Schedule

Description	FY 2024/2025	1 st July 2024
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Kenya Agricultural Business Development Project (KABDP)
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	Kshs	Kshs
(i) A/C Name [A/c No 1000742647}		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-

(KABDP project did not received any Donor Funds in the year under review).

13. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

Description	FY 2024/2025
	Kshs
Transactions with related parties	
a) Grants /transfers from the government	
Grants from national government	42,000,000
Total	42,000,000

Kenya Agricultural Business Development Project (KABDP)
Annual Report and Financial Statements For the Financial Year Ended 30Th June, 2025

14. Events after the Reporting Period

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

15. Ultimate And Holding Entity

The Entity is a project under the Ministry of Agriculture and Livestock Development- State Department for Agriculture. Its ultimate parent is the Government of Kenya.

16. Currency

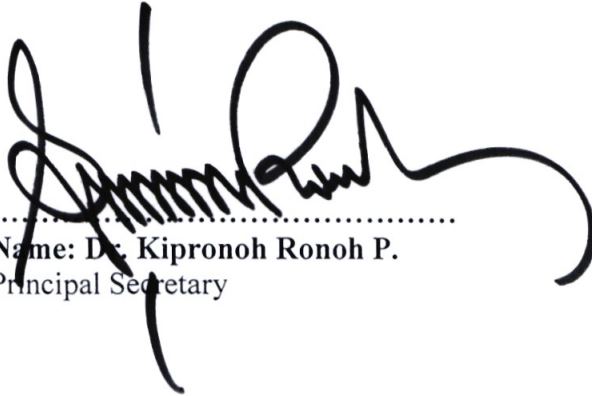
The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

Kenya Agricultural Business Development Project (KABDP)
Annual Report and Financial Statements For the Financial Year Ended 30Th June, 2025


17. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

This being the first year of preparation of the project's financial statements, there were no prior year Auditor-General's recommendations.



.....
Name: Dr. Kipronoh Ronoh P.
Principal Secretary



.....
Name: Jane Ndungu
Project Coordinator

KENYA AGRICULTURAL BUSINESS DEVELOPMENT PROJECT (KABDP)
Annual Report and Financial Statements For the Financial Year Ended 30th June, 2025

Annex 2: Reconciliation of inter-entity transfers

	Project Name: KABDP		
	Break down of transfers from the State Department For Agriculture		
a	Government Counterpart funding		
		Bank Statement Date	Amount (Kshs) FY 2024/2025
	1 st Half Gok Exchequer	30/09/2024	21,000,000 FY 2024-2025
	2 nd Half Exchequer	03/02/2025	21,000,000 FY 2024-2025
		Total	42,000,000

DONOR EXCHEQUER REQUISITION

Ref MOALD/KABDP/FIN/1/2023/2024 Vol.01 (015) dated 26th August 2024 & A letter to SIDA- Ref: No: MOF/ERD/109/78/02 'C' Dated 19th September,2024)

	Project Name: KABDP		
	Break down of transfers Expected from the Donor – Sida - Sweden		
a.	Government Counterpart funding		
		Requisition Date	Amount (Kshs) FY 2024/2025
	Donor	19/09/2024	20,085,000 FY 2024-2025
		Total	20,085,000



.....
Name: Jane Ndungu
 Project Coordinator



.....
Name: Douglas Mutemi
 Head of Accounting Unit
 ICPAK Member Number: 6851

Annex 3: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2025
- ii. Board of Survey Report
- iii. Special Deposit Account reconciliation statement

REPUBLIC OF KENYA
BANK RECONCILIATION

F.O.30

AS AT 30TH JUNE, 2025

STATION:

NAIROBI

DEVELOPMENT

MINISTRY : MOA& LD
KABDP

GOK

ACCOUNT NO. 1332624766 - KCB CAPITAL HILL

	KSH	KSH	KSH
Balance as per Bank Certificate			340,881.00
Less---			
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)			1,029,844.00
2. Receipts in Bank Statement not yet recorded in Cash Book			
Add---			
3. Payments in Bank Statement not yet recorded in Cash Book			
4. Receipts in Cash Book not yet recorded in Bank Statement			20,085,000.00
Bank balance as per cash book ..			19,396,037.00

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


Signature


Designation


Date

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT
(UNPRESENTED CHEQUES)

UNPRESENTED CHEQUES - May 2025

Date	PV No	Payee	Description	Dr
24-Jun-25	PV 136			
30-Jun-25	PV 141	Maryamu Nyakundi	Tea- Imprest	10,000
30-Jun-25	PV 142	Isuzu East Africa	Motor vehicle Repairs	299,844.00
30-Jun-25	PV 143	Semara Hotel	Conference Facilities	420,000.00
24-Jun-25	PV 136	Nokras Riverine Hotel & Spa Ltd	Conference Facilities	300,000.00
			Total	1,029,844
			Total	

2. RECEIPTS IN THE BANK STATEMENT NOT YET RECORDED IN CASH BOOK

DETAILS	DATE	AMOUNT
	TOTAL	-

3. PAYMENT IN THE BANK STATEMENT NOT IN THE CASHBOOK

DETAILS	DATE	Chq no	AMOUNT
		TOTAL	-

4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT

CASH IN TRANSIT - DONOR EXPECTED EXCHEQUER

Date	Pv No	Payee	Description	Cr
30-Jun-25	EXC -D3	Kcb Capital Hill	Donor Exchequer 2024-2025	20,085,000.00

BANK RECONCILIATION

F.0 30

KABDP GOK ACCOUNT NUMBER 133 2624766

KCB CAPITAL HILL

BANK STATEMENT **JUNE 2025**
 340,881.00
 20,085,000.00
 20,425,881.00

Uncredited Revenue
 Total

LEDGER 19,396,037.00
 1,029,844.00 Unpresented June 2025
 20,425,881.00 Total

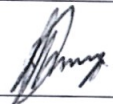
Tally

UNPRESENTED CHEQUES - June 2025

Date	Pv No	Chq No.	Payee	Description	Dr
24-Jun-25	PV 136	000154	Maryamu Nyakundi	Tea- Imprest	10,000
30-Jun-25	PV 141		Isuzu East AfricA	Motor vehicle Repairs	299,844.00
30-Jun-25	PV 142		Semara Hotel	Conference Facilities	420,000.00
30-Jun-25	PV 143		Nokras Riverine Hotel & Spa Ltd	Conference Facilities	300,000.00
				Total	1,029,844

CASH IN TRANSIT - DONOR EXPECTED EXCHEQUER

Date	Pv No	Chq No.	Payee	Description	Cr
30-Jun-25	EXC -D3	EFT	Kcb Capital Hill	Donor Exchequer 2024-2025	20,085,000.00

Reviewed by 
 Project Accountant

Date 04-07/2025

Approved by 
 National Project Coordinator

Date 04-7-2025

Date	Pv No	Chq No.	Payee	JUNE 2025	Description	Dr	Cr	Account Line
					Balance b/f			
23-May-25	PV 129	000147	David Ndorongo		KABDP AWPB & Kilimo Buz		837,377.00	3111401
9-Jun-25	PV 132	RET	David Ndorongo		KABDP AWPB & Kilimo Buz	420,000.00		3111401
23-May-25	PV 130	000148	John Ayere		KABDP AWPB & Kilimo Buz		336,000.00	3111401
9-Jun-25	PV 133	RET	John Ayere		KABDP AWPB & Kilimo Buz	336,000.00		3111401
23-May-25	PV 131	000151	David Ndorongo		Training Reimbursement		255,800.00	3111401
24-Jun-25	PV 134	RET	David Ndorongo		Training Reimbursement		255,800.00	3111401
24-Jun-25	PV 136	000154	Maryamu Nyakundi		Tea- Imprest	10,000.00		2210801
24-Jun-25	PV 135	000153	David Ndorongo		Standing Office Running	50,000.00		2210801
24-Jun-25	PV 139	000152	David Ndorongo		County Field Visit	442,000.00		3111401
1-Oct-24	PV 018	000013	David Ndorongo		Standing Imprest		50,000.00	2210801
30-Jun-25	PV 138	RET	David Ndorongo		Standing Imprest		50,000.00	2210801
1-Oct-24	PV 019	000014	Maryamu Nyakundi		Tea- Imprest		10,000.00	2210801
30-Jun-25	PV 137	RET	Maryamu Nyakundi		Tea- Imprest		10,000.00	2210801
24-Jun-25	PV 139	000152	David Ndorongo		County Field Visit		442,000.00	3111401
30-Jun-25	PV 140	000091	David Ndorongo		County Field Visit	442,000.00		3111401
30-Jun-25	BC - JUNE	Bank	Npe/ KCB		Bank Charges - June 2025	4,496.00		2211301
30-Jun-25					Total	2,020,296.00	2,351,177.00	
30-Jun-25					Balance c/d	330,881.00		
30-Jun-25					Balance B/f		330,881.00	
30-Jun-25	EXC - D3	EFT	Kcb Capital Hill		Donor Exchequer 2024-2025		20,085,000.00	
30-Jun-25	PV 141	0000	Isuzu East Africa		Motor vehicle Repairs	299,844.00		
30-Jun-25	PV 142	0000	Semara Hotel		Conference Facilities	420,000.00		
30-Jun-25	PV 143	0000	Nokras Riverine Hotel & Spa Ltd		Conference Facilities	300,000.00		
					Total	1,019,844.00	20,415,881.00	
					Balance c/d	19,396,037.00		

1218 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2519700256

KCB CAPITAL HILL 16 JUL 2025
.....

Certified that the balance at the CREDIT Of KENYA AGRICULTURAL BUSINESS DEVELOP
.....

A/C 1332624766
.....

at the close of business on 30 JUN 2025 Was KES
.....

THREE HUNDRED AND FORTY THOUSAND EIGHT HUNDRED AND EIGHTY ONE
.....

KES 340,881.00
.....

Examined by

For: KCB BANK KENYA LTD.

For: KCB BANK KENYA LTD.

.....
..... Manager SQC
.....
CAPITAL HILL, NAIROBI
Manager Service Quality & Compliance

.....
..... BRANCH MANAGER
CAPITAL HILL BRANCH
Branch Manager

REPUBLIC OF KENYA
BANK RECONCILIATION

F.O.30

AS AT 30TH JUNE, 2025 STATION: NAIROBI DEVELOPMENT

MINISTRY : MOA & LD GOK ACCOUNT NO. 13332624766 - KCB CAPITAL HILL
KABDP

	KSH	KSH	KSH
Balance as per Bank Certificate			340,881.00
Less---	10,000		
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)			
2. Receipts in Bank Statement not yet recorded in Cash Book			10,000.00
Add---			
3. Payments in Bank Statement not yet recorded in Cash Book			
4. Receipts in Cash Book not yet recorded in Bank Statement			
Bank balance as per cash book ..			330,881.00

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


Signature

PROJECT ACCOUNTANT
Designation

04-07-2025
Date

1. PAYMENTS IN THE CASH BOOK NOT YET RECORDED IN THE BANK STATEMENT (UNPRESENTED CHEQUES)

UNPRESENTED CHEQUES - May 2025

DATE	PV NO.	CHEQUE NO.	PAYEE	DESCRIPTION	Amount
24-Jun-25	PV 136	000154	Maryamu Nyakundi	Tea- Imprest	10,000
				Total	10,000

2. RECEIPTS IN THE BANK STATEMENT NOT YET RECORDED IN CASH BOOK

DETAILS	DATE	AMOUNT
	TOTAL	-

3. PAYMENT IN THE BANK STATEMENT NOT IN THE CASHBOOK

DETAILS	DATE	Chq no	AMOUNT
		TOTAL	-

4. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT

DETAILS	DATE	AMOUNT
		KSH.



BANK RECONCILIATION

F.0 30

KABDP GOK ACCOUNT NUMBER 133 2624766

KCB CAPITAL HILL

JUNE 2025

BANK STATEMENT 340,881.00

LEDGER 330,881.00
 10,000.00 Unpresented June 2025
 340,881.00 Total

 0.00 Tally

UNPRESENTED CHEQUES - June 2025

Date	Pv No	Chq No.	Payee	Description	Dr
24-Jun-25	PV 136	000154	Maryamu Nyakundi	Tea- Imprest	10,000
				Total	10,000

Reviewed by 
Project Accountant

Date 04/07/2025

Approved by 
National Project Coordinator

Date 04/7/2025

Date 11/07/2025

Report of the Board of Survey on the Cash and Bank Balances of Kenya Agricultural business development Project (KABDP) - Ac-1332624766 - (GOK) as at the close of business on 30/6/2025

The Board, consisting of- (Names and Official titles)

1. Eng. Musungu Galvin Kaituka - Chair
2. Paul Musyoka - Member
3. Etind Chirchir - Member

Assembled at the office of Hill Plaza - Programme accountant office at 11:00 am (time) on the 11/7/2025

Notes	(Shs.	<u>Nil</u>
Silver	Shs.	<u>Nil</u>
copper	Shs.	<u>Nil</u>
Cheques (as per details on reverse)	Shs.	<u>Nil</u>

It was observed that cheques amounting to Nil Shs. Nil cts Nil had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes

The Cash Book reflected the following balances as at the close of business on the 30/6/2025

Cash on hand	(Shs.	<u>Nil</u>
Bank balance	Shs.	<u>330,881.00</u>
		<u>330,881.00</u>

The Bank Certificate of Balance showed a sum of three hundred and eighty one thousand eight hundred and eighty one Shs. 340,881.00 cts

Standing to the credit of the account on 30/6/2025

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Chairman Person [Signature]
 Member [Signature]
 Member [Signature]

Date 11/7/2025

Members of the Board



Central Bank of Kenya

Account-Statement

Generated Date: 18-SEP-2025 09:58:23

Run Date and Time : 09:58:23 18 SEP 2025

STATEMENT OF ACCOUNT

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

ACCOUNT NUMBER : 1000742647

P.O.BOX 60000-0200

NAIROBI

ACCOUNT TITLE : KENYA AGRIC. BUSINESS DEV PROJECT-EUR

STATEMENT PERIOD :

Book Date	Reference	Description	Value Date	Debit	Credit	Closing Balance	SKIP.TOKEN
		Balance at Period Start				0	
			FOR PERIOD ***			-----	
		Balance at Period End				0.00	

