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**STRENGTHENING FOREST MANAGEMENT
FOR IMPROVED BIODIVERSITY
CONSERVATION AND CLIMATE RESILIENCE
IN THE SOUTHERN RANGELANDS OF KENYA
(IUCN PROJECT NO.P03162, IUCN AWARD
NO.AVCH-000981 AND GEF ID/10292)**

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

**NATIONAL ENVIRONMENT MANAGEMENT
AUTHORITY**



**PROJECT NAME: STRENGTHENING FOREST MANAGEMENT FOR
IMPROVED BIODIVERSITY CONSERVATION AND CLIMATE
RESILIENCE IN THE SOUTHERN RANGELANDS OF KENYA**

**EXECUTING ENTITY: NATIONAL ENVIRONMENT MANAGEMENT
AUTHORITY**

**PROJECT GRANT/CREDIT NUMBER
IUCN PROJECT NUMBER: P03162
IUCN AWARD NUMBER: AVCH-000981
GEF PROJECT NUMBER: GEF ID/10292**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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1. Acronyms and Definition of Terms

| | |
|---------|--|
| ACC | African Conservation Centre |
| ASAL | Arid and Semi-Arid Land |
| CBNRM | Community Based Natural Resources Management |
| CBO | Community Based Organization |
| CEC | County Environmental Committee |
| CEO ER | Chief Executive Officer Endorsement Request |
| CFA | Community Forest Association |
| CIDP | County Integrated Development Plan |
| DMP | Desert Margin Program |
| EMCA | Environment Management and Coordination Act |
| ENSDA | Ewaso Ngiro South Development Authority |
| ESMS | Environmental and Social Management System |
| GEF | Global Environment Facility |
| ICIPE | International Centre of Insect Physiology and Ecology |
| ILRI | International Livestock Research Institute |
| IBLI | Index Based Livestock Insurance |
| IUCN | International Union for Conservation of Nature |
| KALRO | Kenya Agricultural and Livestock Research Organization |
| KEFRI | Kenya Forestry Research Institute |
| KFS | Kenya Forestry Service |
| KWCA | Kenya Wildlife Conservancies Association |
| KWTA | Kenya Water Towers Authority |
| LDN | Land Degradation Neutrality |
| M&E | Monitoring and Evaluation |
| NECC | National Environment Complaints Committee |
| NEMA | National Environment Management Authority |
| NETFUND | National Environment Trust Fund |
| NDMA | National Drought Management Authority |
| NGO | Non-Government Organization |
| NRT | Northern Rangelands Trust |
| PES | Payment for Ecosystem Services |
| PIF | Project Identification Form |
| PMU | Project Management Unit |
| PRODOC | Project Document |
| SEP | Stakeholder Engagement Plan |
| SLM | Sustainable Land Management |
| SORALO | South Rift Land Owners Association |
| TCML | Tata Chemicals Ltd |
| TOR | Terms Of Reference |
| WRUA | Water Resource Users Association |
| WWF | World Wildlife Fund |

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2. Project Information and Overall Performance

2.1 Name and registered office

Name

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya.

Objective

The key objective of the project is to restore Southern Kenya dryland forest and rangeland landscape for resilient environment and community livelihoods.

Address

The project headquarters offices are at Eland House in Nairobi, Kenya. Popo Road, off Mombasa Road the address of its registered office is: P.O. Box 67839-00200 Nairobi

Contacts: The following are the project contacts

Telephone: 020-2101370, 020-2183718, 020-2307281, 020-2103696

Mobile: 0724 253398, 0735 013046, 0723 363 010

E-mail: info@nema.go.ke

Website: www.nema.go.ke

Postal Address: P.O. Box 67839 – 00200 Nairobi

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Project information and overall performance (continued)

2.2 Project Information

| | |
|------------------------------|------------------------------|
| Project Start Date: | 28/04/2023 |
| Project End Date: | 28/04/2027 |
| Project Coordinator: | Dr. Leonard Tampushi |
| Project Development Partner: | Global Environment Facility. |

2.3 Project Overview

| | |
|--|---|
| State Department of the project | The project is under the supervision of the Ministry of Environment, Climate Change and Forestry. The implementing agency is the IUCN while the National Environment Management Authority (NEMA) is the Executing Agency. |
| Project number | IUCN Project Number: P03162/ GEF Project Number: GEF ID/10292 |
| Strategic goals of the project | The project's goal is to support a functioning and resilient dryland forest landscape that supports sustainable economic and food production through integrated natural management. It will be delivered through the following objectives: <ol style="list-style-type: none"> 1. To develop community enterprises and livelihood value chains based on sustainable use of natural resources in the drylands. 2. To improve effective governance of land resources through the strengthening of community-level organizations, National and County governments. 3. To implement local resource management and restoration plans by the community units and local authorities. 4. To coordinate the management of an integrated dryland landscapes knowledge exchange and management platform. |
| Summary of Project Strategies for achievement of strategic goals | The strategic goal of the project will be achieved through 3 key components: <ol style="list-style-type: none"> 1. Strengthen the enabling environment for the sustainable management of drylands. 2. Investment in scaling up sustainable dryland management. 3. Programmatic coordination, monitoring and knowledge management |

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| | |
|---|---|
| Other important background information of the project | The project has been designed in careful consideration of the national priorities of Kenya, the needs of the local pastoral Community and the lessons from past and on-going initiatives in similar ecosystems. The proposed holistic approach will link income-generating activities with sustainable environmental management activities |
| Areas that the project was formed to intervene | The project plans to create a bridge between development needs and environmental activities. By building the communities' capacities and supporting them to derive more benefits from sustainable activities, the project will pave the way for innovations at local or landscape level in terms of natural resources management and conservation. The project is therefore formed to intervene in the following focal areas; <ul style="list-style-type: none"> • Biodiversity • Land Degradation • Climate Change • SFM Drylands IP |
| Project duration | The project started on 28 th April 2023 and is expected to run until 28 th April 2027. |

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Project Information and Overall Performance (Continued)

2.4 Banker

The following are the bankers for the current year:

National Bank of Kenya Ltd
 KEBS Branch-4026
 P.O. Box 72866-00200, Nairobi

2.5 Independent Auditor

The project is audited by the Auditor-General

P.O Box 30084-00100
 Nairobi, Kenya

2.6 Roles and Responsibilities

| No. | Names | Title designation | Key qualification | Responsibilities |
|-----|----------------------|---|---|---|
| 1. | Dr. Mamo B. Mamo | Director General | PhD Master of Science Environmental Education | Overall program leadership. |
| 2. | Dr. Leonard Tampushi | Project Coordinator June 2025 | PhD Masters of Science in Biotechnology | Coordinate overall programme activities in NEMA |
| 3. | Dr. Kennedy Ochuka | Director Corporate Services | PhD Business Administration | Overall Financial program leadership. |
| 4. | Barbara J. Munyuh | Project Administrator/ Gender Expert | Master of Arts in Environmental Law (Ongoing) | Co-ordination of GEF- 7 SFM Programme Activities & provide Technical support in Gender issues |
| 5. | Alphonse O. Omollo | Project Accountant | Master of Business Administration (Accounting), CPA (K) | Financial Management and Reporting |
| 6. | Judith Ochieno | Communications Technical Expert | Masters in Communication Studies | Provide Communication Technical support |

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| No. | Names | Title designation | Key qualification | Responsibilities |
|------------|--------------------|-------------------------------------|---|--|
| 7. | Joseph M. Ngararu | Legal Expert | Masters in Law (Ongoing) | Provide Legal Technical support |
| 8. | Joseph M. Gichogo | Procurement Expert | Bachelor of Purchasing Supplies Management (Ongoing) | Provide Procurement Technical support |
| 9. | Charles Mwongela | Risk Assessment & Management Expert | Master of Science Finance and Accounting | Provide Risk Assessment and Management Technical support |
| 10. | Wilson Tonkei | Monitoring and Evaluation Expert | Bachelor of Science in Environmental Chemistry | Provide Monitoring and Evaluation Technical support |
| 11. | Iqra Osman | Monitoring and Evaluation Expert | Master of Science in Monitoring and Evaluation | Provide Monitoring and Evaluation Technical support |
| 12. | Dr. Patricia Mumbi | Awareness and Outreach Expert | PhD Environmental Governance and Management | Provide Awareness and Outreach Technical support |
| 13. | Eunice Kibunga | GIS Expert | Master of Science in Geographical Information Systems and remote sensing | Provide GIS Technical support |
| 14. | Rufo Gano | Awareness and Training Expert | Master of Arts in Children, Women and Nature rights in Environmental Governance (Ongoing) | Provide Technical Support to the Project |
| 14. | Joan Koilel | Office Administrator | Bachelors in Development Studies | Logistics and Record keeping |

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2.7 Funding summary

The Project is for duration of 4 years from 2023 to 2027 with an approved budget of USD 5,354,587 as GEF financing equivalent to 560 Million as per Project document (KES 789 Million as per the prevailing exchange rate) as highlighted in the table below and USD 15,080,000 as co-financing.

The Co- financing aspect is as indicated in the table below;

| Item | Organization | Investment (USD) | In-kind (USD) |
|------|--|------------------|-------------------|
| 1. | IUCN | 1,000,000 | 3,000,000 |
| 2. | South Rift Association of Land Owners (SORALO) | | 350,000 |
| 3. | Africa Conservation Center (ACC) | 450,000 | 1,050,000 |
| 4. | NEMA | 1,000,000 | 2,500,000 |
| 5. | Meat Naturally | | 30,000 |
| 6. | County Government of Narok | | 1,200,000 |
| 7. | County Government of Kajiado | | 500,000 |
| 8. | KALRO | | 2,000,000 |
| 9. | Tata | | 2,000,000 |
| | Total | 2,450,000 | 12,630,000 |

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Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

| Source of funds | Development Partner Commitment | | Amount received to date – (30 th June 2025) | | Undrawn balance to date | |
|--|--------------------------------|----------------------|--|--------------------|-------------------------|----------------------|
| | Donor currency | KES | Donor currency | KES | Donor currency | KES |
| | (A) | (A') | (B) | (B') | (A)-(B) | (A')-(B') |
| (i) Grant | | | | | | |
| GEF 7 - IUCN | 5,354,588 | 713,579,593 | 837,000 | 129,500,640 | 4,517,588 | 584,078,953 |
| Total | 5,354,588 | 713,579,593 | 837,000 | 129,500,640 | 4,517,588 | 584,078,953 |
| (ii) Counterpart funds | | | | | | |
| Government of Kenya & Other co-financing | 15,080,000 | 1,949,693,200 | 158,486 | 20,490,655 | 14,921,514 | 1,929,202,545 |
| Total | 20,434,588 | 2,663,272,793 | 995,486 | 149,991,295 | 19,439,102 | 2,513,281,498 |

Amount received translated at Exchange rate of 1 USD is Equal to KES 154.72 being the actual exchange rate used at the time of disbursement. The other amounts translated at 129.29 being the average exchange rate prevailing for the year.

No amount was transferred by the donor in the current Financial Year to the Project Designated Account at Central Bank. Undrawn balance to date includes USD 41,170 in the Project Designated Account at Treasury.

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Project information and overall performance (continued)

B. Application of Funds

| Application of funds | Amount received to date – (30 th June 2025) | | Cumulative amount paid to date – (30 th June 2025) | | Unutilized balance to date (30 th June 2025) | |
|--|--|--------------------|---|--------------------|---|-------------------|
| | Development Partner Currency | KES | Development Partner Currency | KES | Development Partner Currency | KES |
| | (A) | (A') | (B) | (B') | (A)-(B) | (A')-(B') |
| (i) Grant | | | | | | |
| GEF 7 -IUCN | 837,000 | 129,500,640 | 725,986 | 114,539,055 | 111,014 | 14,961,585 |
| (ii) Counterpart funds | | | | | | |
| Government of Kenya & Other co-financing | 158,486 | 24,520,913 | 158,486 | 24,520,913 | - | - |
| Total | 995,486 | 154,021,553 | 884,472 | 139,059,968 | 111,014 | 14,961,585 |

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Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *Budget performance against actual amounts for current year and for cumulative to-date,*

| FY | Budget (KES M.) | Actual Amount Received | Expenditures Incurred | % of Donor funds utilized |
|------------|------------------------|-------------------------------|------------------------------|----------------------------------|
| 2023/24 | 129,796,186 | 129,500,640 | 32,655,748 | 25% |
| 2024/25 | 129,796,186 | - | 75,016,001 | 79% |
| Cumulative | | 129,500,640 | 107,671,749 | 83% |

No funds were disbursed in the year. The KES 95,386,919 utilized in the period 2024/25 was a carry forward from the year 2023/24.

- ii) *Physical progress based on outputs and outcomes since project commencement*

The GEF 7 SFM Project has made significant progress in achieving the three project components as defined in the approved Project Document (ProDoc) leading to the desired outcome of restoring the Southern Kenya dryland forest and rangeland landscape for resilient environment and community livelihoods. The following are the key achievements made under each component.

1. Component 1: Strengthening the Enabling Environment for the Sustainable Management of Drylands

Summary Achievements during the Project Period

- a. 74 local community organizations in Kajiado County trained on governance and leadership. 41 from Oldonyo-Orok WRUA and 33 from the Namanga CFA.
- b. 10 nominated County Environment Committee Members from Narok County trained on county restoration plans and county environment action plans.
- c. 30 community representatives and 15 project partners benchmarked in a project study tour in the TWENDE project sites.
- d. Engagement of a consultant to undertake a project baseline survey initiated.
- e. Participatory ROAM Assessment done
- f. 27 Members of Kajiado County Strengthened on County Restoration Plans.
- g. Institutional and Governance assessment done.
- h. PES Baseline done

2. Component 2: Investment in scaling up sustainable dryland management

Summary Achievements during the Project Period

- a. 890 kgs of wild indigenous seeds were collected for the establishment of 300,000 tree seedlings. 20,000 seeds potted.

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- b. 5 schools identified for establishment of rainwater harvesting infrastructure in Narok and Kajiado
- c. 30 conflict community officers recruited in the prevention, reporting and mitigation of human-wildlife conflicts
- d. 1 Clean Energy Demonstration Center established in NEMA Kajiado Green Point. 120 participants including community members, government officials and students trained on clean energy technologies. 9 exhibitors showcased the promotion of local innovations in clean energy and sustainable water management.
- e. Engagement of a water harvesting expert initiated
- f. Restoration opportunity assessment methodology (ROAM) study done
- g. 502,911 Ha of degraded areas identified for restoration through the ROAM.
- h. 13 Wetlands mapped in Narok and Kajiado Counties.

3. Output 3: Monitoring and Evaluation, Learning and Knowledge Management

Summary Achievements during the Project Period

- a. Establishment of an MERL system initiated.
- b. Needs assessment of 2 green points done in Narok and Kajiado. 10 stakeholders from county government and community representatives engaged in the assessment.
- c. Development of information and awareness materials done in Kajiado County
- d. Engagement of a Communications and knowledge management expert and an M&E expert initiated
- e. 2 county stakeholder forums done in Narok and Kajiado. 15 dryland management stakeholders engaged in the forums.
- f. National Stakeholder Forum Conducted.
- g. 2 Baseline studies (Natural resource - underway and water technologies completed).

iii) *The project absorption rate for each year since the commencement of the project.*

| FY | Budget (KES M.) | Actual Amount Received | Expenditures Incurred | % of Donor funds utilized |
|-----------|------------------------|-------------------------------|------------------------------|----------------------------------|
| 2023/24 | 129,796,186 | 129,500,640 | 32,655,748 | 25% |
| 2024/25 | 129,796,186 | 95,386,919 | 75,016,001 | 79% |

The Absorption of the funds received is at approximately 79 % for the year 2024-2025 as indicated above.

iv) *The implementation challenges and recommended next steps are as indicated below.*

1. Slow turnaround by SEA's on finalization of preliminary project activities including signing of work plans.

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Recommendation- The timely finalization of project annual work plans (i.e., before the FY begins) allows for proper planning and execution of project activities—develop a tentative schedule for the execution of all project activities.

2. Delays in procurement processes occasioned by delays in initiation of the purchase requisitions.

Recommendation- Timely finalization of project annual work plans and procurement plans (i.e., before the FY begins) to allow for proper planning and execution of project activities.

3. Slow turnaround by SEA's on Technical and Financial reporting requirements and adhering to reporting timelines and guidelines has led to delayed reporting.

Recommendation- A capacity building of the SEA's on the Technical and Financial Reporting requirements was undertaken to resolve the issue.

2.9 Summary of Project Compliance:

The project has not had any case of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

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3. Statement of Performance against Project's Predetermined Objectives

Introduction

The overall goal of the GEF 7 Project on Strengthening Forest Management is to support a functioning and resilient dryland forest landscape that supports sustainable economic and food production through integrated natural resource management. The key distinct strategic components of the projects 2023-2027 plan are to:

- **Component 1: Strengthen the Enabling Environment for the Sustainable Management of Drylands**
- **Component 2: Invest in scaling up sustainable dryland management**
- **Component 3: Monitor and Evaluate, Learn and Knowledge Management**

Progress on attainment of strategic development objectives

To implement and cascade the above strategic components to specific result areas, all the project components were designed specific, measurable, achievable, realistic and time-bound (SMART) and converted into quantifiable targets. Attendant indicators and means of verification were identified for reasons of tracking progress and performance measurement.

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Below we provide the progress on attaining the stated objectives:

| Results hierarchy | Indicators | Targets | Means of verification | Performance |
|---|--|---|----------------------------------|-------------|
| Overall objective: To restore southern Kenya dryland forest and rangeland landscape for resilient environment and community livelihoods. | Area of Land restored through afforestation | 400,000 ha disaggregated by type of land: <ul style="list-style-type: none"> • Agricultural land restored = 25,000ha ; • Forest & forest land restored = 25,000ha • Natural grass & shrub lands restored =350,000ha. | Field survey/Biodiversity survey | 0 Ha |
| | Area of landscape under improved practices | 200,000 ha | Field surveys | 0 Ha |
| | Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment | 200,000 (128,000 Men, 72,000 women) | Household surveys | - |
| | Expected greenhouse gas emission mitigated Expected CO ₂ e (direct) | 1,500,000 metric tons of CO ₂ e | EXACT tool | - |
| Component 1: Strengthening the enabling environment for the sustainable management of drylands | | | | |

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| Results hierarchy | Indicators | Targets | Means of verification | Performance |
|--|--|--|---|---|
| <p>Outcome 1.1: Governance, institutions and community capacity for sustainable land management is strengthened</p> | <p><u>Indicators:</u></p> <ul style="list-style-type: none"> Number of county and community level structures/institutions with improvements in governance of land and resources as demonstrated by improvements in participatory land use planning, enforcement of regulations related to natural resource use, etc. | <p>5 WRUAs 6 CFAs 9 grazing Committees</p> | <p>Integrated Resource Use plans, Articles of Association Grazing Plans. Meeting minutes.</p> | <p>i) 1 CEC Kajiado County strengthened on county restoration plans</p> <p>ii) 3 community groups trained</p> <ul style="list-style-type: none"> Namanga CFA Namanga WRAU Enoosupukia CFA Meeyu Milk Cooperative Kajiado grass bank group Institutional and governance assessment done 255 community members trained Participatory ROAM assessment done |
| <p>Output 1.1.1: Gender-sensitive local community organizational capacity strengthened (Community Forest Associations, Conservancies, River Users Associations) to implement land and resources management plans</p> | <p><u>Indicators:</u></p> <ul style="list-style-type: none"> Number of organizations strengthened Number of organization/group members (at least 35% female) given knowledge or skills in areas related to Sustainable Land and Natural Resources Management and governance (disaggregated by Type of Organizations). <p><u>Milestones:</u></p> <ul style="list-style-type: none"> Baseline study carried out Community members mobilized to put their private | <p>10</p> <p>2,000 (1,400m, 700f)</p> | <p>Review of documents, Focus Group Discussions or key Informant Interviews Capacity Assessment Reports, Training Reports</p> <p>Participatory resource assessment report Governance mechanism reports- by-laws, committee compositions, members registers.</p> | <p>Meeyu Milk Cooperative</p> <p>Kajiado grass bank group</p> <p>Institutional and governance assessment done</p> <p>255 community members trained</p> <p>Participatory ROAM assessment done</p> |

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| Results hierarchy | Indicators | Targets | Means of verification | Performance |
|--|--|------------|--|--|
| | land under communal management | | | |
| Output 1.1.2: The capacity of County Environment Committees (CECs) in Narok and Kajiado strengthened to implement sub-county restoration plans for natural resources including high conservation value forest (HCVF) areas particularly Loita, Namanga, suswa and Olkiramatian/Shompole forests. | <p><u>Indicators:</u></p> <ul style="list-style-type: none"> Number of County Environment Committees (CECs) strengthened to for implementation County or Cub-County restoration plans | 2 | Key Informant Interviews, Focus Group Discussions | <p>Kajiado County environment Committee trained</p> <p>Narok County Environment Committee term expired and a new one was constituted but awaiting inauguration by the Governor before we can train</p> |
| Output 1.1.3: Financial resource allocation increased at the Local level to support sustainable land management | <p><u>Indicator:</u></p> <ul style="list-style-type: none"> Number of Payment for ecosystem Services (PES) financing MoU implemented at community level | 3 | Review of documents (e.g. Agreements between communities and private actors; Financial report of payments for ecosystem services), | PES baseline assessment done. |
| Component 2: Investment in scaling up sustainable dryland management | | | | |
| Outcome 2.1: Restoration and sustainable integrated land use management actions are implemented | <p><u>Indicator:</u></p> <ul style="list-style-type: none"> Area (Ha) under restoration and sustainable management in the target landscapes | 132,000 Ha | Management plans reviews, Sample site visits, Participatory rangeland assessments | i) 1 tree nursery established in Narok (Eramatare) to produce 300,000 tree seedlings |

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| Results hierarchy | Indicators | Targets | Means of verification | Performance |
|--|--|--------------|---|--|
| | <ul style="list-style-type: none"> • Increase in number of households with improved access to water • | 35% increase | | ii) 890kgs of wild seeds collected iii) 20,000 tree seedlings potted |
| Output 2.1.1: Rangeland restoration sites identified through detailed gender-responsive landscape restoration opportunity assessment mapping | <u>Indicator:</u> <ul style="list-style-type: none"> • Coverage (Ha) of sites/areas identified for restoration activities | 62,000 Ha | Participatory rangeland assessments, Spatial resource distribution maps, Activity/biodiversity survey reports | <ul style="list-style-type: none"> • Restoration Opportunity Assessment methodology (ROAM) study done |
| Output 2.1.2: Participatory and gender-responsive forest and rangeland landscape restoration investment action plans developed | <u>Indicator:</u> <ul style="list-style-type: none"> • Percentage (%) of women actively involved in the development of landscape restoration planning process • Number of restoration action plans developed through a participatory and gender responsive • Area under communal natural resources management/restoration plans | 40% | Management/restoration plans reviews, Sample site visits, Participatory rangeland assessments | <ul style="list-style-type: none"> • 502,911 Ha of degraded areas identified for restoration • 11 restoration technologies and training manuals were identified • 4 restoration action plans for women groups were developed for women groups |
| | <u>Milestones:</u> | 5 | | |

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| Key Results | Indicators | Targets | Actuals | Variance |
|-------------|---|-----------|---------|--|
| | <p>sensitive irrigation and water management schemes for crop and fodder production and dry season grazing developed</p> <p><u>Milestones:</u></p> <ul style="list-style-type: none"> • Community field schools established • Seedlings or tree nurseries established | 5 schemes | | <p>men)</p> <ul style="list-style-type: none"> • Emurua Women Oldaraja (24 all females) • Sere Noong'ananyiok 70 (40 females, 30 males) • Enkong'u Maparasha 26 (14 females, 12 males) • NOONTAWUA women group Maili 46 (100 – all females) • Nailepu SHG 33 (21 females, 12 males) • Naroosura WRUA 205 (60 females, 145 males) • Oloosidan CBOs 51 (6 females, 45 males) • Entashata CBO 150 (25 females, 125 males) |

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| Results hierarchy | Indicators | Targets | Means of verification | Performance |
|--|--|--------------|--------------------------|---|
| | | | | <p>TOTAL 699</p> <p>W = 333 (48%)</p> <p>M = 366 (52%)</p> <p>13 wetlands were mapped in Narok and Kajiado Counties</p> <p>Community engagement held</p> <p>BQ's developed</p> <p>Rain Water harvesting assessment completes</p> |
| Output 2.1.4: Water access for communities and livestock is improved | <p><u>Indicator:</u></p> <ul style="list-style-type: none"> Increase in the number of natural swamps restored, water pans in right locations and water harvesting structures. | 50% increase | Project activity reports | Suitable sites for water harvesting technologies implementation were also identified |
| Output 2.1.5: Human / Wildlife conflicts are mitigated | <p><u>Indicator:</u></p> <ul style="list-style-type: none"> Decrease in the number of | | Community surveys and | |

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| Results hierarchy | Indicators | Targets | Means of verification | Performance |
|--|--|---|--|---|
| | <p>elephant infestation reports/conflict cases reported to the conservancy or KWS</p> <ul style="list-style-type: none"> Decrease in the number of livestock killed by big cats | <p>45% decrease</p> <p>45% decrease</p> | <p>reports on HWC to conservancies and local chiefs</p> | <p>This activity will be implemented this financial year</p> |
| <p>Outcome 2.2: Sustainable investments in resilient livelihood actions are increased</p> | <p><u>Indicator:</u></p> <ul style="list-style-type: none"> Percent (%) increase in the number of men and women employed in livestock, tourism and energy sectors in the project areas. | <p>45% increase (20% increase for men and 25% increase for women)</p> | <p>Household survey (Baseline and Midterm or Terminal) using a representative sample</p> | |
| <p>Output 2.2.2: Gender sensitive investments in clean energy that reduce households dependency on biomass energy are made</p> | <p><u>Indicator:</u></p> <ul style="list-style-type: none"> Number of clean energy demonstration centres established Number of community members trained on clean energy technologies through the demonstration centres promoted by the project. | <p>10 centres</p> <p>1000 (70% female)</p> | <p>Interviews with a representative sample of target households;</p> <p>Household survey</p> | <p>1 energy demonstration centre was identified</p> <p>Establishment to be done this financial year</p> |
| <p>Component : Programmatic coordination, monitoring and knowledge management</p> | | | | |
| <p>Outcome 3.1: Sustainable landscape</p> | <p><u>Indicators:</u></p> <ul style="list-style-type: none"> Number of project | <p>5 (PMT, PCU, Ips, SC, County</p> | <p>Due diligence reports including capacity needs</p> | <p>i) Constituting of PSC membership done</p> |

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| Issue hierarchy | Indicator | Target | Means of verification | Performance |
|---|---|--------------------------|---|---|
| management actions are informed, coordinated and mainstreamed at county and national level | management, coordination and (e.g. project management team, steering committee, implementing partners, PCU etc.) implementation mechanisms established and functioning effectively to deliver the project | Coordination teams etc.) | assessments, Partnership agreements, Steering Committee minutes | ii) 1 PSC meeting held in 12 th March 2025 iii) Project Technical Committee established iv) Project management Unit constituted v) NEMA technical support team established vi) 1 training of PTC done on reporting guidelines vii) 1 MER&L system developed NEMA green points strengthened |
| Output 3.1.1: Functional landscape-level information system for improved planning and management of dryland resources established | <p><u>Indicator:</u></p> <ul style="list-style-type: none"> Monitoring, Evaluation, Learning and Reporting systems developed and operationalized at project, county and community levels. <p><u>Milestones:</u></p> <ul style="list-style-type: none"> Data exchange processes and agreement signed between communities and counties Resource centres including the NEMA Green Points established and strengthened | 1 M&E system | Monitoring, Evaluation Learning and Reporting system analysis; Reports from CBOs feeding into the County environment reports, Community survey, County survey | |
| Output 3.1.2: Gender responsive localized drylands health, climate and biodiversity assessment tools developed and utilized | <p><u>Indicator:</u></p> <ul style="list-style-type: none"> Number drylands health, climate and biodiversity assessment tools developed and applied | 30 | Review of dryland ecosystem health or biodiversity assessments/monitoring reports | |

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| | Indicator | Targets | Means of Verification | Performance |
|---|---|--|---|--|
| Output 3.1.3: Project lessons are captured, evaluated and shared nationally and across countries and regions | <p><u>Indicator:</u></p> <ul style="list-style-type: none"> Number of knowledge generation research studies carried out and disseminated. | <p>15 publications</p> <p>3 baseline reports</p> | <p>Review of documents (learning questions, research study reports or publications) and Key Informant Interviews.</p> | <p>2 Baseline studies (Natural resource - underway and water technologies completed)</p> |
| Output 3.1.4: National and Eastern Africa policy dialogue on dryland restoration promoted through generation of evidence-based policy briefs and recommendations. | <p><u>Indicators:</u></p> <ul style="list-style-type: none"> Policy briefs or recommendations produced and presented to policy makers Number of knowledge or communication products/outputs developed and shared through various channels/means | <p>3 policy papers</p> <p>15</p> | <p>Review of documents and Key Informant Interviews. Review of media products supplemented by key informant interviews and Focus group discussions.</p> | <p>The design of awareness materials done and printing procured.</p> <p>1 project magazine developed and is awaiting publication</p> <p>1 National Forum organized and done on 28-29 July 2025</p> |

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4. Environmental and Sustainability reporting

The proposed GEF-funded project “Strengthening forest management for improved biodiversity conservation and climate resilience in the Southern Rangelands of Kenya” is being implemented by the National Environment and Management Authority of Kenya (NEMA) in close coordination with the International Union for the Conservation of Nature (IUCN). The goal of the project is to restore degraded rangeland resources- forests, wildlife, soils and water thereby restoring the integrity of the ecosystem, improving wildlife conservation, improving people’s livelihoods and enhance resilience (of both livelihoods and ecosystem) to climate change. Governance systems improvement will lead to sustainable management of the rangelands which will in turn influence investment decisions. The project has four expected outcomes:

- i) Governance, institutions and community capacity for sustainable land management is strengthened.
- ii) Restoration and sustainable integrated land use management actions are implemented.
- iii) Sustainable investments in resilient livelihood actions are increased.
- iv) Sustainable landscape management actions are informed, coordinated and mainstreamed at county and national level.

A brief description of the projects achievements in the following pillars is highlighted below;

1. Sustainability strategy and profile

Natural resources at the County Government level are managed by the line ministries headed by the County Executive Committee (CEC) members. Under the CEC is an accounting officer called the Chief Officer in charge of Environment. The top County management body of environment is the County Environment Committee supervised by the Council of Governors. The environmental planning process for development is consultative and involves public participation at all levels. Members of the lowest administrative unit, the Ward are consulted for their views on what should be included and prioritized in the development agenda. The views are all collected and presented to the County Environment Committees who then prepare County Environment Action Plans. The County Environment Committees, with the help of NEMA prepare the state of the environment reports and information from these reports is mainstreamed in the County Integrated Development Plans for planning and budgeting. NEMA plays an important (additional) role of

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strengthening the County Environment Committees and the project is supporting in training and capacity building of the CECs.

2. Environmental performance

The various activities of restoring the degraded areas, improved natural resources governance and institutional systems and incorporation of sustainable community level sustainable business enterprises all contribute towards a sustainable and efficient land resource that supports ecosystem functions, food security and biodiversity. The continued implementation of the interventions will lead to stable and effective governance institutions, increased land under forest cover, connected natural landscapes for biodiversity (wildlife corridors) and household livelihoods (livestock, crop and tourism). The planning and implementation of the project is intended to be at a landscape scale (two counties) and various governance levels (local, county, national and global).

3. Employee welfare

The project does not intend to treat men and women equally but to specifically target women through several types of activities: Support for creating and strengthening milk women's cooperatives, develop water harvesting methods, facilitate the access to improved cooking stoves and clean energy technologies, develop bee production, create woodlots and tree nurseries that would be run by women group,

Support the development of handcrafts and bead crafts activities and create community farms and develop extension services for vegetable production.

The developed Gender Action Plan ensures equal opportunities for all gender in decision making processes, implementation of restoration plans and sharing of the benefit. The plan recognises that in this particular landscapes, women and men use resources differently; have different access to information; have different levels of authority in decision-making and are affected by ecological processes differently.

4. Market place practices

a) Responsible Supply chain and supplier relations

The project ensures all procurement activities are carried out in accordance with the Government of Kenya Public Procurement Law and Regulations. The Authority endeavors to adhere to the Presidential directive on Access to Government Procurement Opportunities (AGPO) which ensures youth, women and people living with disabilities as individuals or in

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organized groups benefit. All suppliers are paid within a reasonable time after executing their contractual obligations.

b) Responsible ethical practices

The project is guided by NEMA's anti-corruption policy. Adherence to NEMA's core values ensures ethical and responsible political involvement.

c) Regulatory impact assessment

The project is committed to promoting and upholding the right to a clean and healthy environment for all citizens as stipulated in the Constitution of Kenya and in line with NEMA's mandate.

5. Community Engagement

The project is designed with communities at the centre of implementation. The communities have a strong attachment to their environment because their livelihoods are largely dependent on natural resources. By improving the link and the opportunities for linkage between communities, private actors and County departments, the project is putting the main beneficiaries back at the center of decision-making. The three (3) key components of the project possess strong community-based initiatives that are demonstrated in the following project outputs and activities:

- a. Strengthening gender-sensitive local community organizational capacity to implement land and resource management plans (Conservancies, CFA's, and WRUA's). Also, promote gender sensitive investments in clean energy.
- b. Supporting rangeland restoration activities including community tree planting and establishment of community gardens.
- c. Designing rangelands landscape restoration investment action plans with special opportunities for women and improving water access for communities.

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5. Statement of Project Management responsibilities

The Director General and the Project Coordinator for Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya Programme are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended 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 Director General and the Project Coordinator for Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya Programme accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General and the Project Coordinator for Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya Programme 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 ended June 30, 2025, and of the Project's financial position as at that date. The Accounting Officer and the Project Coordinator for Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya Programme further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Director General and the Project Coordinator for Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya Programme confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received

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during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.


Approval of the Project financial statements

The Project financial statements were approved by the Director General and the Project Coordinator for the Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya Programme on

28th August 2025 and signed by:



Dr. Mamo B. Mamo, EBS
Director General



Dr. Leonard Tampushi
Project Coordinator

REPUBLIC OF KENYA

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HEADQUARTERS
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P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STRENGTHENING FOREST MANAGEMENT FOR IMPROVED BIODIVERSITY CONSERVATION AND CLIMATE RESILIENCE IN THE SOUTHERN RANGELANDS OF KENYA (IUCN PROJECT NO.P03162, IUCN AWARD NO.AVCH-000981 AND GEF ID/10292) FOR THE YEAR ENDED 30 JUNE, 2025 – NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

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 transitional IPSAS financial statements of Strengthening Forest Management for Improved Biodiversity Conservation and Climate

Report of the Auditor-General on Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya (IUCN Project No.P03162, IUCN Award No.AVCH-000981 and GEF ID/10292) for the year ended 30 June, 2025 – National Environment Management Authority

Resilience in the Southern Rangelands of Kenya (IUCN Project No.P03162, IUCN Award No.AVCH-000981 and GEF ID/10292) set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2025, and the statement 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 transitional IPSAS financial statements present fairly, in all material respects, the financial position of Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya (IUCN Project No.P03162, IUCN Award No.AVCH-000981 and GEF ID/10292) as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33, and comply with Project Agreement dated 28 April, 2023 between the International Union for Conservation of Nature and Natural Resources (IUCN) and the Government of Kenya and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No. 3 of 14 April, 2025.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya Project's Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.129,796,186 and Kshs.95,386,919 respectively, resulting to under-funding of Kshs.34,409,267 or 27% of the approved budget. Similarly, the Project spent Kshs.73,796,824 against actual receipts of Kshs.95,386,919 resulting to under-utilization of Kshs.21,590,095 or 23% of the actual receipts.

The under-funding and under-utilization of funds may have affected the planned activities and may have impacted negatively on the delivery of services to the public.

2. Undisclosed Special Deposit Account Balance

The Project's special deposit account maintained at the Central bank of Kenya reflects a closing account balance of Kshs.6,495,405 (USD 41,170). However, the Project did not disclose this balance in the financial statements as at 30 June, 2025 contrary to the requirement of International Public Sector Accounting Standard (IPSAS) No.23 – revenue from non-exchange transactions.

In addition, amount withdrawn and expenditure not claimed totaled USD 837,000 (Kshs.129,500,640) as at 30 June, 2025.

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 iii to xxix which comprise of Project Information and Overall Performance, Statement of Performance Against Predetermined Objectives for the year, 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 the Project's financial statements, my responsibility is to read the other information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Poor Workmanship on Construction of a 50 Cubic Metres Masonry Water Tank at Kiluani Boys Secondary School

A contract for construction of a 50 Cubic Metres Masonry Water Tank at Kiluani Boys Secondary School was awarded to a contractor for a contract sum of Kshs.1,792,462 with a start date of 17 July, 2024 and completion date of 17 June, 2025. Field inspection in the School in June, 2025 revealed that the contractor had been paid a total of Kshs.857,594. Further, the contractor had applied only one undercoat for emulsion coat to the exterior of the tank instead of two (2) coats of cover matt, one emulsion for under coat three (3) coats of ultra-guard and a permacoat exterior silicon as per the Bill of Quantities. In addition, the drawing of the logos for National Environment Management Authority and the Donor were poorly done and the tank had not been officially tested, commissioned and handed over to the School despite being in use.

In the circumstances, value for money of Kshs.857,594 spent on the project could not be confirmed without completion of the remaining works and testing.

2. Slow Project Implementation

Review of project documents revealed that the overall project progress under the Project implementation review is at 37% as at 30 June, 2025 and is structured around three core components as detailed below;

Component 1 – Strengthening the Enabling Environment,

- Progress on this activity based on overall project target was at 30%.

Component 2 – Scaling Up Sustainable Dryland Management,

- Tree planting efforts have achieved 40 percent of the targeted area,
- Tree planting in wetlands has not started (0 percent)
- Decarbonization equipment fabrication is only 10 percent complete
- Wetland protection activities are 50% complete .

Component 3 – Monitoring, Evaluation, Learning, and Knowledge Management,

- Only 50% progress was made in developing dryland health assessment tools.
- The Narok Green point was still under construction
- The overall implementation of this component was at 20%.

In the circumstances, based on the current performance level, the project may not achieve its intended biodiversity conservation and climate resilience outcomes within the set implementation timeframe, and therefore value for money could not be confirmed.

3. Non-Compliance with the Reporting Template

The financial statements presented for audit did not comply with the reporting template in the following areas;

- i) The cover page did not specifically indicate that these are transitional financial statements.
- ii) Note 2 to the financial statements did not indicate that these are transitional financial statements.
- iii) The statement of project management responsibilities did not indicate that these are transitional financial statements.

In the circumstances, the financial statements did not comply with the reporting template as prescribed by the Public Sector Accounting Standards Board.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the agreement between the Government of Kenya and the International Union for Conservation of Nature and Natural Resources (IUCN), I report based on my audit that;

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.
- ii. in my opinion, adequate accounting records have been kept by the Project, so far as it appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions

and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 November, 2025

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

7. Statement of Financial Performance for the year ended 30th June 2025.

| | Notes | 2024-2025 |
|--|-------|-------------------|
| | | KES |
| Revenue | | |
| Revenue Transfers | 6 | 75,016,001 |
| Miscellaneous Revenue | 7 | - |
| Total revenue | | 75,016,001 |
| Expenses | | |
| Employee costs | 8 | - |
| Use of goods and services | 9 | 37,258,673 |
| Depreciation and amortization expense | 10 | 1,219,177 |
| Transfer to other Government Entities | 11 | - |
| Other Transfers/Subsidies/Grants | 12 | 27,189,466 |
| Certified Works | 13 | 9,348,685 |
| Total expenses | | 75,016,001 |
| Other gains/(losses) | | |
| Gain/Loss on sale of assets | 14 | - |
| Gain/Loss on foreign exchange transactions | 15 | - |
| Impairment loss | 16 | - |
| Surplus/ (deficit) | | - |

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



Dr. Mamo B. Mamo, EBS

Director General



Dr. Leonard Tampushi

Project Coordinator




Dr. Kennedy Ochuka
**Project Accountant/
 Director Corporate
 Services**
ICPAK Member No:3872

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
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8. Statement of Financial Position as at 30th June 2025

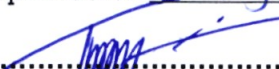
| | Note | 2024-2025 | 1 st July 2024 |
|----------------------------------|------|-------------------|---------------------------|
| | | KES | KES |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 17 | 26,218,258 | 78,415,978 |
| Receivables | 18 | 8,436,647 | 26,220,724 |
| Inventories | 19 | - | - |
| Prepayment | 20 | - | - |
| Total Current Assets | | 34,654,905 | 104,636,702 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 21 | 6,628,509 | 3,631,893 |
| Intangible Assets | 22 | - | - |
| Total Non- Current Assets | | 6,628,509 | 3,631,893 |
| Total Assets | | 41,283,414 | 108,268,595 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 23 | 18,758,452 | 4,243,321 |
| Third Party Deposits | 24 | 934,868 | - |
| Deferred Income | 25 | 21,590,094 | 104,025,274 |
| Total Current Liabilities | | 41,283,414 | 108,268,595 |
| Total Liabilities | | 41,283,414 | 108,268,595 |
| Net Assets | | - | - |
| Represented By: | | | |
| Accumulated Surplus | | - | - |
| Total Net Assets | | - | - |

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




Dr. Mamo B. Mamo, EBS

Director General



Dr. Leonard Tampushi

Project Coordinator



Dr. Kennedy Ochuka
**Project Accountant/
 Director Corporate
 Services**

ICPAK Member No:3872


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9. Statement of Changes in Net Assets

| Description | Accumulated Surplus |
|---|----------------------------|
| | KES |
| As at 30th June 2024 (Cash Basis) | 104,636,702 |
| | |
| | 104,636,702 |
| Adjustments: | |
| Asset Recognition | |
| Liabilities recognition | (104,636,702) |
| As at 1st July 2024 | - |
| | |
| Surplus/(Deficit) for the year | - |
| | |
| As at 30th June 2025 | - |


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

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



Dr. Mamo B. Mamo, EBS

Director General



Dr. Leonard Tampushi

Project Coordinator



Dr. Kennedy Ochuka
**Project Accountant/
 Director Corporate
 Services**
ICPAK Member No:3872

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

| Description | Note | 2024-2025 KES |
|---|-----------|-------------------|
| Cashflow from operating activities | | |
| Receipts | | |
| Revenue Transfers | | - |
| Miscellaneous Revenue | | - |
| Total receipts | | - |
| Payments | | |
| Employee costs | | - |
| Use of goods and services | | 17,175,299 |
| Transfer to other Government Entities | | - |
| Other Transfers/Subsidies/Grants | | 27,189,466 |
| Certified Works | | 5,059,163 |
| Total payments | | 49,423,928 |
| Net cash flow from operating activities | 26 | (49,423,928) |
| Cashflow from investing activities | | |
| Acquisition of non-financial assets | | (2,773,792) |
| Proceeds from sale of Assets | | - |
| Acquisition of Intangible assets | | - |
| Net cash flows from investing activities | | (2,773,792) |
| Cash flow from financing activities | | |
| <i>Specify the activity</i> | | - |
| Net cash flow from financing activities | | - |
| Net increase/Decrease in cash and cash equivalents | | (52,197,720) |
| Cash and cash equivalent at 1st July 2024 | 17 | 78,415,978 |
| Cash and cash equivalent at end June 2025 | 17 | 26,218,258 |

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11. Statement of Comparison of Budget and Actual amounts for 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 % |
| | KES | KES | KES | KES | KES | |
| Budget Carry Overs from previous periods | 95,386,919 | - | 95,386,919 | 95,386,919 | - | 100% |
| Receipts | | | | | | |
| Revenue Transfers | 34,409,267 | - | 34,409,267 | - | 34,409,267 | 0% |
| Miscellaneous Revenue | - | - | - | - | - | |
| Total Revenue | 129,796,186 | - | 129,796,186 | 95,386,919 | 34,409,267 | 73% |
| Payments | | | | | | |
| Employee costs | 960,000 | - | 960,000 | - | 960,000.00 | 0% |
| Use of goods and services | 61,734,018 | - | 61,734,018 | 37,258,673 | 24,475,345 | 60% |
| Transfer to other Government Entities | - | - | - | - | - | |
| Other Transfers/Subsidies/Grants | 57,753,483 | - | 57,753,483 | 27,189,466 | 30,564,017 | 47% |
| Certified Works | 9,348,685 | - | 9,348,685 | 9,348,685 | - | 100% |
| Total Payments | 129,796,186 | - | 129,796,186 | 73,796,824 | 55,999,362 | |
| Surplus | - | - | - | 21,590,094 | | |

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Budget Reconciliation

| | Description of Particulars | Amount in KES |
|---|---|-------------------|
| | Actual Surplus Amounts as per the statement of Budget | 21,590,094 |
| 1 | Accounting Treatment of various purchases and asset purchases | 4,628,164 |
| | Closing Cash and Cash Equivalent as per the statement of Cash flows | 26,218,258 |

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12. Notes to the Financial Statements

1. General Information

The National Environment Management Authority is established by and derives its authority and accountability from the Environmental Management and Co-ordination Act of 1999. This principal Act was amended in 2015. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to exercise general supervision and co-ordination over all matters relating to the environment and to be the principal instrument of Government in the implementation of all policies relating to the environment in Kenya.

2. Statement of Compliance and Basis of Preparation

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

Guiding note during the transition period:

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

3. Adoption of New and Revised Standards

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

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

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| Standard | Effective date and impact: |
|---|--|
| | <p>right of use assets and lease liabilities.</p> <p>No impact applicable from 1st January 2025.</p> |
| <p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p> | <p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>No impact applicable from 1st January 2025.</p> |
| <p>IPSAS 45-Property Plant and Equipment</p> | <p>Applicable 1st January 2025</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> <p>No impact applicable from 1st January 2025.</p> |
| <p>IPSAS 46 Measurement</p> | <p>Applicable 1st January 2025</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. |

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| Standard | Effective date and impact: |
|----------|--|
| | <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>No impact applicable from 1st January 2025.</p> |

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

| Standard | Effective date and impact: |
|--|--|
| IPSAS 47- Revenue | <p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The Standard will not have a major impact from 1st January 2026.</p> |
| IPSAS 48- Transfer Expenses | <p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The Standard will not have a major impact from 1st January 2026.</p> |
| IPSAS 49- Retirement Benefit Plans | <p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>No impact applicable from 1st January 2026.</p> |

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| Standard | Effective date and impact: |
|---|---|
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the Authority's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>No impact applicable from 1st January 2027.</i></p> |

iii) Early adoption of standards

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

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4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority 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 Board on **30/04/2024**. No subsequent revisions were made to the approved budget. The Authority'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 **6** under section **II** 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 Authority 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

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

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

Subsequent measurement

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

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

Financial liabilities

Classification

The Authority 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.

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 *Authority*.

i) Provisions

Provisions are recognized when the Authority 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 Authority 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 Authority 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 Authority 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

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wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements.

k) Changes in accounting policies and estimates

The Authority 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 Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Authority pays fixed contributions into a separate Authority (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.

m) Foreign currency transactions

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

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

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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 Authority regards a related party as a person or an Authority with the ability to exert control individually or jointly or to exercise significant influence over the Authority, 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 Authority analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority 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 Authority 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.

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5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority'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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Authority.

The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

The nature of the processes in which the asset is deployed.

Availability of funding to replace the asset.

Changes in the market in relation to the asset

Provisions

No Provisions were raised in the period. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the financial statements

6. Revenue Transfers

| Description | 2024-2025 |
|---|-------------------|
| | KES |
| Unconditional Transfers | |
| GoK Counter Part funding | - |
| Transfers from Development partners | - |
| Total Unconditional Transfers (a) | - |
| Conditional Transfers | |
| Transfers from Development partners 1 | 75,016,001 |
| Total Conditional Transfers (b) | 75,016,001 |
| Total Transfers for the Year (a + b) | 75,016,001 |

The funding for project activities.

a) Details to Revenue Transfers

| Name of The Authority Transferring | Amount recognized to Statement of Financial performance | Amount deferred under deferred income. | Amount moved to Capital fund | Total transfers 2024-2025 |
|------------------------------------|---|--|------------------------------|---------------------------|
| | KES | KES | KES | KES |
| GOK Funding | - | - | - | - |
| Development Partner 1 | - | - | - | - |
| Subtotal | - | - | - | - |
| Deferred Income realized | 75,016,001 | 21,590,094 | - | 96,606,095 |
| Transfers in Kind | - | | | - |
| Total | 75,016,001 | 21,590,094 | - | 96,606,095 |

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7. Miscellaneous revenue

| Description | FY 2024/25 |
|------------------|------------|
| | KES |
| Interest Income | - |
| Others (specify) | - |
| Total | - |

8. Employees Costs

| Description | FY 2024/25 |
|----------------|------------|
| | KES |
| Other specify* | - |
| Total | - |

9. Use of Goods and Services

| Description | FY 2024/25 |
|--|-------------------|
| | KES |
| Bank charges | 505,864 |
| Communication, supplies and services | - |
| Domestic travel and subsistence | 23,276,695 |
| Foreign travel and subsistence | 1,855,539 |
| Fuel and lubricants | 106,916 |
| Stationery, Printing, advertising, and information supplies | - |
| Hospitality supplies and services | 2,176,589 |
| Specialized materials and services | 9,337,070 |
| Routine maintenance – vehicles and other transport equipment | - |
| Total | 37,258,673 |

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

10. Depreciation and Amortization expense

| Description | FY 2024/25 |
|-------------------------------|------------------|
| | KES |
| Property, Plant and Equipment | 1,219,177 |
| Intangible Assets | - |
| Total | 1,219,177 |

11. Transfer to Other Government Entities

| Description | FY 2024/25 |
|--------------|------------|
| | KES |
| | - |
| Total | - |

12. Other Transfers/Subsidies/Grants

| Description | FY 2024/25 |
|--------------|-------------------|
| | KES |
| KALRO | 10,683,241 |
| SORALO | 523,836 |
| ACC | 15,982,389 |
| Total | 27,189,466 |

13. Certified Works

| Description | FY 2024/25 |
|--------------|------------------|
| | KES |
| Water Works | 9,348,685 |
| Total | 9,348,685 |

14. Gain/Loss on Sale of Assets

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

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

No Asset was disposed therefore there was no gain or loss.

15. Gain/Loss on foreign exchange transactions

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

16. Impairment Loss

| Description | FY 2024/25 |
|-------------------------------|------------|
| | KES |
| Property, Plant and Equipment | - |
| Intangible Assets | - |
| <i>Others specify</i> | - |
| Total Impairment Loss | - |

17. Cash and Cash Equivalents

| Description | 2024-2025 | 1 st July 2024 |
|--|-------------------|---------------------------|
| | KES | KES |
| Cash in Bank | 26,218,258 | 78,415,978 |
| Cash on hand | - | - |
| <i>Others (Specify)</i> | - | - |
| Total Cash and Cash Equivalents | 26,218,258 | 78,415,978 |

Project Bank Accounts

| Details | 2024-2025 | 1 st July 2024 |
|--|-------------------------|---------------------------|
| | KES | KES |
| Foreign Currency Accounts | | |
| Total Foreign Currency balances | ===== - | ===== - |
| Local Currency Accounts | | |
| National Bank of Kenya [A/c No 7700602913] | 26,218,258 | 78,415,978 |
| Total local currency balances | ===== 26,218,258 | ===== 78,415,978 |
| Total bank account balances | ===== 26,218,258 | ===== 78,415,978 |

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the Financial Statements (Continued)

18. Receivables

| Description | 2024-2025 | 1 st July 2024 |
|-------------------------------|------------------|---------------------------|
| | KES | KES |
| Counter Part Funding | - | - |
| Contractor's Advance payments | - | - |
| Other Receivables (specify) | 8,436,647 | 26,220,724 |
| Total Receivables | 8,436,647 | 26,220,724 |

These relates to unsurrendered amount of KES 8,040,547 by the Sub executing Entities and KES 396,100 staff unsurrendered Imprests.

Ageing analysis for Receivables

| Description | Insert Current FY | | 1 st July 2024 | |
|--------------------|-------------------|----------------|---------------------------|----------------|
| | KES | | KES | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | 8,436,647 | 100% | 26,220,724 | 100% |
| Between 1- 2 years | - | % | - | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (a+b) | 8,436,647 | 100% | 26,220,724 | 100% |

19. Inventories

| Description | 2024-2025 | 1 st July 2024 |
|-------------------------------------|-----------|---------------------------|
| | KES | KES |
| Consumable stores | - | - |
| <i>Others consumables (specify)</i> | - | - |
| Less: allowance for impairment | - | - |
| Total inventories | - | - |

The Project had no inventories.

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

20. Prepayments

| Description | 2024-2025 | 1 st July 2024 |
|--------------------------|-----------|---------------------------|
| | KES | KES |
| <i>Others specify</i> | - | - |
| Total inventories | - | - |

The Project had no prepayments

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

21. Property, Plant and Equipment

| Depreciation rate | 25% | 20% | 33.30% | | |
|---|-----------------|----------------|--------------------|------------------|--------------------|
| As At 1 July 2024 (opening balances) | - | - | 3,870,690 | - | 3,870,690 |
| Additions | 980,000 | 462,000 | - | 2,773,792 | 4,215,792 |
| Disposals | - | - | - | - | - |
| Transfers/Adjustments | - | - | - | - | - |
| As at 30th June 2025 | 980,000 | 462,000 | 3,870,690 | 2,773,792 | 8,086,482 |
| Depreciation And Impairment | | | | | |
| As at 1 July 2025 | - | - | (238,797) | - | (238,797) |
| Depreciation charge for the year | (55,806) | (1,196) | (1,162,175) | | (1,219,177) |
| Impairment loss | - | - | - | | - |
| Transfers/ Adjustments | - | - | - | | - |
| As At 30th June 2025 | (55,806) | (1,196) | (1,400,972) | | (1,457,973) |
| Net Book Values | | | | | |
| As at 1st July 2024 | - | - | 3,631,893 | - | 3,631,893 |
| As at 30th June 2025 | 924,194 | 460,804 | 2,469,718 | 2,773,792 | 6,628,509 |

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

22. Intangible Assets

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

23. Trade and Other Payables

| Description | 2024-2025 | 1 st July 2024 | | |
|--|-------------------|---------------------------|------------------------------|-----------------------|
| | KES | KES | | |
| Trade payables | 10,227,414 | 4,243,321 | | |
| Other payables (Payments to Netfund Casuals) | 1,897,338 | - | | |
| Refund to Recurrent IAF22478 | 6,633,700 | | | |
| Total trade and other payables | 18,758,452 | 4,243,321 | | |
| Ageing analysis: (Trade and other payables) | 2024-2025 | % of the Total | Comparative 2023-2024 | % of the Total |
| Under one year | 18,758,452 | 100% | 4,243,321 | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (tie to above total) | 18,758,452 | | 4,243,321 | |

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

These relates to outstanding payments to various suppliers, Netfund Casuals and refund to Recurrent for IAF22478.

24. Third-Party Deposits

| Description | 2024-2025 | 1 st July 2024 | | |
|--|----------------|---------------------------|----------------|----------------|
| | KES | KES | | |
| Contractor's Retention | 934,868 | - | | |
| Other deposits (specify) | - | - | | |
| Total deposits | 934,868 | - | | |
| | | | | |
| Ageing analysis: (Refundable deposits) | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | 934,868 | 100% | - | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | 934,868 | | - | |

These relates to Retention payable to the supplier for water works constructed.

25. Deferred Income

| Description | 2024-2025 | 1 st July 2024 | |
|------------------------------|-------------------|---------------------------|--|
| | KES | KES | |
| GEF- IUCN | 21,590,094 | 104,025,274 | |
| Others specify | - | - | |
| Total Deferred Income | 21,590,094 | 104,025,274 | |

Relates to unspent donor funds

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

Deferred Income Movement Schedule

| | GEF - IUCN |
|---|--------------------|
| | KES |
| Balance as at 1 st July 2024 | 104,025,274 |
| Adjustments | (7,419,179) |
| Additions | - |
| Transfers To Performance Statement as Revenue | (75,016,001) |
| Balance as at 30 th June 2025 | 21,590,094 |

26. Cash Generated from Operations

| Description | 2024-2025 |
|--|---------------------|
| | KES |
| Surplus/Deficit for the year | - |
| Adjusted for: | |
| Depreciation | 1,219,177 |
| Non-cash grants received | - |
| Impairment | - |
| Gains and losses on disposal of assets | - |
| Working capital adjustments | |
| Increase in inventory | - |
| Increase in receivables | 17,784,076 |
| Increase in deferred income | (83,877,180) |
| Increase in payables | 14,515,131 |
| Increase in payments received in advance | 934,868 |
| Net cash flow from operating activities | (49,423,928) |

27. Special Deposit Accounts

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

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

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

Special Deposit Accounts Movement Schedule

| Description | 2024-2025 | 1 st July 2024 |
|--|----------------------|---------------------------|
| | USD | USD |
| (i) A/C Name [A/c No 1000715111] | | |
| Opening balance | 41,170 | 41,170 |
| Total amount deposited in the account | - | - |
| Total amount withdrawn (as per Statement of Receipts & Payments) | - | - |
| Closing balance (as per SDA bank account reconciliation attached) | <u>41,170</u> | <u>41,170</u> |

28. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Authority 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 Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Authority, 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.

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

| Description | 2024-2025 |
|--|-----------|
| | KES |
| Transactions with related parties | |
| a) Sales to related parties | |
| Others | - |
| Total | - |
| B) purchases from related parties | |
| Others | - |
| Total | - |
| b) Grants /transfers from the government | |
| | - |
| Total | - |
| c) Expenses incurred on behalf of related party | |
| | - |
| Total | - |
| d) Key management compensation | |
| | - |
| Total | - |

29. Events after the Reporting Period

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

30. Ultimate And Holding Authority

The Authority is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Environment Climate Change and Forestry. Its ultimate parent is the Government of Kenya.

31. Currency

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

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya

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

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|----------------------------------|--|
| 1 | <p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final budget and actual on comparable basis of KES.129,796,186 and KES.129,500,640 respectively resulting in under receipts of KES.295,546 or 0.22% of the budget. However, the project spent KES.24,863,938 against actual receipts of KES.129,500,640 resulting to under -utilization of KES.104,636,702 or 81% of the actual receipts.</p> <p>The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.</p> | <p>The statement of comparison of budget and actual amounts reflects final receipts budget of KES.129,796,186 as per the budgeted amount in the printed estimates. Actual amount received on a comparable basis was KES.129,500,640. Further, as per the Project Designated Statement of Account attached, the actual amount disbursed was USD 837,000 leaving a balance of USD 41,170 in the Account. As per the Treasury letter to the Ministry Reference EA/FA/78/7/028/D dated 21st December, 2023 this was the available budget balance at that time. There was no underfunding since the difference of amount, the Project was at liberty to request during the period but did not since the project had not fully utilized the initial funds disbursed.</p> <p>On the part of expenditure, the delayed receipt of funds affected the early implementation of project activities, which delayed project implementation and thereby adequate absorption of funds.</p> | Not Resolved | N/A |

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya

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

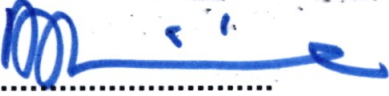
| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|-----------------------------------|--|
| | | <p>Further, lack of a dedicated project bank account by KALRO resulted in non-disbursement of funds in the reporting period. The Project Bank Account has since been opened on 29th July 2024.</p> <p>Since this was the first year of implementation, there was a slow turnaround by SEA's on finalization of preliminary project activities such as signing of Project Implementation agreements, work plans and opening of project bank accounts which led to delayed disbursement to partners. The challenges incurred by the SEA's in signing the sub- agreements were resolved.</p> <p>Management will like to confirm that the initial teething challenges have since been resolved and going forward the received funds will be fully utilized to avoid delay in project activities.</p> | | |
| 2 | <p>Slow Project Implementation</p> <p>Review of the project documents revealed that, the Project financing agreement was signed 28 April, 2023 while it's first Exchequer requisition</p> | <p>The Budget making process for the government starts way earlier in the year. The Departments and Agencies are required to submit their budget estimates for the next financial year by 31st January to their line Ministries.</p> | Not Resolved | N/A |

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025


| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--------------------------------------|---|
| | <p>was done on 5 December, 2023 about five (5) months after the start of the financial year. The initial instalment of KES.129,500,640 was credited to the project account on 15 January, 2024.</p> | <p>The project financing agreement had not been signed by then. It was signed by the National Treasury and International Union for Conservation of Nature and Natural Resources (IUCN) on 28 April, 2023. This therefore meant that the project could not be included in the Budget for the FY Ended June 2024 thereby missing out in the initial printed estimates.</p> <p>The Authority therefore had to request for authority to spend project funds pending regularization as per letter Ref: NEMA/12/20/VOL. II dated 18th September 2023. The Approval to spend was obtained via the supplementary budget as per the attached revised development expenditure estimates summary 2023/2024. This further delayed the disbursement of the Project Funds.</p> <p>Upon being included in the supplementary estimates, the actual process of request of funds began as stipulated in the PFM Act. The Authority requested the Project Funds through the Parent Ministry (Ministry of Environment, Climate Change and Forestry).</p> | | |

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands of Kenya
Annual Report and Financial Statements for the financial year ended June 30, 2025

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|--|-----------------------------------|--|
| | | <p>The Ministry then requested the Funds from the National Treasury.</p> <p>Funds were then sent from Treasury to the Ministry and from the Ministry to the Authority. This long process had a bearing on the delay in receipt of the project funds.</p> | | |



Dr. Mamo B. Mamo, EBS
Director General



Dr. Leonard Tampushi
Project Coordinator

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands Kenya

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

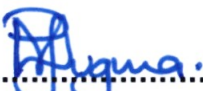
Annex 2: Reconciliation of inter-Authority transfers

| Project Name: | | | | |
|--|-----------------------|---------------------|--------------|---|
| Break down of transfers from the Ministry of Environment and Forestry FY 2024-2025 | | | | |
| A. | Others - Grant | | | |
| | | Bank Statement Date | Amount (KES) | Indicate the FY to which the amounts relate |
| | | | - | |
| | | Total | - | |

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



Dr. Leonard Tampushi
Project Coordinator



Head of Accounting Unit
Ministry of Environment and Forestry

Annex 3: Fixed Asset Register

| Asset class | Historical Cost h/f (KES) Previous Year | Additions during the year (KES) | Disposals during the year (KES) | Transfers in/(out) during the year | Historical Cost c/f (KES) Current Year |
|---|--|--|--|---|---|
| Office equipment, furniture and fittings | - | 462,000 | - | - | 462,000 |
| ICT Equipment | 3,870,690 | - | - | - | 3,870,690 |
| Machinery and Equipment | - | 980,000 | - | - | 980,000 |
| Work in Progress | - | 2,773,792 | - | - | 2,773,792 |
| Total | 3,870,690 | 4,215,792 | - | - | 8,086,482 |

Annex 4: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2025
- ii. Special Deposit Account(s) reconciliation statement.

NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY
NBK IUCN GEF 7 PROJECT BANK RECONCILIATION
A/C NO 7700602913
AS AT 30TH JUNE 2025

Summary

| | | Amount in Kshs. | Amount in Kshs. |
|---|--|-----------------|-----------------|
| | Balance As Per Bank Statement | | 26,240,657.85 |
| | Less: | | |
| 1 | Payments in Cashbook not in Bank statement | | - |
| 2 | Receipts in Bank Statement not in cashbook | | |
| | Refund Peter Maina Wanjau IAF22478- Recurrent Imprest paid twice | 22,400.00 | |
| | | | 22,400.00 |
| | Add: | | |
| 3 | Payments in Bank statement not in Cash book | | - |
| 4 | Receipts in Cashbook not in Bank statement | | - |
| | | | 26,218,257.85 |
| | Balance as per Cashbook balance | | 26,218,257.85 |
| | Difference | | - |

Prepared By: Alphonse O. Omollo


Designation: Senior Accountant

Signature: 

Date 11/30/2025

Checked By: James Modi

Designation: Senior Principal Accountant

Signature: 

Date 11/30/2025

Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangeland of Kenya

STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION

FOR THE YEAR ENDED 30 JUNE 2025

PART B: ACCOUNT RECONCILIATION

Credit No. UN HABITAT


Bank Account No. 1000715111 CENTRAL BANK OF KENYA

| | NOTES | AMOUNT | AMOUNT |
|---|---|--------|-------------------|
| | | USD | USD |
| 1 | Amount advanced | | 878,170.00 |
| | Amount advanced YR 2025 | | - |
| | Less: | | |
| 2 | Total amount recovered by HABITAT | | - |
| 3 | Outstanding amount to be documented | | 878,170.00 |
| | Represented by: | | |
| 4 | Ending Special Account Balance as at 30 June 2025 | | 41,170.00 |
| 5 | Amounts claimed but not credited as at 30th June 2025 | | - |
| 6 | Amounts withdrawn and not claimed | | 837,000.00 |
| 7 | Service Charges (if not included in lines 5 and 6 above) | | - |
| 8 | Interest earned (if included in Special Account) | | - |
| 9 | Total advance to Special Account Year ended 30 June 2025 | | 878,170.00 |

Discrepancy between total appearing on line 3 and 9 - None

Notes:

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



AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY

DATE: 05-08-2025

SPECIAL ACCOUNT STATEMENT

| | |
|-------------------|-------------------------------------|
| For period ending | 30th JUNE, 2025 |
| Account No. | 1000715111 |
| Depository Bank | CENTRAL BANK OF KENYA. |
| Address | CENTRAL BANK OF KENYA. |
| Related Loan | STRENGTHENING FOREST MGT FOR BIODIV |
| Credit Agreement | |
| Currency | USD |

Part A - Account Activity

| | |
|---|-----------|
| Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account | 41,170.00 |
| Add: | |
| Total Amount deposited by World Bank ^{DN HABITAT} | 0.00 |
| Total Interest earnings if deposited in account | |
| Total amount refunded to cover ineligible expenditure | |
| Deduct: | |
| Total amount withdrawn | 0.00 |
| Total service charges if not included above in amount withdrawn | |
| Ending balance on 30th June, 2025 | 41,170.00 |

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**


SIGNATURE: _____

DATE

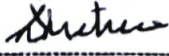
**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: _____

DATE



 14/07/2025



 05-08-2025

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

Results 1 - 1 of 1

Run Date:
CENTRAL BANK OF KENYA
BANKI KUU YA KENYA
P.O.BOX 60000-0200
NAIROBI

Run Time:

STATEMENT OF ACCOUNT

PAGE NO: 1

ACCOUNT NUMBER:

ACCOUNT TITLE : STRENGTHENING FOREST MGT FOR BIODIV
30/06/2025

STATEMENT PERIOD: From 01/07/2024 To

DEBIT CREDIT BALANCE

| NO. | DATE | REFERENCE NO | DETAILS | DEBIT | CREDIT | BALANCE |
|-----|---------------|--------------|---------|-------|--------|-----------|
| | OPENING BAL : | | | | | 41,170.00 |
| NO. | Value Date | Reference No | Details | Debit | Credit | Balance |
| 1 | | | | 0.00 | 0.00 | 41170 |

CLOSING BALANCE : 41170

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCT.EPRM

More Options
Clear Selection

Find

| | | |
|----------------|--------|------------|
| Account | equals | 1000715111 |
| Statement From | equals | 20240701 |
| Statement To | equals | 20250630 |

TAM.E.STMT.OF.ACCT.EPRM