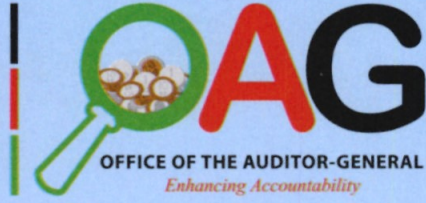



REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID		
REPORT	DATE: 14 APR 2026	DAY: Tuesday
TABLED BY:	Hon. Naomi Wago, CBS, MP (Deputy Majority Whip)	
CLERK-AT THE-TABLE:	Inzafu Mwale, HSC	

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ON

NATIONAL ENVIRONMENT TRUST FUND

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



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Leading the way to a greener future

NATIONAL ENVIRONMENT TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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

NATIONAL ENVIRONMENT TRUST FUND
Annual Reports and Financial Statements
For the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year- Financial year preceding the current financial year

2. Key Entity Information and Management

(a) Background information

The National Environment Trust Fund (NETFUND) was established by the Environmental Management and Coordination Act (EMCA) 1999, Section 24 “to facilitate research intended to further the requirements of environmental management; capacity building; environmental awards; environmental publications; scholarships; and grants”. A subsequent amendment to EMCA section in June 2015 enabled the organisation to become a State Corporation.

(b) Principal Activities

The Fund’s principal activity is to mobilize funds from any legitimate source that will facilitate research intended to further the requirements of environmental management, capacity building, environmental awards, environmental publications, scholarships, and grants.

Vision: Sustainable financing for environmental governance and sustainable development in Kenya.

Mission: To mobilize, manage, and avail resources for sustainable environmental conservation and management initiatives.

Core Values:

Accountability: Responsibility for Our Actions, Good Governance, Professionalism

Respect: Diversity, Rule of Law, Esteem for Each Other

Transparency: Openness, Trustworthiness, Prudence, Honesty

(c) Key Management

The *Fund’s* day-to-day management is under the following key organs:

No.	Designation	Name
1.	Board of Trustees	Hon. David Mwaure
2.	CEO /Accounting officer	Mr. Samson Toniok
3.	Directorate of Resource Mobilisation and Business Development	Dr. James Njagu
4.	Head of Finance and Accounts	Mr. Evans Kiprotich
5.	Head of Supply Chain Management	Ms. Evelyn Nthini
6.	Projects Manager	Mr. Michael Okok
7.	Research Manager	Mr. Chrispine Omondi
8.	Resource Mobilization Manager	Mr. Andrew Machora
9.	Human Resource and Administration Manager	Ms. Annunciater Mutheu
10.	Strategy and Planning Manager	Mr. Joshua Anampiu
11.	Head of Internal Audit	Ms. Beatrice Thinwa
12.	Corporate Communications Manager	Mr. Hassan Sheikh

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Mr. Samson Toniok
2.	Director Resource Mobilisation and Business Development	Dr. James Njagu
3.	Head of Finance	Mr. Evans Kiprotich
4.	Head of Supply Chain Management	Ms. Evelyn Nthini
5.	Projects Manager	Mr. Michael Okok
6.	Resource Mobilization Manager	Mr. Andrew Machora
7.	Strategy and Planning	Mr. Joshua Anampiu

(e) Fiduciary Oversight Arrangements

The Fund has established the following Board of Trustees Committees for fiduciary oversight:

(i) Finance, HR & Supply Chain Management

The purpose of this committee is to provide oversight for the organisation in Financial Management, Human Resource & Administration, and Supply Chain Management. The membership is as follows;

❖ Dr. Erick Korir	Chairperson
❖ Ms. Roney Yussuf	Member
❖ Ms. Noreen Kanyua	Member
❖ Mr. Peter Odhengo	Member

(ii) Governance Risk and compliance

This committee provides oversight in the areas of governance risk and compliance. It has the responsibility of ensuring compliance with statutory requirements risk management. The membership is as follows

❖ Ms. Roney Yussuf	Chairperson
❖ Ms. Judy Ngeny	Member
❖ Ms. Noreen Kanyua	Member
❖ Mr. Martin Munene	Member

(iii) Technical Committee

The Board committee oversees implementation of programmes and Resource mobilization initiatives which form the core mandate of NETFUND. The committee is also responsible for enhancement of the brand recognition through effective communication. The membership is as follows

❖ Ms. Mary Kinyua	Chairperson
❖ Dr. Erick Korir	Member
❖ Dr. Pacifica Achieng	Member
❖ Mr. Peter Odhengo	Member

(iv) Board Audit Committee

The Audit Committee plays an important role in providing oversight of the Fund's governance, risk management and internal control practices. The committee is responsible for the overall management of the auditing process and the auditors. They also assist the Board of Trustees in overseeing the integrity of the Fund's financial statements. The audit committee performs its role by providing independent oversight to the Board of Trustees. The membership is as follows:

❖ Ms. Judy Ngeny	Chairperson
❖ Ms. Martin Munene	Member
❖ Ms. Noreen Kanyua	Member
❖ Ms. Mary Kinyua	Member

(f) Fund Headquarters

National Water Plaza, First Floor,
P.O. Box 19324-00202
Dunga Road, Industrial Area
Nairobi, KENYA

(g) Fund Contacts

Telephone: (+254) 020-2369563
E-mail : info@netfund.go.ke
Website: www.netfund.go.ke

(h) Fund Bankers

- i.) Kenya Commercial Bank Ltd
Upper Hill Branch
P.O. Box 69695-00400
City Square 00200
Nairobi Kenya
- ii.) African Banking Corporation
ABC Bank Building,
Dar es Salaam Rd.
P. O. Box 18053 – 00500,
Nairobi.
- iii.) Co-operative Bank
Upper Hill Branch
KUSSCO Centre
P.O. Box 48231 - 00100,
Nairobi



(i) Independent Auditor

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

(j) Principal Legal Adviser

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

3. The Board of Trustees

Board Member	Details
 <p data-bbox="199 938 606 1048">Hon. David Mwaure Waihiga Chair- NETFUND Board of Trustees</p>	<p data-bbox="772 396 1500 622">Hon. David Mwaure Waihiga was born on 22nd July, 1957. He is an advocate of the High Court of Kenya and current managing partner at Mwaure & Mwaure Waihiga Advocates. He is a certified public secretary, a professional arbitrator and a mediator with over thirty-five (35) years' experience.</p> <p data-bbox="772 633 1500 860">The senior corporate lawyer and thought leader, who has sat and chaired in many boards of organizations, holds a master's degree in leadership from International Leadership University and a Bachelor of Laws Degree from the University of Nairobi.</p> <p data-bbox="772 871 1500 985">Hon. Mwaure is a member of the Law Society of Kenya, East Africa Law Society, International Institute of Certified Secretaries, among others.</p>
 <p data-bbox="199 1624 598 1796">Dr. Pacifica Ogola Representative of the Principal Secretary in the Ministry of Environment, Climate Change and Forestry.</p>	<p data-bbox="772 1088 1500 1751">Dr Pacifica F. Achieng Ogola was born on the 11th of March 1970. She has over 20 years' experience in Energy, Environment and Climate Change in various capacities. She is currently the Director and Head of Climate Change Directorate at the Ministry of Environment, Climate Change and Forestry and National Focal Point to the United Nations Framework Convention for Climate Change (UNFCCC). Dr. Ogola holds a Doctor of Philosophy (PhD) in Environmental Science (Environment and Natural Resources) from the School of Engineering and Earth Sciences, University of Iceland in Geothermal Energy; master's degree in environmental science (Natural Resource Management) from Kenyatta University, and a bachelor's degree from Kenyatta University, Geography Major. She also holds a Diploma in International Environmental Law from the United Nations Institute for Training and Research (UNITAR); She serves in the Technical Committee of the Board of Trustees.</p>



Ms. Mary Kinyua
Member of the Board of Trustees.

Ms. Mary Kinyua was born on the 2th of July 1983. Mary is a celebrated professional with close to two decades of experience in HR, governance & legal matters and currently serving as the Chief HR Officer at Naivas Supermarket.

In 2019, she was named a Top 40 under 40 women of the year as a transformative leader and a Top 100 women influencing the C – Suite in Kenya. Further, she was recently feted as the HR Director of the Year by *HRO today* in 2023.

Mary is an Alumni of Nanyang Business School, Singapore, the Strathmore Business School and The Centre of Corporate Governance and a member of the Institute of Human Resource Managers. She is currently pursuing her PHD.

She is the Chairperson of the Technical Committee and also serves in the Board Audit Committee.



Ms. Roney Mayow Yussuf
Member of the Board of Trustees.

Ms. Roney Mayow was born on the 1st of March 1969 She is an accomplished educationist and public servant with more than three decades of experience. She has extensive expertise in public service delivery as well as in public administration, donor relations and coordination as well as in resource mobilisation.

Over the last ten years, she served in the County Government of Wajir as a County Executive Committee Member under various departments including Environment, Energy and Natural Resource, and Water Resources where she served with distinction.

Ms. Roney holds a bachelor's degree in education from the University of Nairobi. She currently consults for various development organizations.

She is the Chairperson of the Governance, Risk and Compliance Committee and a member of the Finance, Human Resource and Supply Chain Committee.



Dr. Erick Kipkoech Korir
Member of the Board of Trustees.

Dr. Erick Korir was born on the 28th of July, 1973

Dr. Korir is an accomplished public servant and an educationist with more than 20 years of experience in public administration and the academia.

Between 2017 and 2022, he served as the Deputy Governor for Nakuru County where he played a pivotal role in the management and administration of the County Government.

Dr. Korir is also a well published scholar who authored and presented dozens of publications and papers globally. He holds a PhD in Chemistry from the University of KwaZulu-Natal, Durban, South Africa.

He is the Chairperson of the Finance, Human Resource and Supply Chain Management Committee and is also a member of the Technical Committee.





Ms. Judy Chebet Ngeny
Member of the Board of Trustees.

Ms. Judy Ngeny was born on the 12th of January, 1982. She is an accomplished lawyer, a Public Notary and Commissioner for Oaths with over thirteen years' experience and expertise in Commercial Transaction Advisory and Regulatory Advisory work. She is currently a Partner at Chebet & Munyaka Advocates LLP.

Judy holds a Master of Laws (LL.M) Degree from the University of Manchester, UK, and a Bachelor of Laws (LL. B) degree from the University of Nairobi. She is also a member of the German Business Association, International Bar Association and the International Trademark Association.

She is the Chairperson of the Board Audit Committee and serves as a member of the Governance Risk and Compliance Committee.

 <p>Mr. Martin Munene Representative of the Attorney General's Office</p>	<p>Mr. Martin Munene was born on the 27th of April, 1985. He is an advocate with extensive experience in criminal and civil practice and has served as State Counsel in Kenya for more than ten (10) years.</p> <p>The holder of a diploma in law from the Kenya school of law and a Bachelor of Laws degree from Moi university, he is also a strategic leadership practitioner and a certified public secretary of Kenya.</p> <p>He is the representative of the Attorney General of Kenya in the NETFUND Board. He is a member of the Board Audit Committee and the Governance committee.</p>
 <p>Ms Noreen Wambui N. Kanyua</p>	<p>Ms. Noreen Kanyua was born on the 9th of April, 1982. She is a Leader and Change Maker with more than 14 years of practical experience. She has exceptional expertise in Consultancy, Project & Change Management, Governance, Corporate Communication, Knowledge and Performance Management</p> <p>She holds a master's in organizational development (EMOD) from the United States International University, Nairobi, and a BA in International Relations with a Minor in Marketing Communications from the same university. She is currently pursuing her Ph.D. in Project Management at LIGS University, USA. She serves in Finance, Human Resource, Board audit and Governance Risk and Compliance Committees.</p>

 <p>Peter Odengo- Representative of the National Treasury</p>	<p>Mr. Peter Odhengo was born on the 29th September 1964. He an experienced director and a celebrated thought leader with a demonstrated history of working in the renewables and environment industry who is currently the head of Climate Finance & Green Economy Unit and the National Programme Coordinator of FLLoCA (Financing Locally-Led Climate Action) at the National Treasury and Economic Planning.</p> <p>Peter holds a Master of Science in Environmental Protection and Sustainable Development, a Bachelor Science in Ecology, and Post graduate Certificates in Wind Energy Management, Sustainable Water Resources Management, Energy and Technology Life Cycle Assessment.</p>
 <p>Mr. Samson Toniok Chief Executive Officer, Accounting Officer and Secretary to the Board</p>	<p>Mr. Samson Toniok is an accomplished results driven leader keen on developing those he leads to accomplish common goals. He has more than ten years of progressive experience in Finance and accounting in the public sector. He has served as Finance Director in NETFUND prior to his appointment as the Chief Executive Officer. Samson has Master of Science Degree in Finance and a BCom (Second Class Honours). He is a CPA (K) and ISA</p> <p>Under his leadership, NETFUND has been actively involved in various environmental projects, including ecosystem restoration and supporting innovations that address environmental challenges such as climate change, pollution, and biodiversity loss.</p> <p>His leadership at NETFUND reflects a commitment to fostering partnerships, innovation, and environmental stewardship for the benefit of future generations.</p> <p>He possesses solid leadership, communication, and interpersonal skills to establish rapport with all levels of staff and management. He serves as the Secretary to the Board of Trustees.</p>

4. Key Management Team.



Mr. Samson Toniok - Chief Executive Officer

Mr. Samson Toniok is an accomplished results driven leader keen on developing those he leads to accomplish common goals. He has more than ten years of progressive experience in Finance and accounting in the public sector. He has served as Finance Director in NETFUND prior to his appointment as the Chief Executive Officer. Samson has Master of Science Degree in Finance and a BCom (Second Class Honours). He is a CPA (K) and ISA

Under his leadership, NETFUND has been actively involved in various environmental projects, including ecosystem restoration and supporting innovations that address environmental challenges such as climate change, pollution, and biodiversity loss.

His leadership at NETFUND reflects a commitment to fostering partnerships, innovation, and environmental stewardship for the benefit of future generations.

He possesses solid leadership, communication, and interpersonal skills to establish rapport with all levels of staff and management. He serves as the Secretary to the Board of Trustees.



Dr. James Njagu-Director Resource Mobilization and Business Development

As the head of the Directorate of Resource Mobilization and Business Development, Dr. Njagu has the overall responsibility for the direction and coordination of the Fund's fundraising efforts. He is responsible for designing and leading the implementation of resource mobilization strategies intended to grow, maintain, and diversify NETFUND's funding portfolio. He has over 25 years' progressively responsible experience in resource mobilization and strategic donor/partnerships cultivation and engagement, strategic communications, external relations, policy, and program implementation. Prior to joining NETFUND, Dr. Njagu served as the Director, Resource Mobilization and Chief of Staff at the East African Community prior to joining NETFUND.



Hassan Sheikh- Manager Corporate Communications

Hassan is responsible for providing strategic leadership in institutional branding, stakeholder engagement, advocacy and media relations to advance the Fund's environmental financing agenda.

He oversees the design and delivery of communication strategies that elevate NETFUND's visibility, supports resource mobilisation efforts, and builds strong networks across government, development partners, the private sector and civil society to catalyse climate action and green growth in Kenya.

He holds a Master's degree in communication from the University of Nairobi



Beatrice Thinwa- Manager Internal Audit

Beatrice has demonstrated a proven ability to lead strategic audit functions, develop robust risk frameworks, and conduct high-stakes fraud investigations for high value projects.

As the Secretary to Board Audit and Governance Risk Committees, she has developed and presented comprehensive audit reports, advised on governance strategies, and spearheaded enterprise-wide risk management initiatives and participated in development of key organizational strategic plans.

Educational and Professional Credentials Include: An MBA (Finance) and B.Com (Accounting) from (JKUAT). Professional including CPA (K), Certified Fraud Examiner (CFE), and Certified Quality Assessor (CQA).



Michael Okok Projects Manager

Michael is a results-driven Programme Development and Management specialist with over 13 years of experience in environment and climate change programming, environmental policy and strategic resource mobilization. As the Projects Manager, Michael is responsible for providing leadership in grants management and coordination of projects executed by the Fund. He holds a Master of Science in Urban Development (Environment and Climate Change) from Erasmus University, Netherlands, a Bachelor of Science in Earth Science (Hydrology and Water Resources Management) from Maseno University, Certificate in Projects Management and is currently pursuing a PhD in Climate Change and Adaptation at the University of Nairobi.



Evelyn Nthini- Manager Supply Chain Management

Evelyn is a consummate Supply Chain Management professional with over 10 years' experience in various roles. As the Supply chain manager, she provides strategic leadership in the overall management of all supply chain functions. Oversees the procurement and asset disposal processes at NETFUND in line with the Public Procurement and Asset Disposal Act 2015, attendant Regulations (PPADR), 2020, and other relevant laws. Periodic reporting on matters relating to procurement and asset disposal to Relevant Authorities in line with the Act and regulations. She has Master of Business Administration (Strategic Management) a Bachelor of Commerce (Management), an Advanced Diploma in Procurement and Supply, a Diploma in Procurement and Supply and a Higher Diploma in Human Resource Management. Member of Kenya Institute of Supplies Management (KISM)



Annunciater Muoti- Manager Human Resource and Administration

Annunciater Muoti is a dedicated Human Resources professional who is passionate about transforming people and organizational cultures through strategic HR practices that drive excellence, growth, and meaningful impact.

With over 16 years experience, she has a strong foundation in people development, talent management, and institutional strengthening, she is committed to building purpose-driven workplaces where individuals thrive and organizations achieve sustainable success.

Annunciater has a bachelor's degree in human resource management and is a Certified Human Resource Practitioner (CHRP), and currently pursuing a Master's in Human Resource Development



Andrew Machora- Manager Resource Mobilization

Andrew is the Manager, Resource Mobilisation responsible for the overall strategic leadership, development, and implementation of all resource mobilisation strategies targeting multilateral development banks (MDBs) and global environmental/climate funds to secure large-scale climate and environmental finance.

He has an MBA in Global Business and Sustainability (Social Entrepreneurship Track) Masters Environmental Studies and Community Development and bachelor's degree in Anthropology and Human Ecology.



Joshua Anampiu - Manager Strategy and Planning

Joshua is an accomplished Economist with over 15 years work experience spanning the commercial banking sector specializing in credit administration. He is currently the Manager Strategy and planning with the key role of driving implementation of the organizational strategic plan, overseeing the performance contract and the productivity mainstreaming.

He has a Bachelor's degree in Economics and Philosophy from University of Nairobi and is currently finalizing an MBA (Entrepreneurship) from Tangaza University.



Evans Kiprotich- Manager Finance and Accounts

Evans is a finance and accounting professional with over 14 years' experience in managing financial resources in public entities. He has distinguished himself as an astute, hands on, knowledgeable finance professional overseeing prudent financial management of the resources entrusted to him.

He is the Finance Manager in the organisation and oversees budget management, processing payments and preparation of financial reports.

Evans holds a Master's in degree in finance, a Bachelor's degree (Hons) in Economics and is a certified public accountant of Kenya -CPA (K).



**Chrispine Omondi- Manager,
Research and Monitoring &
Evaluation**

Chrispine is a result driven Monitoring and Evaluation (M&E) Manager with experience in designing, implementing, and managing M&E systems for development projects and programs. He has a proven track record of establishing robust monitoring frameworks, conducting rigorous evaluations, and using data-driven insights to inform decision-making and improve program effectiveness.

Chrispine has a Bachelor of Science Degree (Biochemistry) He is currently pursuing Master of Arts in Project Planning and Management at the Catholic University of Eastern Africa

5. Chairman's Statement

On behalf of the NETFUND Board of Trustees, management and staff, it gives me immense pleasure to present to you the financial statements for the organisation together with an overview of the key activities undertaken during the financial year 2024/2025.

Economic Performance

A review of the country's economic performance in the last year reveals a GDP growth of 4.7% in 2024 compared to 5.7% in 2023 mainly reflecting deceleration in growth in most sectors of the economy (Economic survey 2025). Other macroeconomic indicators including inflation has remained relatively stable at 3.8%. The Central Bank of Kenya has also signalled a reduction of cost of borrowing by lowering the CBR rate to 9.75% from 10% (June 2025). This was aimed at stimulating lending to the private sector while supporting economic activity to spur growth in the economy. There is general optimism that the economy will continue on a recovery trajectory.

However despite the optimistic outlook, there remains areas of deep concern especially the risk of debt distress. A recent report by the National Assembly Public debt and Privatisation committee showed that in 2024 the Government spent Kshs.1,196 trillion on debt service compared to Kshs.1.16 trillion on recurrent and development projects further underlining the opportunity cost of funds that could stimulate economic transformation and growth being diverted to service past debt.

The effect of the elevated debt repayment further underlined the need for the Government to undertake fiscal consolidation and the resultant budget cuts across the entire government hierarchy

NETFUND KEY ACHIEVEMENTS DURING THE YEAR

There remains a significant funding gap in the environment sector that constricts Government efforts in combating environmental challenges including climate change, biodiversity loss, degradation and environmental pollution.

As the focal resource mobilization agency in the sector, NETFUND is strategically positioned to undertake resource mobilization for the sector that not only facilitates the sector in implementing critical interventions but also in achievement of critical milestones in our national and international commitments including the Bottom-up transformation agenda, the vision 2030, SDGs and the Nationally Determined Contributions respectively.

During the year under review the fund also launched two key projects; the Lake Naivasha Basin restoration project which is a 3-year initiative funded by Global Environment Facility through the WWF-US; Restoration and Sustainable Management of The Cherangany Forest Ecosystems For Climate Change Resilience And Improved Livelihoods

It is also noteworthy that during the year, NETFUND took the lead in negotiating for the approval of the Kenya's Investment Plan for the Nature, People and Climate Program by the Climate Investment Fund. This approval is significant as it unlocks additional resources for the Country to leverage on its natural resource conservation agenda targeting the two critical landscapes of the country: Lake Victoria South and Ewaso Ngiro North.

Another key milestone during the year is the accreditation of NETFUND to the Adaptation Fund. As of May 2025, NETFUND is now a National Implementing Agency of the Adaptation Fund following an elaborate and stringent suitability verification process after nomination by the Kenya's designated authority.

The Fund remains committed to aggressively pursue strategic partnerships that will unlock much needed funding for the environment sector. And in the coming year, the Fund will be seeking accreditation to the Green Climate Fund.

Appreciation

The past year has demonstrated that NETFUND is indeed poised to achieve great things thanks to the indefatigable team of management and staff. I am deeply appreciative of the sacrifice of every employee and for the indispensable cooperation between the various cadres to ensure that we had a successful year and look forward to an even greater achievements as we continue in our quest to tackle the imminent environmental challenges.

Thank you and God bless you all.



.....
Hon. David Mwaure Waihiga
Chair Board of Trustees

6. Report of The Chief Executive Officer

I am pleased to present an overview of the performance of the Fund for the fiscal year 2024-2025.

Financial Performance

a) Revenue and expenses

During the year under review, NETFUND recorded a marginal decline in total revenue of 0.13%, from KES 241.1 million to KES 240.8 million. This performance was primarily supported by a substantial increase in donor funding, which rose by 278.13% following the disbursement of anticipated donor funding. This growth occurred despite a 15.58% reduction in government recurrent funding and a significant 43.33% decrease in government development funding, from KES 15 million to KES 8.5 million—reflecting widespread budgetary constraints across public sector entities.

In response to fiscal consolidation measures and successive budget cuts, NETFUND has remained proactive in its efforts to secure additional resources. The Fund continues to engage with the National Treasury and pursue strategic resource mobilization initiatives to sustain its operations and mandate.

Operational efficiency was also enhanced during the period, with overall general expenses decreasing by 14.13%, from KES 51.43 million to KES 44.16 million. This reduction is attributed to the implementation of prudent financial management and cost-control strategies.

Key expense reductions included:

- **Board expenses**, which declined by 16.84% from KES 9.4 million to KES 7.8 million, largely due to the adoption of virtual meetings and other technology-driven austerity measures.
- **Computer expenses**, which fell by 54.49% from KES 7.2 million to KES 3.28 million, as no major hardware acquisitions were made during the year under review.

b) Asset Growth and Financial Position

During the reporting period, NETFUND's total assets increased significantly by 295.6%, rising from KES 32.5 million to KES 186.8 million. This growth was primarily driven by the disbursement of donor funding for two key projects currently under implementation.

The Fund recorded a surplus of KES 133,534, a notable improvement compared to the deficit of KES 90,869 reported in the previous financial year. This positive performance has substantially strengthened NETFUND's cash flow position, resulting in a closing cash balance of KES 173.08 million as at 30th June 2025.

Performance Overview

The global economy remained resilient in 2024 despite ongoing challenges such as high energy and food prices and tighter monetary policies. World real Gross Domestic Product (GDP) grew by 3.2 per cent in 2024, compared with 3.3 per cent growth recorded in 2023. (Economic Survey 2025).

Despite the resilience in the global economy there remains a significant risk of disruption of the world economy due to geopolitical tensions occasioned by trade tariffs on a tit for tat basis by the major advanced global economies.

In 2024, Sub-Saharan Africa (SSA) experienced a modest economic acceleration, with GDP growth rising to 3.8% from 3.6% in 2023. This improvement was largely driven by the easing of supply chain constraints and favourable weather conditions. Within the region, the East African Community (EAC-5) recorded a growth of 5.4%, up slightly from 5.3% in the previous year, supported by increased government spending, a thriving service sector, and strengthened interregional trade.

Domestically, Kenya's economy grew by 4.7% in 2024, a slowdown from the revised 5.7% in 2023. Key contributors to this growth included Agriculture, Forestry & Fishing (4.6%), Financial & Insurance Activities (7.6%), Transportation and Storage (4.4%), and Real Estate (5.3%). Despite the deceleration, the Central Bank of Kenya maintained a favourable monetary stance, lowering the Central Bank Rate (CBR) as inflation remained contained within the target range of $5 \pm 2.5\%$, averaging 3.8% in May 2025.

However, Kenya continues to face significant fiscal challenges. A recent World Bank report highlighted that interest payments on public debt consume nearly a third of tax revenue, placing the country at high risk of debt distress. This fiscal pressure has led to budgetary constraints that hinder the implementation of critical development programs, particularly those targeting climate change mitigation, environmental protection, and conservation efforts.

In this context, NETFUND plays a pivotal role. As a key institution mandated to mobilize and manage environmental financing, NETFUND's relevance has grown amid constrained public resources. Its participation in COP 29, held in Baku, Azerbaijan in November 2024, underscored Kenya's commitment to global climate action. The conference emphasized the need to scale up climate finance from the current target of USD 100 billion annually to USD 300 billion annually by 2035—a goal that aligns with NETFUND's strategic objectives of enhancing access to sustainable financing for environmental initiatives.

To enhance its fund-raising efforts, NETFUND obtained accreditation to the Adaptation Fund. The Adaptation Fund finances projects and programmes that help vulnerable communities in developing countries adapt to climate change. As the National Implementing Fund of the Adaptation Fund, NETFUND is expected to unlock initial funding to the tune of USD 15 Million. NETFUND also took a leading role in negotiation and approval of the Approval for Kenya's Investment Plan for the Nature, People and Climate Program by the Climate Investment Funds. This approval is significant as it will lead to development of 3 proposals and unlock additional resources to the tune of Kshs.5.6 billion for the Country to leverage on its natural resource conservation agenda targeting the two critical landscapes of Lake Victoria South and Ewaso Ngiro North.

In the year under review, NETFUND launched two projects titled; **Restoration and Sustainable Management of Cherangany Forest Ecosystem For Climate Change Resilience and Improved Livelihoods and Lake Naivasha Basin Ecosystem-Based Management Project**. These projects are funded by GEF and the Italian Government with a value of €4Million and USD 1.7M respectively.

The projects are being implemented in Elgeyo Marakwet, West Pokot, Nakuru and Nyandarua counties.

Challenges

During the reporting year, the National Environment Trust Fund (NETFUND) encountered a series of significant challenges that adversely affected its operational efficiency;

One of the most pressing issues was the reduction in budgetary allocations, which curtailed the Fund's ability to participate in key environmental activities. The lack of adequate financial resources hampered stakeholder engagement, community outreach, and the implementation of innovative environmental solutions.

Compounding the financial strain was the delayed disbursement of exchequer funding, which led to late payment of staff salaries. NETFUND continues to actively engage with the National Treasury to ensure timely disbursement of the exchequer funds.

The Fund has also experienced departure of some staff during the year which further disrupted project continuity. However this has been mitigated by the onboarding of staff from the defunct Kenya Water Towers Agency, who have been integrated into the organisation.

Additionally, NETFUND faced delays in the disbursement of donor funding, which significantly impacted the timely commencement and execution of donor-supported projects. The procedural bottlenecks not only postponed critical environmental interventions but also strained relationships with development partners. This is being addressed by ensuring active engagement with relevant Government Agencies.

Collectively, these challenges highlight the need for enhanced stakeholder coordination to ensure that NETFUND can effectively fulfil its mandate in promoting sustainable environmental management across Kenya.

Future Outlook

In the current year, NETFUND aims to secure accreditation from the Green Climate Fund. This accreditation will seek to unlock additional climate financing for the country. The Fund is also committed to ensuring the timely completion of all ongoing projects.

Additionally, NETFUND has onboarded several qualified staff from the now-defunct Kenya Water Towers Agency. Their expertise will significantly strengthen the Fund's technical capacity and enhance operational efficiency in service delivery. This expansion of the workforce will also help address existing staffing gaps, contributing to a more robust and effective organizational structure.



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Chief Executive Officer

7. Statement of Performance Against Predetermined Objectives for FY 2024-2025

NETFUND is implementing a five-year Strategic Plan (2023–2027), which provides a structured framework for delivering its mandate. The Plan is anchored on three broad **Key Result Areas (KRAs)**:

- 1. Partnerships and Resource Mobilization**
- 2. Environment and Climate Change**
- 3. Organizational Capacity**

These KRAs are supported by four strategic objectives designed to enhance impact, sustainability, and operational efficiency:

- 1. To engage and nurture existing and new development partners to secure increased funding.**

Under this strategic objective NETFUND focuses on;

- Expanding and deepening relationships with both existing and potential donors.
- Diversifying funding sources through strategic engagement, proposal development, and showcasing impact.
- Collaboration with government agencies, private sector, and international organizations to mobilize resources for environmental sustainability.

- 2. To build capacity of key stakeholders on climate change, environmental pollution and ecosystem rehabilitation.**

The following are the focus areas under this strategic objective;

- Seeks to empower communities, institutions, and policymakers with knowledge and tools to address environmental challenges.
- Implement training programs, workshops, and awareness campaigns targeting climate resilience, pollution control, and restoration of degraded ecosystems.
- Promote inclusive participation and local ownership of environmental initiatives.

- 3. To facilitate research and publications on environment and Climate Change;**

These are the focus areas under this strategic objective;

- Support evidence-based decision-making through the generation and dissemination of research findings.
- Encourages innovation and knowledge sharing to inform policy, programming, and advocacy.
- Strengthens partnerships with academic institutions and research bodies to advance environmental management and climate action.

4. To Strengthen internal capacity for efficient utilization of resources and effective service delivery

Under this strategic objective the Fund focuses on;

- Enhancing organizational systems, governance, and staff competencies.
- Promoting transparency, accountability, and performance management across all operations.
- Improve service delivery to stakeholders and beneficiaries.

Expenditure in the last financial year was geared toward to realization of the aforementioned strategic objectives as captured in the Strategic plan for FY 2023 to 2027. Linked to these objectives are specific programmes outcomes and outputs and performance indicators. The implemented programmes are presented in the table below.

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Table 1: Programme performance

Key Result Areas	Objective	Key Performance Indicators	Target	Achievements
1. Resource mobilization and partnerships	Enhance strategic partnerships for increased resources towards climate change mitigation and adaptation actions, biodiversity conservation, circular economy and pollution control.	Funds raised	<ul style="list-style-type: none"> Raise Kshs.1 billion from Bilateral and Multilateral Development Partners and Foundation 	<ul style="list-style-type: none"> Financing agreements signed with a value of Kshs.5.6 billion. Eight (8) project proposals submitted for funding consideration.
		<ul style="list-style-type: none"> Training Successfully conducted Amount of Funds raised 	<ul style="list-style-type: none"> Undertake four (4) trainings session/workshops covering on resource mobilization, proposal writing, environment and climate change. Generate Kshs.10 million from the training sessions/workshops. 	<ul style="list-style-type: none"> Undertook five (5) training sessions/workshops. Kshs.6,622,400 raised in revenue.
2. Environment and Climate Change	Support climate change mitigation and adaptation actions, biodiversity conservation, circular economy and pollution control.	Completion rate of activities	<ul style="list-style-type: none"> Coordinate successful launch of the project Support Restoration of 500Ha degraded areas within and outside gazetted forests Support production of 4,000,000 seedlings 	<p>Restoration of Cherang'any Forest Ecosystem for Climate Resilience and Improved Livelihoods' Project</p> <ul style="list-style-type: none"> Successfully launched the project on 16th April 2025 10,000 Seedlings planted during the project launch Funds Disbursed Kes 5,600,000 to KFS to establish tree nurseries 2 High Value Tree Nursery established in West Pokot and Elgeyo Marakwet West Pokot Environment Department to establish a tree nursery with a capacity of 500,000 indigenous tree seedlings

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Key Result Areas	Objective	Key Performance Indicators	Target	Achievements
			<ul style="list-style-type: none"> Coordinate launch of the project Facilitate quarterly meetings of the Lake Naivasha Basin Technical Committee Facilitate training of 80 farmers on sustainable agricultural practices in the LNB 	<p>Lake Naivasha basin Ecosystem Based Management Project</p> <ul style="list-style-type: none"> Launched the project on 14th April 2025 Inception workshop for the Project Technical Advisory committee and gender sensitization for the Project Management Unit undertaken Technical working group established in partnership with Njambini ATC to support development of farmers selection criteria, development training manual and to undertake training of ToTs
			<ul style="list-style-type: none"> Support procurement and delivery of fencing materials for construction of 2nd phase 34km fence 	<p>Kakamega Forest Ecosystem Conservation And Protection Project</p> <ul style="list-style-type: none"> 21kms out of 34km under phase II fenced Secured additional 10million from Vihiga county

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Key Result Areas	Objective	Key Performance Indicators	Target	Achievements
			<ul style="list-style-type: none"> Identify and undertake due diligence for 6 potential groups for support Facilitate community groups to raise 600,000 tree seedlings Facilitate community groups to acquire 100 modern beehives and apparels 	<p>Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands Project – NEMA GEF7</p> <ul style="list-style-type: none"> 4 Community Groups supported in Narok (3) and Kajiado (1) targeting to raise 600,000 So far, the four groups have raised 407,742 assorted seedlings 100 beehives and apparels distributed to Eramatare Linked the groups to partners resulting to 50,000 seedlings uptake
		<p>No. of best practices and innovations awarded</p>	<ul style="list-style-type: none"> Conduct evaluation of unsolicited requests for support and/or proposals from local community groups Conduct due diligence for the groups recommended for support Provide conditional grants and equipment support including water tanks, beehives and potting tubes to 8 local community groups 	<p>Provide Support To Local Communities To Build Their Resilience And Enhance Their Adaptive Capacity To Climate Change</p> <ul style="list-style-type: none"> Nine (9) community groups supported with grants totalling KES 1.2 million and in-kind assistance comprising 250,000 potting tubes.
			<ul style="list-style-type: none"> Recognize and award 25 best practices and innovations in 	<ul style="list-style-type: none"> Grants allocated to a tune of Kes 400,000 for national environmental events

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Key Result Areas	Objective	Key Performance Indicators	Target	Achievements
3. Organizational Capacity	Strengthen internal capacity for efficient utilization of resources and effective service delivery	Automation of key processes	Automate ICT programs and integrated into the finance processes and SCM system fully optimized	Automated ICT programs and integrated into the finance processes and SCM system fully optimized
		Contract score	Achieve a composite score of ≤ 2.40 (Excellent rating)	Rated 'Very good' with a composite score of 2.492
		Improved financial management	Maintain unqualified audit opinions	Unqualified audit opinions

- Provided technical support in selection and awarding of best practices for two organizations: Office of the First Lady (First Lady Mazingira Awards) and Plan International (Youthpreneur Accelerator Programme)
- 27 best practices awarded with trophies and certificates.

8. Corporate Governance Statement

Establishment and Composition of the Board

The National Environment Trust Fund (NETFUND) was established by the Environmental Management and Coordination Act (EMCA) 1999, Revised (2015), Section 24 “to facilitate research intended to further the requirements of environmental management; capacity building; environmental awards; environmental publications; scholarships; and grants”.

EMCA makes provision for a Board of Trustees comprising of five independent professionals. Currently the Board is comprised of 9 trustees including five independent members and representatives from the National Treasury, the Attorney General’s office, Inspectorate of State Corporations and the Ministry of Environment, Climate Change and Forestry.

Management and Governance of the Fund

NETFUND is administered by a Board of Trustees (BoT) appointed by the Cabinet Secretary of Environment, Climate Change and Forestry. The BoT is the main decision-making organ charged with, amongst other things, policy formulation, provision of advisory services, control of NETFUND funds and assets and undertaking other activities in line with the mission and vision of NETFUND.

The Role of the Board

As guided by EMCA, the State Corporations Act, Cap 446 and other relevant laws of Kenya, the Board’s role is to provide effective leadership and control, in terms of approving NETFUND’s strategy and ensuring best practice of corporate governance.

The Board retains full and effective control over the Fund by monitoring the implementation of Board plans and strategies, review of management accounts and major capital expenditure. It reviews processes for the identification and management of risks as well as those concerning compliance with key regulatory and legal areas.

The Board also reviews NETFUND’s succession plans for the management team and endorses senior executive appointments, organizational changes, and remuneration matters. It is concerned with key elements of the governance processes which sustain the operations of the Fund, performance reporting processes as well as other disclosure requirements.

The Board meets at least once a quarter. The calendar of meetings is prepared annually in advance and detailed papers to be discussed are made available to Trustees in good time before the meeting.

Board Effectiveness

The separation of the functions of the Chairperson of the Board of Trustees and Chief Executive Officer ensures the independence of the Board from NETFUND’s corporate management. There is a clear definition of the roles and responsibilities of the two offices.

The Chairperson is a non-executive trustee and is primarily responsible for providing leadership to the Board while the Chief Executive Officer is responsible for the day-to-day management of the Fund. This achieves an appropriate balance of power, increased accountability and improved capacity for decision making.

Board of Trustees Performance

In accordance to corporate governance best practices, the Board of Trustees is required to conduct self-evaluation of its performance on annual basis. Further, *Mwongozo*, the Code of Governance for State Corporations, requires that Board to carry out annual performance evaluation and file a report thereof with the parent Ministry and the State Corporations Advisory Committee (SCAC).

In the year under consideration, the Board attained a corporate score of 97.5.

Board Meetings

During the previous year, 8 Board meetings were held and the attendance was 100% as shown below;

	Date of Board Meeting	Board Attendance
1.	July 09, 2024	All present
2.	August 28, 2024	All present
3.	September 27, 2024	All present
4.	January 30, 2025	All present
5.	February 26, 2025	All present
6.	March 25, 2025	All present
7.	April 09, 2025	All present
8.	June 03, 2025	All present

Trustees Remuneration

In accordance with guidelines provided in the State Corporations Act, the trustees are paid taxable sitting allowance for every meeting attended, as well as travel and accommodation allowances while on NETFUND's duty. The Chairman is also paid a monthly honorarium.

Succession Planning

Under the guidance of the Board, NETFUND has continued to prioritise succession planning as a strategic HR initiative to ensure leadership continuity and mitigate talent risks. During the financial year, the Board of Trustees undertook a structured process to identify critical roles and develop a pipeline of potential successors through targeted capacity building, mentorship, and leadership development programmes.

This proactive approach aims to reduce dependency on external recruitment, retain institutional knowledge, and enhance organisational resilience. As we move forward, HR will continue refining succession frameworks to align with evolving business needs and support long-term sustainability and performance.

Statement of Compliance

The Board of Trustees confirms that National Environment Trust Fund has throughout the 2024/2025 financial year complied with all Statutory and Regulatory requirements and that NETFUND has been managed in accordance with the requisite principles of Corporate Governance.

Internal Control and Risk Management

Internal Control

The Trustees are responsible for reviewing the effectiveness of the Fund's system of internal control, which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposal and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

The Fund has a Code of Ethics and Service Charter that is applicable to all employees. These are among a number of Standing Instructions to employees of the fund designed to enhance internal control. The Fund has also designed additional set of standing instructions to be followed in the management of various functions in the organization.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Fund can meet its future management requirements.

Strategic Plan

NETFUND is currently implementing a strategic plan for the period 2023-2027. This Strategic Plan is aligned to the Ministry of Environment, Climate Change and Forestry (MOECCF's) Strategic Plan 2023-2027 which serves as a road map to guide the Ministry, its development partners and Kenyans actions that lead towards a resilient and sustainable environment. Also, the Strategic Plan is aligned to the Vision 2030, which is the country's development blueprint that aims to transform Kenya into a newly industrialized middle-income country by the year 2030, the Fourth Medium Term Plan (2023-2027), the Bottom-Up Economic Transformation Agenda (BETA), the Sustainable Development Goals (SDGs) and Africa Agenda 2063.

The Strategic Plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives.

On an annual basis, NETFUND's Board of Trustees approves the work plan supported by the financial plan for the year. Progress in achieving the set objectives in the plan is monitored on a quarterly basis.

Internal Control Framework

The Fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the Fund, is approved by the Board. The Board considers significant control matters raised by management and both the internal and external auditors. Where weaknesses are identified, the Board ensures that management takes appropriate action. No significant failings or weaknesses were identified during 2024/2025.

9. Management Discussion and Analysis

Review of the economy and the Sector

The Kenya economy by 4.7 per cent compared to a revised growth of 5.7 per cent in 2023. The growth, albeit slower than the previous year, was to a large extent supported by activities in Agriculture, Forestry & Fishing (4.6%), Financial & Insurance Activities (7.6%), Transportation and Storage (4.4%) and Real Estate (5.3%).

Last year inflated was been contained with the target range of 5 ± 2.5 percent and averaged 3.8 percent in May 2025, according to the Central Bank of Kenya.

However it is noteworthy that the country's public debt remains at high risk of distress, with interest payments absorbing about a third of tax revenue according to a recent world bank report. This high debt repayment has had the effect of denying the nation much needed development revenue and has led to budget cuts which impede implementation of programmes to address climate change impacts, environmental protection, and conservation.

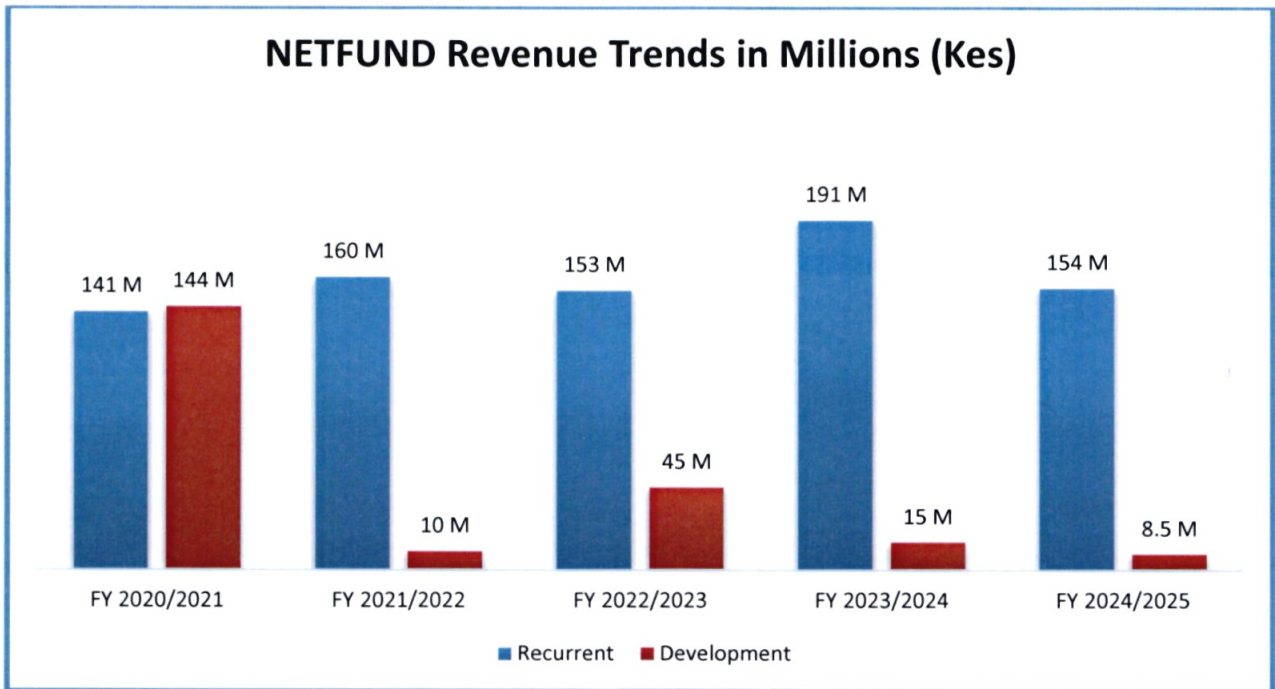
During the year under review, total revenue increased by a very modest .13% from Kshs.240.7M to Kshs.241.08M underlining the prevalent fiscal consolidation in the economy. Notwithstanding this, NETFUND continues to aggressively pursue additional funds through negotiations with the National Treasury. Development Revenue reduced from Kshs.15M to Kshs.8.5M representing a reduction of about 43.3% again underlining the pressure to balance the exchequer budget thus leading to fiscal consolidation.

The most significant increase was "Transfers from foreign entities & governments" which increased by 227% from Kshs.13.88M to Kshs.49.49M due disbursement of funds from our development partners for projects that NETUND is currently implementing.

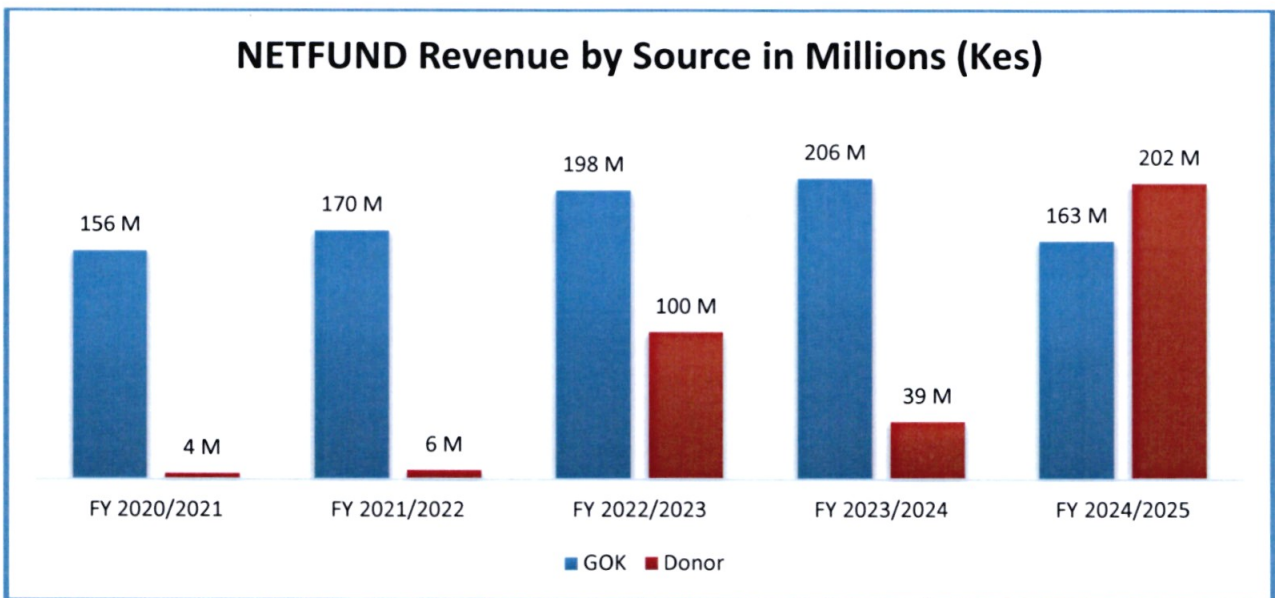
Notable expenses in the year under review includes the reduction of board expenses by 16.84% from Kshs.9.4M to Kshs.7.8M due to the leveraging on technology to hold meeting and thus adopt austerity measures to control expenses.

Overall total expenses increased by 14.13% from Kshs.51.43M to Kshs.44.16M as the Fund undertook prudent financial cost control measures. The charts below depict various funding sources and the trends for the past five years.

NETFUND Revenue Trends in Millions (Kes)



NETFUND Revenue by Source in Millions (Kes)



While global climate finance flows grew, the funding gaps for adaptation and ecosystem restoration in developing countries remained large with Kenya's environment sector facing intensified impacts if climate change, ecosystem degradation, threatening biodiversity, and heightening community vulnerability. The continued budgetary constraints in the sector, means there is need to tap into international climate financing opportunities and align programmes with evolving global sustainability aspirations and initiatives in order to access existing global funds.

Key projects

During the 2024/2025 financial year, the organization launched two key projects aimed at restoring and sustainably managing critical ecosystems in Kenya namely; The Lake Naivasha Basin Ecosystem Based Management Project, and The Restoration and Sustainable management of Cherang'any Forest Ecosystems for Climate Resilience and Improved Livelihoods Project.

The Lake Naivasha Basin Ecosystem Based Management Project is 3-year initiative that seeks to restore forest ecosystems and reduce land degradation within the Lake Naivasha Basin, safeguarding water resources, biodiversity, and associated ecosystem services vital to the local and national economy. Funded by the Global Environment Facility (GEF-7) through WWF-US, the project is implemented in Nakuru and Nyandarua Counties in partnership with the county governments, Kenya Forest Service (KFS), and the National Environment Management Authority (NEMA).

The key interventions by the project will include promoting an integrated, multi-sectoral approach to managing the basin's ecosystem and resources, increasing resource access for conservation and sustainable ecosystem management, rehabilitating 500 hectares of degraded public forest, and supporting 2,700 farmers to adopt sustainable agricultural practices in the upper catchment.

The Restoration and Sustainable management of Cherang'any Forest Ecosystems for Climate Resilience and Improved Livelihoods Project aims at restoring and rehabilitating the Cherang'any Forest Ecosystem transcending Elgeyo Marakwet and West Pokot Counties. This project is funded by the Italian Agency for Development Cooperation and will be implemented for a period of 3 years in collaboration with different implementing partners that include the county governments of Elgeyo Marakwet and West Pokot, KFS, NEMA, Kerio Valley Development Authority (KVDA) among others.

The project focuses on rehabilitation and protection of 2,500Ha of degraded public and community forests, promoting sustainable land management, supporting sustainable livelihoods and nature-based enterprises, strengthening capacity of county governments and local conservation groups to sustainably manage the ecosystem, and establishing sustainable financing mechanisms for conservation of the ecosystem.

In addition to the two projects launched, the Fund also continued to coordinate implementation of ongoing projects targeting various ecosystems and communities. The implementation of the Kakamega Forest Ecosystem Conservation and Protection Project continued where the second phase of fencing targeting 34kms was launched.

Under this project, 21kms of electric fence were erected during the financial year bringing the total fence installed to 56kms out of the 217km perimeter of the forest.

NETFUND also continued to implement the Community Climate Resilience Programme through which local conservation groups are supported to adopt, initiate and upscale nature-based solution for resilience and livelihoods. Under this programme, the organization supported nine (9) community groups through conditional grants and in-kind contribution and enabled them to undertake nature-based enterprises such as tree nurseries and beekeeping ventures.

NETFUND also partnered with NEMA to coordinate the Implementation Of The “Strengthening Forest Management for Improved Biodiversity Conservation and Climate Resilience in the Southern Rangelands Project. This is also a GEF funded project executed by NEMA with NETFUND as one of the implementing entities. The project is being implemented in Narok and Kajiado counties with the objective of reducing land degradation and improving biodiversity conservation. Under this project, NETFUND supported four community groups to establish tree nurseries and upscale beekeeping ventures.

NETFUND is also keen in promoting self-regulation in environmental management by recognizing and awarding best practices. In the financial year 2024/2025, the organization partnered with various organizations including NEMA, the Officer of the First lady and Plan International and awarded and recognized 27 best practices and innovators in environmental management through provision of cash awards, trophies and certificates.

In contributing to National Tree Growing programme, NETFUND supported planting of over 800,000 tree seedlings, rehabilitating over 750ha of degraded ecosystems across the country including the mangroves in Kwale, Maragoli Forest and Mt. Elgon ecosystem.

Compliance to statutory requirements

During the financial year 2024/2025 NETFUND complied with all the legal, regulatory, and policy obligations set out by Kenyan laws and any other binding frameworks that govern its operations. In implementation of its projects and programmes, the organization complied with environmental policies, national climate change strategies, and regulations under EMCA 1999 among other relevant laws, and ensuring funded projects meet Environmental and Social Safeguards requirements. Furthermore, NETFUND complied with all the statutory requirements such as the tax laws, Human Resource, finance and procurement, and submitted all the statutory deductions and reports y the set deadlines.

Major Risks faced by the organization

The faced various risks during the reporting period which included staff exit from the organization, causing temporary disruption in operation. The International geopolitics, particularly change in the US policy on the USAID diminished the donor landscape with other development partners realigning their funds to other countries and sectors to fill the gap created by absence of USAID funds. National budgetary allocation uncertainty coupled with budget cuts across MDAs was also a critical risk faced by the organization. At the programming level, the impact of climate change and insecurity in certain parts of the country presented significant risks to attainment of objectives for the various projects and programmes.

Future Developments

Underscoring the key mandate of the organization as a resource mobilization agency for the environment sector, the Fund is positioning itself and enhancing its competitive advantage to tap into existing global funds to address the triple planetary crisis of climate change, biodiversity loss and pollution. In this respect, the organization having been accredited as an agency for the Adaption Fund, the organization intends to accelerate development and submission of bankable adaptation project proposals for consideration by the Adaptation Fund.

Leveraging on the accreditation by the Adaptation Fund, the organization will pursue accreditation by the Green Climate Fund (GCF) for direct access with the objective of increasing climate funds flow into the country. This initiative will expand opportunities for various actors in the country to not only submit but to have an accelerated access to funding from the GCF to enhance adaption and mitigation actions in the country.

Beyond the global funds, NETFUND also intends to enhance its engagement with bilateral and multilateral development partners for increased resources. This intends to build on existing relationships with DANIDA, AICS and the EU, through design of bankable projects that meet bilateral interests.

10. Environmental and Sustainability Reporting

(i) Sustainability Strategy and Profile

The National Environment Trust Fund (NETFUND) is committed to sustainable environmental management by mobilizing and managing resources for ecosystem restoration, biodiversity conservation, climate change, and environmental pollution priorities. Sustainability for NETFUND is about maintaining operational continuity and ensuring that environmental, social, and economic impacts are integrated into every facet of its work. The Fund's strategy is firmly anchored in empowering green enterprises, particularly those at the bottom of the pyramid, by providing financial and technical assistance. This approach fosters community resilience, stimulates green innovation, and promotes inclusive economic growth. Kenya's macroeconomic context has presented opportunities and challenges in recent years. The government's high debt repayment obligations have constrained public expenditure, limiting predictable allocations to public agencies. For NETFUND, this reality has challenged the organization to diversify income sources and pilot innovative financing mechanisms. In line with international best practices for public funds, NETFUND is seeking to adopt a proactive income-generation model. This includes leveraging its capacity development, fundraising, and funds management expertise to generate alternative revenue streams, including grant administration fees and interests on the endowment fund.

In the year under review, NETFUND raised over KES 10 million through training programmes and capacity-building services for county governments, community organizations, and green enterprises. Additionally, NETFUND is now accredited to the Adaptation Fund, enabling it to unlock climate finance for the country. This model is proving to be a scalable pathway to financial resilience, allowing the Fund to sustain its programmes even amid fiscal constraints at the national level.

The sustainability strategy also recognizes the importance of service delivery excellence. NETFUND fosters a customer-centric culture that places beneficiaries at the heart of its operations. This ensures that interventions are responsive to the unique needs of the communities served, resulting in stronger partnerships, greater ownership, and long-term impact.

Looking ahead, NETFUND's sustainability profile will continue to be shaped by a balance of internal innovation and external partnerships. The Fund aims to deepen its engagement with private sector actors, development partners, and community institutions, as well as to secure accreditation to global funds such as the Green Climate Fund to unlock more financing for environmental management. By integrating ecological stewardship with economic empowerment, NETFUND seeks to maintain its position as a leading financier of green transformation in Kenya.

(ii) Environmental performance /climate change/mitigation of natural risks

As an environmental organization, NETFUND's performance is guided by a strong policy framework and adherence to international best practices in environmental management. The Fund operates under the provisions of the Environmental Management and Coordination Act (EMCA) 1999 and aligns its work with Kenya's climate change and biodiversity strategies, as well as global frameworks such as the Paris Agreement and the Kunming–Montreal Global Biodiversity Framework. Internally, NETFUND has adopted an Environmental and Social

Safeguards Policy that commits the organization to environmental conservation, prudent resource use, waste reduction, and integrating climate resilience into all funded programmes. In its project portfolio, NETFUND integrates environmental and social safeguards to ensure that supported initiatives deliver positive ecological outcomes. All funded projects undergo environmental impact assessments where applicable, with mitigation plans implemented to address potential risks. This ensures compliance not only with national regulations but also with international environmental standards.

Waste management has also been a key area of environmental performance. Through funding and technical support, NETFUND has enabled the growth of enterprises engaged in waste recycling, composting, and upcycling. These initiatives contribute to Kenya's transition towards a circular economy while generating employment and reducing environmental degradation.

Overall, NETFUND's environmental performance reflects a balanced approach that combines internal sustainability practices with external project interventions. By embedding environmental safeguards, promoting innovation, and supporting community-led solutions, the Fund makes measurable contributions to climate change mitigation, biodiversity conservation, and sustainable resource management in Kenya.

(iii) Employee Welfare

NETFUND developed and continues to implement its HR instruments which were approved by the relevant institutions. The instruments provide an overall guidance on the operations in the hiring process. Issues of gender ratio are normally considered in the entire process. Various stakeholders were involved in the development phase and implementation phase. These documents include the following;

- HR policy and procedures manual
- Career Progression
- Staff Establishment
- Organization Structure

NETFUND has a robust performance management process which starts with work planning, execution, evaluation followed by rewards and sanctions. NETFUND complies with the Occupational Safety and Health Act of 2007.

During the year NETFUND onboarded 8 staff members from the Kenya Water Towers Agency which was dissolved in December 2024. These staff have been integrated into the workforce.

Operational Practices

Responsible supply chain and supplier relations

Maintaining good supplier relations is essential for ensuring consistent quality, timely delivery, cost-efficiency, and mutual growth. NETFUND through supply chain Management Department has ensured a good supplier relation through: -

1. **Clear Communication**-In sourcing of the suppliers, Supply chain has ensured the expectations have been set from the start in terms of the quality standards, delivery schedules and payment terms. There has also been open, transparent and consistent communication through different channels of communication that includes phone calls, suggestion box, emails, social media and an open office policy.
2. **Development of Mutual Trust**-Netfund has been honest and transparent about the needs and challenges faced in the process of supplier engagement by ensuring there is a follow through on commitments and avoiding unfair changes in its contracts and agreements.
3. **Timely Payments**- The suppliers have been paid on time and if delays are unavoidable communication on the same has been done proactively.
4. **Problem Resolution and Support**-NETFUND has offered supplier support by resolving issues and addressing problems collaboratively without blame on either party.
5. **Fair Contracts and Negotiations**-NETFUND has ensured contracts are mutually beneficial to both parties. This has been achieved by pushing realistic discounts during negotiations and including clauses for dispute resolutions in the contract.

(iv) Community Engagements

During this reporting period, the Fund continued to strengthen its role as a bridge between environmental conservation efforts and the communities that directly depend on Kenya's natural resources. Guided by our mandate, we implemented a range of community empowerment interventions designed to foster environmental stewardship while at the same time enhancing the resilience of communities at the forefront of the impact of climate change.

1. Creation of Green Jobs and Promotion of Alternative Livelihoods

NETFUND's environmental conservation programmes have created jobs and strengthened livelihoods for communities dependent on targeted ecosystems, boosting household incomes and enabling access to essentials like food, education, and healthcare. By promoting the active participation of women and persons with disabilities, these initiatives have advanced equity and social inclusion, while empowering communities to take ownership of conservation efforts and foster lasting environmental stewardship.



Casual workers at work during the restoration of the Maragoli Hills Forest.

Following the Presidential directive for all stakeholders to join in large scale tree growing and afforestation in the country, NETFUND has led efforts to restore the Maragoli Hills Forest. So far, four (4) blocks have been rehabilitated, during which time, a total of 416 casual labourers gained temporary employment, providing short-term income and financial relief to many households.



Fencing works ongoing at Shikhusa section, Kakamega Forest. Community members were engaged for the work.

To protect and conserve Kakamega Forest, NETFUND embarked on an ambitious program to erect a 117kms electric fence around the rainforest. So far, 34kms have been completed with funding from various partners including bilateral, foundations and the private sector.

This intervention has created job opportunities for 30 casuals (11 men and 19 women).



Coffee Nursery and Avocado nurseries model nursery in Chabara ATC, Elgeyo Marakwet County



Avocado, Macadamia and Coffee model nursery in Aramaket, West Pokot County

To enhance the economic resilience of communities living adjacent to the Cherangany Forest Ecosystem, NETFUND is supporting the development of sustainable, nature-based enterprises including establishment of tree nurseries, apiaries and agroforestry. Under this program, two (2) Model Nurseries for high value trees (Avocado, Coffee and Macadamia) have been established in Chebara Agricultural Training Centre (ATC), Elgeyo Marakwet, and in Aramaket, West Pokot. These interventions are designed to reduce dependency on forest resources whilst improving household income as well as create jobs for vulnerable community members

2. Building Community Capacity for Climate Change Adaptation

In line with its mandate to mobilize and empower communities for sustainable environmental management, the National Environment Trust Fund (NETFUND) plays a pivotal role in enhancing the resilience of local communities to the impacts of climate change in Kenya. By providing training, technical support, and access to resources, NETFUND equips households, community-based organizations, and small enterprises with the knowledge and tools needed to adopt climate-smart practices. These efforts enable vulnerable populations to safeguard their livelihoods, protect vital ecosystems, and seize emerging opportunities in a changing climate, thereby contributing to both national climate goals and global sustainability targets.

3. Participatory Project Design and Implementation

To ensure interventions reflect local realities and priorities, NETFUND employed participatory approaches in the design and rollout of restoration and livelihood projects.

Community representatives were actively involved in project planning, resource mapping, and monitoring activities. This collaborative model not only improved project relevance but also strengthened accountability and long-term sustainability. During this



reporting period, NETFUND Conducted County level planning meetings, local leaders and community engagements, engagement meetings with Indigenous Peoples, and consultative forum with professionals within all target ecosystems

These engagements ensured that diverse stakeholder perspectives were captured, fostering inclusivity and local ownership of planned interventions. The consultative

approach also facilitated the identification of ecosystem-specific priorities, alignment of activities with community needs, and strengthening of partnerships that will enhance the sustainability and impact of NETFUND's initiatives.



Consortium workshop and exchange visit organised for the Sengwer/Cherangany and Ogiek indigenous peoples.



Ngutu Group Dairy Cows: One of the Agribusiness Groups supported under the programme.

To enhance Indigenous Peoples' participation, the project facilitated a peer learning exchange visit for Cherangany and Sengwer communities to the Ogiek workshop facility in Uasin Gishu County. During this exchange, participants learned from successful models in beekeeping, forest restoration, and community-led conservation, gaining valuable insights for adaptation and application within the Cherangany context.

Likewise, during this reporting period, NETFUND, under its Green Innovations and related mentorship programmes, 30 women and youth agripreneurs in Murang'a and Kirinyaga Counties, who were offered trainings and small grants to scale up and adopt value addition across four value chains; Poultry, Avocado farming, Dairy and Banana production. 90% of these businesses are currently earning income from the sale of their products and creating gainful employment.

4. Supporting the 15B Tree Growing Campaign

NETFUND has been at the forefront in accelerating achievement of the 15B tree growing agenda. In this regard the Fund has, during this reporting period, participated and spearheaded in tree growing and afforestation activities in the country in collaboration with county governments, schools, and private sector partners.

Signature events such as the **Kaptagat Annual Tree Planting Programme** and the **Maragoli Hills Conservation Initiative** attracted thousands of participants and secured broad media coverage, amplifying the message of environmental responsibility at both the local and national level.



Under the Maragoli Hills Conservation Initiative, NETFUND supported the rehabilitation of four (4) forest blocks, by facilitating labour and provision of equipment. During this reporting period, 82,500 indigenous tree seedlings have been planted in 80.8 ha with an approximate survival rate 75%, this was determined using quadrat sampling technique. Tree species planted include *Bischofia*, *Croton*, *Olea* and *Makhamia*.

The initiative is spearheaded by the Ministry of Environment, Climate Change and Forestry through NETFUND with partners including the Kenya Forest Service, NEMA, the Ministry of Interior and National Administration, the Maragoli Hills Community Forest Association (CFA) and the local community

NETFUND also participated in the 9th edition of the Annual Kaptagat Integrated



Conservation Programme, presided over by the President of Kenya. The event mobilized KES 84 million in resources (cash and in-kind), showcasing the power of public-private partnerships.



The Fund supported by donating 2,000

high-value avocado seedlings, which were distributed to farmers in Kipkabus Forest Block, further reinforcing community-led restoration efforts.

Further, NETFUND supported the establishment of tree nurseries to produce seedlings for rehabilitation of degraded areas in Cherangany Forest Ecosystem. To this end, two (2) nurseries with a stating capacity of 1,000,000 seedlings have been established in Mtelo in West Pokot and Chesoi and Kapyego in Elgeyo Marakwet County.



Benches and beds established, potting of tubes and tree seedling potting in Mtelo, West Pokot



A model, women-led tree nursery in Chebara. Activity was supported by NETFUND

To date 68,000 potted and 22,400 pricked out in Mtelo, 100,000 potted and 43,000 pricked out in Chesoi and Kapyego respectively.



Indigenous tree nurseries establishment in Kapyego and Chesoi, West Pokot County. These nurseries are expected to supply seedlings for reforestation efforts across degraded areas within the ecosystem.

5. Environmental Awards

In line with its mandate, the Fund has, during this reporting period, recognised and awarded various environmental best practices by Kenyans across the country. Through these recognitions, NETFUND



NETFUND CEO awards a young environmental champion during the World Environment Day, 2025

strengthens its role in fostering a culture of environmental responsibility, while mobilizing stakeholders from all sectors to take active roles in protecting Kenya's natural heritage for present and future generations.

Over last financial year, NETFUND recognized and celebrated 28 individuals, community groups, institutions, and enterprises that have demonstrated outstanding commitment to environmental conservation and sustainable practices. The awards highlight innovative approaches in areas such as waste management,

afforestation, clean energy adoption, biodiversity protection, and climate change adaptation. By showcasing these success stories, NETFUND not only honours the efforts of environmental champions but also inspires others to replicate and scale up similar initiatives across the country.

11. Report of the Trustees

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

i) Principal activities

The Fund's principal activity is to mobilize funds from any legitimate source that will facilitate research intended to further the requirements of environmental management, capacity building, environmental awards, environmental publications, scholarships, and grants.

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on page 1-5

iii) Trustees

The trustees who held office during the year and to the date of this report are set out on in earlier sections of the report. The Chair to the Board of Trustees was appointed on the 20th April 2023.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Fund does not make remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor-General continues in office in accordance with the Public Finance Management (PFM) Act, 2012

By Order of the Board



.....

Name: Samson Toniok

CEO/Secretary to the Board of Trustees

12. Statement of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government MDA shall prepare financial statements in respect of that MDA. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time. The Accounting Officer in charge of the **National Environment Trust Fund (NETFUND)** is responsible for the preparation and presentation of the MDA's financial statements, which give a true and fair view of the state of affairs of the MDA for and as at the end of the financial year (period) ended on June 30, 2025.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of NETFUND,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the MDA;
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the **NETFUND** accepts responsibility for the MDA's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Accounting Officer is of the opinion that **NETFUND'S** financial statements give a true and fair view of the state of MDA's transactions during the financial year ended June 30, 2025 and of the MDA's financial position as at that date.

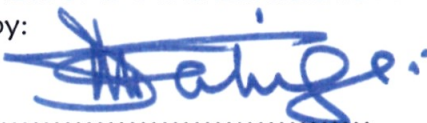
The Accounting Officer further confirms the completeness of the accounting records maintained for the *MDA*, which have been relied upon in the preparation of the MDA's financial statements as well as the adequacy of the system of internal controls.

The Accounting Officer in charge of the **National Environment Trust Fund** confirms that the MDA has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the MDA's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Further the Accounting Officer confirms that the MDA's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements;

NETFUND'S financial statements were approved on 15th October 2025 and signed on its behalf by:



.....
Hon. David Mwaure Waihiga
Chair Board of Trustees
Date... 15/10/25



.....
Samson Toniok
Chief Executive Officer
Date... 15/10/2025

13. Report of the Auditor-General for the Financial Statements of National Environment Trust Fund



REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL ENVIRONMENT TRUST FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Environment Trust Fund 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 financial statements present fairly, in all material respects, the financial position of National Environment Trust Fund as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Environmental Management and Coordination Act, 1999 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. 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 xlvii which comprise of Key Entity Information and Management, the Board of Directors, the Key Management Team, Chairman's statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives for the year, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, if 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. Violation of One Third Rule on Basic Pay

Review of payroll records for the year under audit revealed that seven (7) employees in different months in the year received net pay less than a third of the basic pay contrary to Part C.1(3) of the provisions of the Human Resource policies and procedures manual for the public service, 2016.

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

2. Non-Compliance with Public Procurement Capacity Building Levy

The Fund did not comply with the requirements of Legal Notice No.206 of 2023 (The Public Procurement Capacity Building Levy Order, 2023) during the financial year 2024-2025. The entity did not deduct the mandatory levy of 0.03% from all contracts signed after 1st September, 2024. Additionally, a summary of contracts signed after 1st September was not provided for audit review.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Non-Adherence with the Approved Staff Establishment

Review of the organization structure and staff establishment revealed that the Fund has an approved staff establishment of seventy-seven (77) staff comprising of thirty-eight (38) technical staff and thirty-nine (39) support services staff. However, review of the payrolls revealed that the Fund has forty-two (42) technical staff and eight (8) support staff resulting to over employment of four (4) technical staff and under employment of thirty-one (31) support staffs without a revised staff establishment.

In the circumstances, Management needs to review the Human Resource instruments for efficiency and effectiveness in delivery of services.

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

Responsibilities of the Management and the Board of Trustees

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

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

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

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

The Board of Directors are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

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

	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
GOK Grants	6	175,588,607	208,000,000
Other grants and donations	7	13,000,000	18,887,061
Transfers from domestic & foreign partners	8	52,492,254	13,882,156
		241,080,861	240,769,217
Revenue from exchange transactions			
Finance income - Interest from car loans	9	260,377	276,709
Other income	10	6,571,255	6,231,459
Total revenue		247,912,493	247,277,385
Expenses			
Employee costs	11	103,601,640	101,753,266
Board of Trustees Expense	12	7,826,441	9,410,796
Depreciation and amortization expense	13	7,482,241	6,101,333
Repairs and maintenance	14	1,056,897	1,517,698
Other Admin Costs	15	300,000	300,000
Project Costs	16	83,349,255	76,853,362
Use of Goods & Services	17	44,182,830	51,431,799
Total expenses		247,799,303	247,368,254
Other gains/(losses)		-	-
Surplus before tax		113,190	(90,869)
Taxation		-	-
Surplus for the period		113,190	(90,869)

The notes set out on pages 6 to 33 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Trustees by:



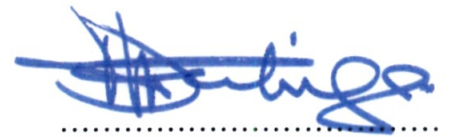
Name: Samson Toniok
Accounting Officer
ICPAK M/NO: 6632

Date 15/10/25



Name: Evans Kiprotich
Head of Finance
ICPAK M/No: 23383

Date 15/10/25



Name: Hon. David Mwaure
Waihiga
Chairman of the Board

Date 15/10/25

15. Statement of Financial Position as at 30 June 2025

	Note	2024-2025 Ksh.	2023-2024 Ksh.
Assets			
Current Assets			
Cash and Cash Equivalents	18	173,063,613	25,737,771
Receivables from Exchange Transactions	19	6,061,173	6,338,758
Receivables from non-exchange Transactions	20	9,588,607	-
Inventory	21	538,495	392,348
		189,251,888	32,468,878
Non-Current Assets			
Property, plant and equipment	22	9,508,827	15,637,915
Intangible assets	23	1,073,285	1,770,870
		10,582,112	17,408,785
Total Assets		199,834,000	49,877,663
Liabilities			
Current Liabilities			
Trade and Other payables from exchange transactions	24	17,313,834	3,970,687
Deferred Income	25	161,495,133	24,995,133
Provisions		-	-
Total Current Liabilities		178,808,967	28,965,820
Total Liabilities		178,808,967	28,965,820
Net Assets			
Capital Reserves		7,714,898	7,714,898
Accumulated surplus		13,310,135	13,196,945
		21,025,033	20,911,843
Total net assets and liabilities		199,834,000	49,877,663

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Trustees by:



Name: Samson Toniok

Accounting Officer
ICPAK M/No: 6632
Date 15/10/2025



Name: Evans Kiprotich

Head of Finance
ICPAK M/No: 23383
Date 15/10/2025



Name: Hon. David Mwaure
Waihiga
Chairman of the Board

Date 15/10/2025

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

	Notes	Capital Reserve Ksh.	Accumulated Surplus Ksh.	Total Ksh.
Balance as at 1st July 2023		7,714,898	13,287,814	21,002,712
Prior year adjustment	1	-	(90,869)	(90,869)
Surplus/(deficit) for the period		-	-	-
Transfers to/from accumulated surplus		-	-	-
Balance as at 30 June 2024		7,714,898	13,196,945	20,911,843
Prior year adjustment		-	-	-
Balance as at 1st July 2024		7,714,898	13,196,945	20,911,843
Surplus/(deficit) for the period		-	113,190	113,190
Transfers to/from accumulated surplus		-	-	-
Balance as at 30 June 2025		7,714,898	13,310,135	21,025,033

Note:

1. There were no prior year adjustments.
2. All the items in the statement of changes in net assets are common in the financial statements

17. Statement of Cash Flows for the year ended 30 June 2025

Cash flows from operating activities	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Receipts			
GOK Grants	6	155,500,000	208,000,000
Other grants and donations	7	10,000,000	18,887,061
Transfers from domestic & foreign partners	8	202,492,254	13,882,156
Finance Income	9	260,377	276,709
Other Incomes	10	6,571,255	6,231,459
Total Receipts		374,823,886	247,277,385
Payments			
Employee costs	11	93,762,921	101,753,266
Board of Trustee Expense	12	7,238,426	9,410,796
Repairs and Maintenance	14	1,056,897	1,517,698
Other admin cost	15	-	300,000
Project Costs	16	83,349,255	99,178,851
Use of Goods & Services	17	41,434,977	55,402,186
Total Payments		226,842,475	267,562,797
Net cash flows from operating activities		147,981,411	(20,285,412)
Cash flow from Investing activities			
Purchase of property, plant, equipment and Intangible assets	22	(655,569)	(1,949,116)
Proceeds from sale of property, plant and Equipment		-	-
Net Cash flows from Investing activities		(655,569)	(1,949,116)
Cash flows from financing activities			
Increase in deposits		-	-
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		147,325,842	(22,234,528)
Cash and cash equivalents as at 1st July	19	25,737,771	47,972,299
Cash and cash equivalents as at 30 June 2025	19	173,063,613	25,737,771

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025
(Recurrent and Development)

	Original budget 2024-2025 Kshs.	Adjustments 2024-2025 Kshs.	Final budget 2024-2025 Kshs.	Actual on comparable basis 2024- 2025 Kshs.	Performance difference 2024-2025 Kshs.	% of Utilization 2024- 2025
Revenue						
GOK Grants	75,500,000	100,088,607	175,588,607	175,588,607	-	100
Other grants and donations	10,000,000	3,000,000	13,000,000	13,000,000	-	100
Other Incomes	8,000,000	(1,428,745)	6,571,255	6,571,255	-	100
Transfers from foreign entities & governments	55,000,000	(2,507,746)	52,492,254	52,492,254	-	100
Finance Income	250,000	10,377	260,377	260,377	-	100
Total income	148,750,000	99,162,493	247,912,493	247,912,493	-	-
Expenses						
Employee costs	41,455,551	61,247,516	102,703,067	103,601,640	(898,573)	101%
Board of Trustees Expense	3,634,750	3,777,546	7,412,296	7,826,441	(414,145)	106%
Depreciation and amortization expense	-	-	-	7,482,241	(7,482,241)	-
Repairs and maintenance	921,250	200,000	1,121,250	1,056,897	64,353	94%
Other Admin Costs	-	300,000	300,000	300,000	-	100%
Use of Goods & Services	20,988,449	25,062,295	46,050,744	44,182,830	1,867,914	96%
Project Costs	81,750,000	8,575,136	90,325,136	83,349,255	6,975,881	92%
Total expenditure	148,750,000	99,162,493	247,912,493	247,799,303	113,190	
Surplus for the period	-	-	-	113,190	(113,190)	

Variance analysis:

- The difference between actuals and budgeted amounts all fall within the 10% threshold as provided by IPSAS 24.14*
- The project costs had an initial budget of KES 8.5M and was supplemented by funds resource mobilized in the course of the year. The resources mobilized vary from year to year depending on the success rate of proposals submitted.*
- NETFUND was initially allocated KES 67M in the printed estimates and received an additional budgetary allocation of KES 80M in supplementary II and KES 7M in supplementary III respectively.*

19. Notes to the Financial Statements

1. General Establishment

NETFUND is established under the Environmental Management and Coordination Act and derives its authority and accountability from the EMCA. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to mobilize funds from any legitimate source that will facilitate research intended to further the requirements of environmental management, capacity building, environmental awards, environmental publications, scholarships, and grants.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Reporting period

The reporting period for these financial statements is for the period ended 30th June, 2025.

Basis of preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and

when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of *MDA* for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgement is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The Fund pursues a number of policy targets and outcomes. However the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the Fund is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the Fund policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the Fund's future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. Fund's commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the Fund as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

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 the FUND.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></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>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p>

Standard	Effective date and impact:
	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Fund shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li data-bbox="496 342 1428 450">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. <li data-bbox="496 450 1428 656">iii. Disclosures that identify and explain the amounts in the Fund's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

i. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Fund recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Fund and the fair value of the asset can be measured reliably.

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 Fund 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 has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Fund recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Fund.

Interest income

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

Dividends

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on February 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

NETFUND's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Fund's* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to

allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Fund's* and the same taxation authority

d) Investment Property

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

e) Property, plant and equipment

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

Depreciation & Amortization

Depreciation is calculated on a straight-line basis to write down the cost of each asset to its residual value over its estimated useful life at the following rates:

Item	Depreciation % per year
Furniture	12.5
Motor vehicles	25
Computer equipment	25
Equipment	12.5
Fixtures and fittings	12.5
Intangible assets	12.5

Gains and losses on disposal of items of equipment are determined by comparing the proceeds to their carrying amounts and are included in the statement of financial performance.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Fund. 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 Fund 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 so as 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 Fund 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.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Fund. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) 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.

h) Biological assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

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

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

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

j) 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 Fund 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 Fund and a financial liability or equity instrument of another Fund. At initial recognition, the Fund 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.

a) Financial assets

Classification of financial assets

The Fund 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 Fund'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 Fund has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

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.

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 Fund 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.

Impairment

The Fund 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 Fund recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

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

k) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 Fund.

l) Provisions

Provisions are recognized when NETFUND 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 Fund 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.

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Fund recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability.

The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Fund will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

The Fund 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.

o) Contingent assets

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund 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.

p) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. The Fund maintains revenue reserves which is a part of the profit retained by the companies for multiple future purposes.

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

NETFUND provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Fund pays fixed contributions into a separate Fund (CiC Insurance) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s) Foreign currency transactions

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

t) Borrowing costs

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

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u) Related parties

NETFUND regards a related party as a person or an Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise of the directors, the CEO and senior managers. The Fund regards a related party as a person or an Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties. Service concession arrangements – IPSAS 32

v) Service concession arrangements

NETFUND analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Fund 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 Fund also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) Cash and cash equivalents

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

x) Comparative figures

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

y) 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.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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 Fund 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 Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Fund.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

6. Government Grants

	2024-2025	2023-2024
Actual	Kshs.	Kshs.
Recurrent	154,088,607	191,000,000
Development	8,500,000	15,000,000
Total revenue	162,588,607	206,000,000

Reconciliation of Government grants		
Balance unspent at beginning of year	13,000,000	15,000,000
Current year receipts	162,588,607	206,000,000
Conditions met- transferred to revenue	175,588,607	208,000,000
Conditions to be met- remain liabilities	-	13,000,000

a) Transfers from Ministries, Departments and Agencies (MDAs)

State Department for Environment and Climate Change	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (Current FY)	Insert
	KShs	KShs	KShs	KShs	Comparative FY
Date					
12/09/2024	16,750,000	-	-	16,750,000	47,750,000
25/10/2024	16,750,000	-	-	16,750,000	47,750,000
27/10/2024	4,250,000	-	-	4,250,000	7,500,000
13/12/2024	16,750,000	-	-	16,750,000	47,750,000
10/02/2025	16,750,000	-	-	16,750,000	47,750,000
05/02/2025	4,250,000	-	-	4,250,000	7,500,000
30/04/2025	80,000,000	-	-	80,000,000	-
07/07/2025	7,088,607	-	-	7,088,607	-
Total	162,588,607	-	-	162,588,607	206,000,000

7. Other grants and donations

	2024-2025	2023-2024
	Kshs.	Kshs.
Vihiga County	10,000,000	18,570,460
Other grants	-	13,321
Total Transfers and Sponsorship	10,000,000	18,583,781
Reconciliation of other grants donations		
Balance unspent at beginning of year	10,000,000	10,303,280
Current year receipts	10,000,000	18,583,781
Conditions met- transferred to revenue	13,000,000	18,887,061
Conditions to be met- remain liabilities- See note 25	7,000,000	10,000,000

8. Transfers from domestic & foreign partners

	2024-2025	2023-2024
	Kshs.	Kshs.
Conditional grants		
UNDP-FLARAK	-	2,299,053
BRIDGE- COSTA RICA	3,973,142	7,507,955
BELGIUM-KBF	-	4,075,148
Italian Government	170,000,000	-
WWF US/ GEF	31,019,112	-
Total grants from other governments	204,992,254	13,882,156
Reconciliation of conditional grants from other governments		
Balance unspent at the beginning	-	-
Current year receipts	204,992,254	13,882,156
Conditions met-Transferred to revenue	52,492,254	13,882,156
Conditions to be met-Liabilities-see note 25	152,500,000	-

9. Finance Income

	2024-2025	2023-2024
	Kshs.	Kshs.
Interest from staff car loans	260,377	276,709
Total finance income	260,377	276,709

10. Other income

	2024-2025	2023-2024
	Kshs.	Kshs.
Training fees	6,571,255	6,231,459
Total	6,571,255	6,231,459

11. Employee costs

	2024-2025	2023-2024
	Kshs.	Kshs.
Basic Pay	56,624,267	57,574,616
All other allowances	25,714,809	26,656,883
Pension contribution & NSSF Employer	4,964,786	4,819,348
Leave allowances	4,621,071	4,934,233
Gratuity	10,238,719	6,475,508
Housing levy	1,229,687	1,051,176
Attachés allowances	178,000	209,000
NITA Employer expense	30,300	32,500
Total Employee costs	103,601,640	101,753,266
Number of Staff	49	42

12. Board of Trustees Expense

	2024-2025	2023-2024
	Kshs.	Kshs.
Chairman's Honoraria	960,000	960,000
Sitting Allowances	3,580,000	3,260,000
Travel & Accommodation allowance	3,286,441	5,190,796
Total Board of Trustee Expense	7,826,441	9,410,796

13. Depreciation and amortization expense

	2024-2025	2023-2024
	Kshs.	Kshs.
Property, plant and equipment	6,784,656	5,552,842
Intangible assets	697,585	548,491
Total depreciation and amortization	7,482,241	6,101,333

14. Repairs and Maintenance

	2024-2025	2023-2024
	Kshs.	Kshs.
Computer & Printers	-	79,500
Equipment	-	-
Vehicles	1,056,897	1,438,198
Other	-	-
Total repairs and maintenance	1,056,897	1,517,698

15. Other Admin costs

	2024-2025	2023-2024
	Kshs.	Kshs.
Audit services	300,000	300,000
Total Other Admin Costs	300,000	300,000

16. Project Costs

	2024-2025	2023-2024
	Kshs.	Kshs.
Development grant projects	48,007,715	71,801,377
Cherangany Project	25,321,841	-
Lake Naivasha Project	10,019,699	-
FLARAK	-	5,051,985
Total project cost	83,349,255	76,853,362

17. Use of Goods & Services

	2024-2025	2023-2024
	Kshs.	Kshs.
Local Travel	6,958,200	4,489,963
Computer Expenses	3,276,771	7,200,685
Rent and Rates	12,923,969	12,923,968
Utilities	803,052	942,618
Catering & Hospitality	2,391,750	1,582,507
Fuel and oil	3,710,599	3,349,546
Insurance	10,418,256	11,282,004
Internet charges	492,246	651,538
Telephone and Postage	163,300	1,169,624
Gen Office & stationery	905,087	808,126
Publishing & printing	-	3,079,584
Bank charges	299,865	251,763
Training Expenses	689,336	2,412,806
Staff Welfare Costs	1,150,400	1,287,068
Total general expenses	44,182,830	51,431,799

18. Cash and cash equivalents

	2024-2025	2023-2024
	Kshs.	Kshs.
Bank	173,063,613	25,737,771
Cash-on-hand and in transit	-	-
Short-term deposits	-	-
Total cash and cash equivalents	173,063,613	25,737,771

18 (a) Detailed Amounts of Cash and cash equivalents

	2024-2025	2023-2024
	Kshs.	Kshs.
Kenya Commercial bank- Recurrent A/C	545,297	13,160,463
Kenya Commercial bank- Development A/C	7,488,830	6,010,420
Kenya Commercial bank- GIA/SIDA A/C	113,475	4,616,623
Kenya Commercial bank- Car loans	2,422,999	1,950,265
ABC Bank-Cherangany Project	142,859,643	-
Cooperative Bank-Lake Naivasha project	19,633,369	-
Total	173,063,613	25,737,771

19. Receivables from exchange transactions

	2024-2025	2023-2024
	Kshs.	Kshs.
Current receivables		
Staff Debtors	6,061,173	6,338,758
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total current receivables	6,061,173	6,338,758

2025				
	0-3 Months	3 – 12 Months	Over 12 Months	Total
Staff Debtors	-	6,061,173	-	6,061,173
Other Exchange Debtors	-	-	-	-
	-	6,061,173	-	6,061,173
2024				
	0-3 Months	3 – 12 Months	Over 12 Months	Total
Staff Debtors	-	6,333,339	-	6,333,339
Other Exchange Debtors	-	-	-	-
	-	6,333,339	-	6,333,339

20. Receivables from Non-Exchange Transactions

	2024-2025	2023-2024
	Kshs.	Kshs.
Recurrent grants	7,088,607	-
Development grants	2,500,000	-
Less: impairment allowance	-	-
Total current receivables	9,588,607	-

21. Inventories

	2024-2025	2023-2024
	Kshs.	Kshs.
Consumable stores	368,777	229,632
Other general office supplies	164,068	158,816
Computer Accessories	5,650	3,900
Total inventories	538,495	392,348

22. Property, Plant and Equipment

Cost	Motor Vehicle	Furniture & Fittings	Computers & Printers	Equipment	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At 1 July 2023	26,347,257	16,160,624	10,642,385	8,589,396	61,739,662
Additions		536,116	1,413,000		1,949,116
Disposals					-
At 30 June 2024	26,347,257	16,696,740	12,055,385	8,589,396	63,688,778
Additions	-	-	655,569	-	655,569
Disposals	-	-	-	-	-
At 30 June 2025	26,347,257	16,696,740	12,710,954	8,589,396	64,344,347
Depreciation and impairment					
At 30 June 2023	15,219,263	11,972,124	7,955,624	7,351,011	42,498,022
Depreciation	3,584,854	757,249	891,675	319,063	5,552,841
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 1st July 2024	18,804,117	12,729,373	8,847,299	7,670,074	48,050,863
Depreciation	4,445,880	863,484	1,258,118	217,175	6,784,657
Disposals	-	-	-	-	-
At 30 June 2025	23,249,997	13,592,857	10,105,417	7,887,249	54,835,520
Net book values					
At 30 June 2025	3,097,260	3,103,883	2,605,537	702,147	9,508,827
At 30 June 2024	7,543,140	3,967,367	3,208,086	919,322	15,637,915

NETFUND owns one motor vehicle that is fully depreciated and is still in good condition and in use

23. Intangible Assets-Software

Cost	
At 1 July 2023	7,215,936
Additions	-
At 30 June 2024	7,215,936
Additions	-
At 30 June 2025	7,215,936
Amortisation & Impairment	
At 1 July 2023	4,896,575
Amortisation	548,491
At 30 June 2024	5,445,066
Amortisation	697,585
Impairment Loss	-
At 30 June 2025	6,142,651
Net Book Values	
At 30 June 2024	1,770,870
At 30 June 2025	1,073,285

24. Trade Payables

	2024-2025	2023-2024
	Kshs.	Kshs.
Trade Payables	6,887,099	3,856,350
Staff payables	9,838,719	-
Other Payables (PAYE Taxes)	588,015	114,337
Total Trade and other payables	17,313,833	3,970,687

25. Deferred Income

	2024-2025	2023-2024
	Kshs.	Kshs.
KENIA	1,995,133	1,995,133
Other grants and donations	152,500,000	10,000,000
Development grants	7,000,000	13,000,000
Total revenue	161,495,133	24,995,133

26. Financial Assets

2025	Carrying Amount	Fair Value
Receivable from exchange Transactions	6,061,173	6,061,173
Receivable from Non-exchange Transactions	9,588,607	7,088,607
Cash and cash equivalents	173,063,613	173,063,613
Total Financial Assets	188,713,393	186,213,393
2024		
Receivable from exchange Transactions	6,338,758	6,338,758
Receivable from Non-exchange Transactions	-	-
Cash and cash equivalents	25,737,771	25,737,771
Total Financial Assets	32,076,530	32,076,530
Financial Liabilities		
2025		
Trade and other payables from Exchange Transactions	17,313,833	17,313,833
Deferred Income	161,495,133	158,995,133
Total Financial Liabilities	178,808,966	176,308,966
2024		
Trade and other payables from Exchange Transactions	3,970,687	3,970,687
Deferred Income	24,995,133	24,995,133
Total Financial Liabilities	28,965,820	28,965,820

27. Related Party Disclosure

2025	Basic Pay	Allowances	Total
Designation			
Chief Executive Officer	4,800,000	2,080,000	6,880,000
Director Business Development	3,072,000	1,696,000	4,768,000
Projects Manager	2,773,200	1,023,100	3,796,300
Finance Manager	2,773,200	1,023,100	3,796,300
Board of Trustees	-	7,826,441	7,826,441
Total	13,418,400	13,648,641	27,067,041
2024			
Designation			
Chief Executive Officer	4,800,000	2,080,000	6,880,000
Director Business Development	3,072,000	1,696,000	4,768,000
Manager Research	2,773,200	1,023,100	3,796,300
Finance Manager	2,773,200	1,023,100	3,796,300
Board of Trustees	-	9,410,796	9,410,796
Total	13,418,400	15,232,996	28,651,396

28. Cash generated from operations

	2024-2025	2023-2024
	Kshs.	Kshs.
Surplus for the year before tax	113,190	(90,869)
Adjusted for:	-	-
Transfer from accumulated surplus	-	-
Depreciation	7,482,241	6,101,333
Loss on Disposal	-	-
Working capital adjustments:		
Increase in inventory	(146,147)	505,639
Increase in receivables	(9,311,022)	(1,870,488)
Decrease in deferred income	136,500,000	(2,303,280)
Decrease in payables	13,343,148	(22,627,747)
Decrease in provisions	-	-
Decrease in work in progress	-	-
Net cash flows from operating activities	147,981,411	(20,285,412)

29. Contingent Liabilities

There are two pending matters in court; In the Employment and Labour relation court and the court of appeal respectively between NETFUND and two former employees for alleged wrongful termination of employment. It is not clear how the cases will be determined by the courts and there is therefore a potential liability.

Non-Cancellable operating lease rentals are payable as follows:

	2024-2025	2023-2024
	Kshs.	Kshs.
Not later than One year	4,417,984	4,417,984
Later than One year	8,016,174	8,016,174
Total	12,434,158	12,434,158

30. Financial Risk Management

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

i) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Trustees. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Board of Trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund's Board of Trustees, who have built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

iii) Market risk

The Fund has put in place an internal audit function to assist it in assessing the risk faced by the Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing

market risk rests with the Board Audit Committee. The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Board Audit Committee and for the day-to-day implementation of those policies. There has been no change to the Fund's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Fund has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Fund* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Fund's* market assumptions. These two types of inputs have created the following fair value hierarchy:
NETFUND at the moment doesn't own any of these financial instruments.

31. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) Ministry of Environment Climate Change & Forestry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Trustees.

Related Party Disclosures

	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify) e.g. Interest and Bank charges	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	803,052	942,618
Purchase of water from govt service providers	249,058	328,320
Rent expenses paid to govt agencies	12,923,968	12,923,968
Training and conference fees paid to govt. agencies	689,336	723,842
Others (specify)	-	-
Total	14,665,414	14,918,748
c) Grants /Transfers from the Government		
Grants from National Govt	175,588,607	206,000,000
Grants from County Government	10,000,000	10,000,000
Donations in kind	-	-
Total	185,588,607	216,000,000
d) Expenses incurred on behalf of related party		
Payments of salaries and wages for 49 employees	103,578,790	101,639,266
Payments for goods and services	45,213,261	51,831,799
Total	148,792,051	153,471,065
e) Key management compensation		
Board of Trustees emoluments	7,826,441	9,410,796
Total	7,826,441	9,410,796

32. Contingent Assets and Contingent Liabilities

The Fund has contingent liabilities as shown in Note 30.

33. Events after the Reporting Period

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

34. Ultimate And Holding Fund

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

35. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General’s Recommendations The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue Observations from Auditor	/ Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/NETFUND /2023/2024 (18)	There were no key audit matters to report in the year under review.			

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Accounting Officer

Date

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Appendix II: Projects implemented by *NETFUND*

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Green Innovation Awards	1331100400	GoK	1 year	8.5M	No	Yes
Lake Naivasha Basin Ecosystem Based Management Project	1331104300	WWF-US	3 Years	242.82M	Yes	Yes
Restoration and sustainable management of Cherangany Forest ecosystems for climate change resilience and Improved Livelihoods	011146	Italian Government	4 Years	576M	Yes	Yes

Status of Project completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Green Innovation Awards	8.5M	8.5M	100%	8.5M	8.5M	GOK
Lake Naivasha Basin Ecosystem Based Management Project	242.82M	10M	10%	30M	10M	WWF-US
Restoration and sustainable management of Cherangany Forest ecosystems for climate change resilience and Improved Livelihoods	576M	26M	30%	168M	26M	Italian Government

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Appendix III: Transfers from Other Government Entities

Name of the Fund/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Environment Climate Change & Forestry	June 25	Recurrent	154,088,607	154,088,607	-	150,000,000	-	-	154,088,607
Ministry of Environment Climate Change & Forestry	Feb 25	Development	8,500,000	8,500,000	-	-	-	-	8,500,000
Vihiga County	Feb 25	Others	10,000,000	10,000,000	-	7,000,000	-	-	10,000,000
Total			172,588,607	172,588,607	-	157,000,000	-	-	172,588,607

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source Funds	Of	Implementing Partners
NETFUND Green Innovation Award (GIA V) KES 8.5M	This is an annual flagship programme of NETFUND that promotes green growth and addresses the impacts of climate change through efforts that contribute to a low carbon and climate resilient development pathway	<ol style="list-style-type: none"> 1. The objectives of the project are. 2. To stimulate and reward green innovations and best practices that contribute to environmental sustainability and climate change action. 3. To enhance capacity of green businesses to commercialize their innovations. 4. To create awareness on technologies and innovations that contribute to environmental sustainability and climate change actions 	<p>To achieve the objectives of the project, the following activities were undertaken.</p> <ol style="list-style-type: none"> 1. Launch for the call. 2. Evaluation and selection of the green innovations 3. Bootcamp training for the innovations 4. Awarding & recognition of the innovators 					GOK		KCIC Consulting Limited, Standard Group and Worldwide Fund for Nature

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<p>Lake Naivasha Basin Ecosystem Based Management Project</p>	<p>This is a three-year project anchored at the Ministry of Environment, Climate Change and Forestry with the National Environment Trust Fund (NETFUND) as the executing agency. The implementing partners for the project include the Kenya Forest Service and the Imarisha Lake Naivasha programme</p>	<ol style="list-style-type: none"> 1. Strengthening the enabling conditions for integrated landscape management in Lake Naivasha Basin 2. Promotion of sustainable food production practices and responsible value chains 3. Improved land management in upper LNB 4. Knowledge Management and Monitoring & Evaluation 	<ul style="list-style-type: none"> • Harmonized inter-sectoral and multi-stakeholder planning and management across LNB and county plans for integrated, inclusive and sustainable land 		<p>WWF US/GEF</p>	<ul style="list-style-type: none"> • KEFRI, KFS, CBOS
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Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source Of Funds	Implementing Partners
NETFUND Maragoli Tree Planting Programme KES 10M	In response to Kenya's ambitious target of growing 15billion trees with the goal of increasing Kenya's tree cover to 30% by 2032. NETFUND in collaboration with stakeholders including individuals, government agencies, community members as well as the private sector.	1.To restore and protect degraded forest 2.To promote nature-based enterprises through nursery establishment 3.To promote involvement of youth and women in seedling production and tree planting activities 4.Distribution of fruit trees to enhance agro forestry farming	<ul style="list-style-type: none"> Tree planting activities Production of tree nurseries Distribution of beehives to CFA members Distribution of fruit trees to community members Engagement of youth and women in tree planting, protection and maintenance activities 					GOK/Private sector players	<ul style="list-style-type: none"> Kenya Forest Service County Governments of Elgeyo Marakwet, Vihiga, Kamamega, Uasin Gishu Iten Water Fund Nature Kenya Eldoret Water and Sewerage Company KEFRI Kenya Water Towers Agency KVDA
	Under this programme, NETFUND supported the rehabilitation of 400Ha in Kapitgat,50 Ha in Vihiga County and 20Ha in Kakamega Forest. These initiatives sought to combat greenhouse gas								

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Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source Funds	Of	Implementing Partners
	emissions, deforestations and land degradation whilst addressing the impacts of climate change.									
Support to local communities to build their resilience and enhance their adaptive capacity to climate change KES 5M	This project seeks to support community groups to enhance resilience to climate change through provision of grants in line with the Fund's mandate	1. Build the capacity of local community groups to respond to climate change challenges within their localities 2. Incentivize local community groups to adopt innovative local solutions to address climate change	<ul style="list-style-type: none"> • Provision of grants to local community groups • Technical backstopping to the local community groups • Joint fund-raising initiatives • Marketing and linkages opportunities • Provision of in-kind support such as water tanks, beehives and potting tubes 					GoK		<ul style="list-style-type: none"> • Local community groups • KFS • KEFRI • NEMA

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Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source Of Funds	Implementing Partners
Green Financing Mechanism-GEFIM KES 7M	This initiative is aimed at studying and implementing innovative financial mechanisms that integrate the private sector in biodiversity conservation in Kenya. The project's primary objective is to provide specialized and affordable financing, coupled with technical assistance to green enterprises. The mechanism is expected to raise a total of USD 10million from both the public and private sector for lending to green enterprises, and also provide technical and financial	1.To provide specialized and affordable financing and to green enterprises 2.Create green job opportunities for the local community members	<ul style="list-style-type: none"> Design and develop governance structures, selection of tools and financial products of GEFIM Development of technical assistance guidelines Design and develop private sector engagement framework Stakeholder consultation on the design of the GEFIM Mapping and engagement of relevant private sector players Design and develop private sector engagement framework 					ASOCIACIÓN COSTA RICA POR SIEMPRE	<ul style="list-style-type: none"> NETFUND KCB Foundation Kenya Investment Development Cooperation

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Project Name	Project Description	Project Objectives	Project Activities	Q1	Q2	Q3	Q4	Source Funds	Of	Implementing Partners
	assistance to 150 green enterprises with a potential of creating 1500 green jobs.									

Appendix VII: Disaster Expenditure Reporting Template

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



[Faint, illegible text or markings, possibly bleed-through from the reverse side of the page.]