

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 13 APR 2023 THURSDAY

TABLED  
BY:

THE LEADER OF THE  
MAJORITY PARTY (Opposition)

PRESENT AT  
THE TABLE:

Joyce Lemerelle

OF

**THE AUDITOR-GENERAL**

ON

**INTEGRATED PROGRAMME TO BUILD  
RESILIENCE TO CLIMATE CHANGE AND  
ADAPTIVE CAPACITY OF VULNERABLE  
COMMUNITIES IN KENYA**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**NATIONAL ENVIRONMENT MANAGEMENT  
AUTHORITY**



**PROJECT NAME: INTEGRATED PROGRAMME TO BUILD RESILIENCE TO  
CLIMATE CHANGE AND ADAPTIVE CAPACITY OF VULNERABLE  
COMMUNITIES IN KENYA**

**IMPLEMENTING ENTITY: NATIONAL ENVIRONMENT MANAGEMENT  
AUTHORITY**

**PROJECT GRANT/CREDIT NUMBER: KEN/NIE/MULTI/2013/1**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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

**Integrated Programme to Build Resilience to Climate Change and Adaptive  
Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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# **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

## ***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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### **1. Project Information and Overall Performance**

#### **1.1 Name and registered office**

##### **Name**

Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya

##### **Objective**

The key objective of the project is to enhance resilience and adaptive capacity to climate change for selected communities in various counties in Kenya in order to increase food security and environmental management.

##### **Address**

The project headquarters offices are at Elland House on Popo Road, Off Mombasa Road, Nairobi, Kenya

The address of its registered office is: P.O. Box 67839-00200, Nairobi.

The project also has 3 Executing Entities (EEs) and 7 Sub-Executing Entities (Sub-EEs) as follows:

##### **Executing Entities (EEs)**

1. The Managing Director,  
Kenya Forest Research Institute (KEFRI),  
P.O. Box 20412-00200 Nairobi.  
Email: [director@kefri.org](mailto:director@kefri.org)  
Contact person: Dr. James Ndufa  
Telephone: 0722983238

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2. The Managing Director,  
Tana and Athi Rivers Development Authority,  
P.O. Box 47309-00100, Nairobi.  
Email: Info@tarda.co.ke  
Contact Person: Mr. Samuel Gitonga  
Telephone: 0721166686
3. The Managing Director,  
Coast Development Authority,  
P.O. Box 1322-80100, Mombasa  
Email: cda@cda.go.ke  
Contact person: Ms. Mwanasiti Bendera  
Telephone: 0724793887

**Sub-Executing Entities (Sub-EEs)**

1. Kenya Red-Cross  
Contact person: Mr. Elijah Muli  
Telephone: 0721428841
2. VIRED International (Kisumu)  
Contact person: Prof. Philip Raburu  
Telephone: 0717631789
3. HornAid Kenya (Garissa & Wajir)  
Contact person: Mr. Abbas Hajir  
Tel. 0701691818 / 0704380300
4. Nasaru Women group (Kajiado)  
Contact person: Ms. Juliana Rono  
Telephone: 0720805235
5. CARITAS (Nyeri)  
Contact person: Fr. Peterson Ndegwa  
Telephone: 0720173791
6. ADRA Kenya (Kitui)  
Contact Person: Ms. Stella Wanjau  
Telephone: 0722808488

# Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

## *Annual Report and Financial Statements For the financial year ended June 30, 2022*

### 7. Kenyatta University

Contact Person: Mary Baaru

Telephone. 0722267824

**Contacts:** The following are the project contacts

Telephone: (254) 724253398 / (254) 723363010 / (254) 735013046

E-mail: [dgnema.go.ke](mailto:dgnema.go.ke)

Website: [www.nema.go.ke](http://www.nema.go.ke)

## 1.2 Project Information

<b>Project Start Date:</b>	The project official start date is 01/05/2016
<b>Project End Date:</b>	<p>The initial project end date was 30/04/2019.</p> <p>NEMA had sought 3 No Cost Extensions (NCEs)</p> <ul style="list-style-type: none"><li>• 1<sup>st</sup> NCE was a 12-month extension; the project completion date was extended to 30/06/2020.</li><li>• 2<sup>nd</sup> NCE was granted due to the delay occasioned by the COVID 19 for a duration of 18 months; the project completion date was extended to 30/12/2021.</li><li>• The 3<sup>rd</sup> NCE was a 9 months' extension granted till 30/09/2022.</li></ul> <p>To allow completion of the on-going civil works and a sustainable project close out, NEMA requested for an additional No Cost Extension for a duration of 9 months. The Adaptation Fund Board has granted a no cost extension up to 30/06/2023</p>
<b>Project Manager:</b>	The project manager is Ms. Wangare Kirumba
<b>Project Sponsor:</b>	The project sponsor is The Adaptation Fund Board

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**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment and Forestry (MEF)
Project number	KEN/NIE/Multi/2013/1
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> <li>(i) To enhance Climate resilient agricultural, agro-forestry, pastoral and agro-pastoral production systems to improve food security in selected Counties in Kenya</li> <li>(ii) To improve climate resilient water management systems to enhance food security in selected Counties in Kenya</li> <li>(iii) To increase resilience to the effects of rise in sea level and shoreline changes through Integrated Shoreline and Mangrove Ecosystem Management at Vanga and Gazi in the Coastal region of Kenya</li> <li>(iv) To reduce disaster risk among targeted vulnerable communities for climate related risks in Kenya</li> <li>(v) To strengthen institutional capacity, knowledge management, awareness raising and promotion of adaptation mechanisms in improving resilience on climate change to selected vulnerable communities in Kenya.</li> </ul>
Achievement of strategic goals	<p>Since inception, the Programme has achieved the following:</p> <ul style="list-style-type: none"> <li>(i) 1667 households (approximately 8,335</li> </ul>

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	<p>individuals) supported to adopt drought tolerant and high value crops</p> <p>(ii) 11,423 kg of Drought Tolerant Crop species distributed to farmer communities that included green grams, amaranth us, maize, beans, pigeon peas, cow peas crops and dolichos</p> <p>(iii) 22,000 grafted mango seedlings have been distributed and planted with a 70% success rate</p> <p>(iv) 16,200 tree seedlings of various species planted to rehabilitate water catchments areas (11,800 planted in Entarara forest and its environs in Kajiado County, the adaptation villages in Mosiro and Mashuruu )</p> <p>(v) 1500 households supported to adopt fruit farming (Mangoes, Citrus, watermelon, butter nuts, guavas) as an alternative livelihood in Kajiado, Kitui and Marsabit</p> <p>(vi) 12 water pans of an average capacity of an average 15.000 cubic meters each have been established namely;</p> <p>Imbirikani, Kuku, Kimana, Lenkinsim and Entonent, in Kajiado South, <b>Kajiado County</b>;</p> <p>Boji Yare, Daad Bulle and Alan Godere in <b>Wajir</b> and <b>Garrisa County</b>;</p> <p>Midoina Water pan In <b>Kilifi County</b>,</p> <p>Machanga Earth Pan in <b>Embu County</b></p>
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	<p style="text-align: center;">Dak Ongolo and Kupuon Water pan in <b>Kisumu County</b></p> <p>(vii) Rombo water pan in 40% completion in Kajiado County</p> <p>(viii) 17 boreholes drilled, equipped and solarised in Kisumu (1), Homabay (4) Wajir ( 4), Garrisa (2), Machakos (1), Kajiado (4) and Laikipia (1 ) counties.</p> <p>(ix) 9 Adaptation villages under construction in Kisumu, Garrisa, Kajiado and Taita Taveta.</p> <p>(x) Contractor onsite for the construction of 2 Djabias in Kwale county</p> <p>(xi) 714 Households using irrigation Kajiado, laikipia, Marsabit and Machakos</p> <p>(xii) 30 drip kits distributed and installed in Kajiado West among the women groups</p> <p>(xiii) Solarization of the boreholes has been undertaken in the Walda and Masinga farm and irrigation scheme respectively to run the farm operations.</p> <p>(xiv) 2 Irrigation infrastructures established in Masinga and Laikipia</p> <ul style="list-style-type: none"> <li>• Masinga smallholder Irrigation scheme is complete and operational serving 80 household organised as Masinga Irrigation Water users</li> <li>• A Thome small holder Irrigation scheme in Laikipia County complete</li> </ul> <p>(xv) 90 Ha rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in Vanga and</p>
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**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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	<p>Gazi areas</p> <p>(xvi) 3 km of Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals (2 acres)</p> <p>(xvii) A Coral reef and Sea grass Habitat Mapping report is available</p> <p>(xviii) Contractor onsite in Jimbo and Mawembe in Kwale county undertaking soil accretion control and shoreline stabilization respectively.</p> <p>(xix) Construction of Water Harvesting Structures in 5 schools in Coast Region complete in Kwale and Taita Taveta counties namely Orkung'u Primary School, Makwenyeni Secondary, Karimboni Primary, Bandari secondary and Kajire Girls</p> <p>(xx) The National Coral Reef Restoration Protocol had been developed in both Swahili and English Versions to show how communities could undertake the coral reef restoration that is under implementation in the Wasini Conservation Area</p> <p>(xxi) 60 Km of Canals in Kakol and Kupuon areas have been desilted and opened in Nyando river basin helping easing the flooding in Kisumu County</p> <p>(xxii) An ice cooling facility is under construction in Homabay; 400 fishermen identified for support with a fish cooling plant in Ekalakala</p>
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	<p>(xxiii) Training to EEs and sub-EEs on Finance, Procurement, Audit processes have been undertaken</p> <p>(xxiv) Trainings to project beneficiaries on water management, farming techniques, drought tolerant crops management and drip kits management have been carried out</p> <p>(xxv) Construction of two sump wells ongoing in Kitui County – the project consist of pipeline to the demonstration farm, installation of two 10M2 plastic water tanks on a 6m high steel tower, water kiosk, installation of solar system and a solar pump</p> <p>(xxvi) Construction of a 4km dyke at 70% completion rate along River Asao in Kisumu County</p> <p>(xxvii) Construction of 4 evacuation centres is ongoing in 4 schools in Kisumu County in the following schools ; Migingo Primary, St. Alloys Primary, Ombaka Primary and Kibarwa and at 65% completion rate</p>
<p>Other important background information of the project</p>	<p>NEMA was accredited to be Kenya’s National Implementing Entity (NIE) for the Adaptation Fund (AF) in 2012 after being nominated by the PS, Ministry of Environment and Natural Resource who is the National Designated Authority to AF. Adaptation Fund is established under Kyoto protocol, which Kenya is a party member state, to fund concrete adaptation interventions in developing countries. The role of NEMA as an NIE is to be the fund’s manager for funded</p>

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	<p>adaptation programmes/projects. The NIE is supposed to receive money from AF and oversee execution of the project by the Programme Executing Entities.</p> <p>NEMA received its re-accreditation as an NIE in May 2019 that is valid till 2024</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>i) Climate change is increasing the vulnerability of communities in the program areas to food insecurity and their ability to cope. There is need to adapt agriculture to the changing climate.</li> <li>ii) Climate change is worsening the already water insecurity in arid and semi-arid areas with consequences on access to water for irrigation, livestock and domestic use. To reduce vulnerability and enhance community resilience, there is need to invest in water harvesting and storage capacity</li> <li>iii) Kenya's coastal and marine ecosystems are a rich repository of resources (fisheries, coastal forests, mangrove forests, seagrass beds, coral reefs, river basins, deltas and estuaries, beaches and sand dunes as well as natural and cultural heritage sites). However, these resources are threatened by climate change among other threats.</li> <li>iv) The level preparedness for climate related risks</li> </ul>

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	<p>such as floods and droughts in the program areas is weak. In particular, perennial floods have ravaged most parts of lower Nyando catchment causing loss of lives and livelihoods.</p> <p>v) Climate change information, best practices, technologies and success stories are not always shared effectively among stakeholders to catalyze climate change response.</p>
Project duration	The project started on 01/05/2016 and is expected to run until 30/06/2023

#### **1.4 Bankers**

The following are the bankers for the current year:

- (i) Kenya Commercial Bank Ltd (KCB), Gateway House Branch

P.O. Box 27618-00506, Nairobi

*(NEMA Adaptation Fund USD Account- No. 1165595192 / NEMA Adaptation Fund Kshs Account - No. 1218639164)*

#### **1.5 Auditors**

The project is audited by the Office of the Auditor General

P.O. Box 30084-00100, Nairobi-Kenya.

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**1.6 Roles and Responsibilities**

List of people who will be working on the project including the project manager, their role and their positions.

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Mamo B. Mamo, EBS	Director General	Masters in Environmental Education	Overall programme direction and leadership
CPA Kennedy Ochuka	Director Corporate Services	MBA, CPA(K)	Overall programme financial management
Ms. Wangare Kirumba	NIE Coordinator	Masters EPM	Overall Programme Coordination
Mr. John Wafula	Deputy NIE Coordinator	Masters EPM	Program management
Ms Sarah Muthoni	Knowledge Management Officer	Masters Community Development	Knowledge management
Ms. Ann Gateru	Program Officer	Masters Project Management	Support program management
CPA Peter Obiere	NIE Accountant	MBM, BBM, CPA(K)	Financial Management and accounting

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**1.7 Funding summary**

The Project was for a duration of 3 years from May 2016 to April 2019 with an approved budget of USD **9,998,302** equivalent to Kshs 1 Billion. NEMA sought for a no cost extension that was granted by Adaptation Fund Board. Therefore, project was extended to 30/06/2020. Due to the COVID 19, No cost extension was again granted to 31/12/2021. NEMA received the first tranche of USD 4,956,893 (equivalent to Kshs 488,944,727) in December 2014. The second tranche of USD 3,954,163 (equivalent to Kshs 399,783,277) was received in October 2018 while the last tranche of the programme budget of USD 1,087,220 (equivalent to Kshs 117,759,951) was received on 18<sup>th</sup> August 2020 .

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in Kenya**

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**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30 June 2022)		Undrawn balance to date	
	USD	KShs	USD	KShs	USD	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
<b>(i) Grant</b>						
Adaptation Fund Board	9,998,302	1,000,000,000	9,998,276	1,006,487,955	NIL	NIL
<b>(ii) Counterpart funds</b>						
Exchange gain	-	-	-	83,319,081	-	-
Proceeds from Caritas Nyeri	-	-	-	743,151	-	-
<b>Total</b>	<b>9,998,302</b>	<b>1,000,000,000</b>	<b>9,998,276</b>	<b>1,090,550,187</b>	<b>NIL</b>	<b>NIL</b>

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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**Project information and overall performance (continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2022)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2022)	Unutilised balance to date (30th June 2022)	
	USD	Kshs		USD	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>					
Adaptation Fund Board	9,998,276	1,006,487,955	706,075,912	3,004,120	300,412,043
<b>(ii) Counterpart funds</b>					
Exchange gain	-	83,319,081	-	833,191	83,319,081
Proceeds from Caritas	-	743,151	-	7,432	743,151
<b>Total</b>	<b>9,998,276</b>	<b>1,090,550,187</b>	<b>706,075,912</b>	<b>3,844,743</b>	<b>384,474,275</b>

# **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

## ***Annual Report and Financial Statements For the financial year ended June 30, 2022***

### **Project information and overall performance (continued)**

#### **1.8 Summary of Overall Project Performance:**

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

NEMA has received a total of USD 9,998,276 Kshs equivalent 1,006,487,955, being the programme's total budget. Consequently, NEMA has disbursed a total of Kshs 415,757,789 to the executing entities as at 30<sup>th</sup> June 2022, for the implementation of the projects in their respective counties. However, Kenya Forestry Research Institute returned Kshs 3,279,748 being World Vision funds disbursed to them, ADRA Kenya has also returned Kshs 6,463,000 and Caritas has also returned Kshs 19,324,596 being funds held by them for the implementation the projects under them since the procurement was centralized. NEMA has cumulatively spent Kshs 99,835,456 on purchase of goods and services. Out of this expenditure, Kshs 12,741,093 was spent from 9.5% execution fee of the executing entities relating to the procurement processes. Kshs 18,061,227 was spent out of the projects component 5 budget. Therefore, NEMA has cumulatively spent Kshs 706M as at 30 June 2022.

#### **Note:**

Out of Kshs 415,757,789 disbursed to the executing entities, 29,067,344 has been refunded to NEMA for execution of the awarded contracts.

##### **ii) Physical progress based on outputs, outcomes, and impacts since project commencement**

The Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya Programme has made significant progress in achieving the five programme components defined in the Kenya Climate Change Adaptation Funds Programme Budget. The following are the key achievements made under each component:

**Component 1:** Enhancing Climate resilient agricultural, forestry, pastoral and agro-pastoral production systems to improve food security in selected Counties in Kenya.

## **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

### ***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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- 1667 households (approximately 8,335 individuals) have been supported to adopt drought tolerant and high value crops
- Five (no) of value chains are in progress:
  - ✓ Fruit Value chain
  - ✓ Aloe - vera
  - ✓ Fish Value chain
  - ✓ Grains Value chain
  - ✓ Horticulture value chain
- Fruit : 1500 households supported to adopt fruit farming (Mangoes, Citrus, watermelon, butter nuts, guavas) as an alternative livelihood in Kajiado, Kitui and Marsabit
- Fish: An ice cooling facility is under construction in Homabay; 400 fishermen identified for support with a fish cooling plant in Ekalakala
- 1500 households (Approximately 4,500 individuals) have adopted alternative livelihoods
- 714 Households using irrigation Kajiado, laikipia, Marsabit and Machakos
- Trainings were factored on the formation of Farmers Cooperative Societies (FCS) Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees(EEs)
- 120 bales harvested in Marsabit
- 2 Grass demos sites of an average of 2 acres established in Kajiado
- Hay bailers procured to support women and youth groups in Kajiado to bulk and sell hay during drought.
- 150 farmers practicing ecological land conservation strategies

#### **Component 2: Improving climate resilient water management systems to enhance food security in selected counties**

- Construction of 6 water of 18,000m<sup>3</sup> per water pan at Imbirikani, Rombo, Kimana, Entonent, Lenkisim and Kuku wards in Kajiado by KEFRI complete.

# **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

## ***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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- Construction of 3 water pans of 20,000 m<sup>3</sup> by HornAid Kenya in Wajir and Garissa: Boji Yare, Alan Gondere, Daad Bulle complete
- Construction of 2 water pans of 5000m<sup>3</sup> – Kupuon Kamuga water pan in Kochieng west location and Dak Ongolo water pan in Kakola Ombaka location, Nyando by VIRED complete
- Construction of the Thome Irrigation scheme by Caritas complete
- A 12,000m<sup>3</sup> Cubic Meter water pan at Midoina in Kilifi Sub-County by CDA is complete and in use.
- Completed the Construction of Machanga water pan in Embu
- Completed the Construction of Masinga and Thome small-holder irrigation
- Construction of intake works in Muranga County Kigumo Constituency (Ajibika) complete
- Completed the Construction of Othaya Constituency Small Earth Dam (Gakina);
- Construction of small earth dam (Wanduli), Makueni County, Kibwezi West Constituency complete
- 17 boreholes successfully drilled (1)Construction of water harvesting structures in 5 schools in the coast region complete

### **Component 3: Increase resilience to climate change of Shoreline and Mangrove Ecosystem in Kenyan coastal zone**

- Shoreline stabilization civil works ongoing in Mwaembe
- 90 ha of mangroves rehabilitated ( 224,199 mangrove seedlings planted) in both Gazi and Vanga mangrove ecosystem
- 2 acres of Wasini CCA restored with corals. Involved Community sensitization and training of Wasini BMU members on improved management of coral reef and seagrass ecosystems including Baseline survey, Actual transplanting on both shallow and deep waters, Data recording and monitoring.
- The National coral reef restoration protocol developed, validated and published entitled “The Kenya National Coral Reef Restoration Protocol”

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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- Coral reef and sea grass mapping report complete
- Coral reef restoration documentaries and reports developed and shared through social media and public fora.
- GIS database established
- Designs and BQs for erosion and accretion control structures completed and civil works complete
- A total of 485No. of sacks used for the seagrass restoration recorded, 9,700 seagrass seedlings successfully transplanted in both shallow and deep waters
- Stakeholder and technical meetings for the development of a Management Plan for Diani Chale Marine Protected Area held

**Component 4:** Disaster risk reduction and increasing preparedness among vulnerable communities

- 60 Km of blocked drainage channels opened in 3 sub counties in Nyando basin.
- Construction of a 4km dykes in River Asao ongoing
- Construction of 4 evacuation centers ongoing

**Component 5:** Enhanced private sector adoption of green technologies and practices through Public-Private Partnership (PPPs).

- Web based information system developed for the programme hosted in the NEMA website; "<http://www.kccap.co.ke/>" Website Developed by CDA;
- Project sites branded;
- Project banners and brochures developed;
- Adaptation Fund documentary under development

# **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

## ***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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### ***iii) Value-for-money achievements***

- i) Establishment of a functional adaptation village in Lechugu Secondary School in Laikipia County complete with a borehole, sanitation block, kiosk, demonstration block and basic hall
- ii) Construction of two sump wells ongoing at Kamanyi and Nyanyaa in Kitui County – the project consist of pipeline to the demonstration farm, installation of two 10M<sup>2</sup> plastic water tanks on a 6m high steel tower, water kiosk, installation of solar system and a solar pump
- iii) Construction of 2 water pans and 3 water storage tanks for harvesting of flood and rain water at the Thome Small holder irrigation project in Laikipia
- iv) Establishment of a functional adaptation village in Vota Primary School in Machakos County complete with a borehole, sanitation block, kiosk, demonstration block and basic hall
- v) Baseline study for cropping system completed by Kenyatta University.
- vi) Construction of Water Harvesting Structures in 5 schools in Coast Region complete – Kwale and Taita Taveta counties namely Orkung'u Primary School, Makwenyeni Secondary, Karimboni Primary, Bandari secondary and Kajire Girls
- vii) Trainings on Drought Tolerant crops management and on drip kits installation and management done by NASARU
- viii) 4 functional adaptation villages established in Kajiado County in Mosiro, Oletepesi, Olekejuodo and Mashuruu equipped with solarized system, borehole, water tanks, cattle dips, basic halls and demo block.
- ix) A 12,000 Cubic Meter water pan at Midoina in Kilifi Sub-County has been completed and is in currently use.
- x) 90 Ha of land has been rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in Vanga and Gazi areas
- xi) 3 km of Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals (2 acres)

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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- xii) Construction of 3 Water pans; 2. in Wajir County and 1 in Garissa County of an average capacity of 20.000 cubic metres capacity namely; Boji Yare, Daad Bulle and Alan Godere respectively.
- xiii) Construction of 5 Water Pans at Imbirikani, Kuku, Kimana, Lenkinsim and Entonent
- xiv) 1700 seedlings of 6 varieties of mangoes, 1700 seedlings of 4 varieties of citrus and 13,900 tree seedlings of various species planted to rehabilitate watering points and along rivers by KEFRI projects.
- xv) 3 check dams complete at Machanga, Wanduli and Gakina
- xvi) Intake work complete at Muranga, Ajibika Project in Gatare forest.
- xvii) Smallholder irrigation infrastructure project at Masinga is fully operational.
- xviii) ELAs, BoQs and designs for construction of a milk cooling plant, fish cooling plant, fruit processing plant completed by TARDA.
- xix) 2 water pans completed using voucher for work namely Dak Ongolo and Kupuon of average capacity of 4500 cubic meters.
- xx) 60 Km of blocked drainage channels opened in 3 sub counties using voucher for work done by VIRED.
- xxi) 2 boreholes drilled in Kisumu County at Ogal Primary and Mingingo Primary
- xxii) 4 Adaptation villages established in Homabay county in ; St. Nicansius Maranyona, Malele Primary school, Langi Dispensary and Kanyangasi Dispensary.
- xxiii) 22,000 grafted mango seedlings have been distributed by ADRA and planted by the community with a 70% success rate
- xxiv) The National Coral Reef Restoration Protocol had been developed in both Swahili and English Versions to show how communities could undertake the coral reef restoration that is under implementation in the Wasini Conservation Area
- xxv) Assessment of impacts of sea walls complete. A website for the project is in place (<http://www.kccap.co.ke>)

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- xxvi) Construction of 4 evacuation centres is ongoing in 4 schools in Kisumu County in the following schools ; Migingo Primary, St. Alloys Primary, Ombaka Primary and Kibarwa and at 65% completion rate
- xxvii) Construction of Rombo Water Pans is at 40% completion .
- xxviii) Adaptation villages established in Wajir and Garrisa Counties and at 60% completion rate
- xxix) Construction ongoing for a 4km dyke at 70% completion rate along River Asao in Kisumu County

*iv) Absorption rate for each year since the commencement of the project.*

<b>FY</b>	<b>AF Budget USD '000'</b>	<b>AF Budget KSH '000'</b>	<b>Bal b/f KSH '000'</b>	<b>Amounts received KSH '000'</b>	<b>Expenses incurred KSH '000'</b>	<b>Bal c/d KSH '000'</b>
		<b>a</b>		<b>b</b>	<b>c</b>	<b>d</b>
2015/16	4,957	488,945	-	488,945	59,641	429,304
2016/17	-	-	429,304	-	235,224	194,080
2017/18	-	-	194,080	-	89,710	104,370
2018/19	3,954	399,783	104,370	399,783	27,309	476,844
2019/20	-	-	476,844	-	84,761	392,083
2020/21	1,086	117,760	392,082	117,760	107,291	402,552
2021/22	-	-	402,551	-	140,326	<b>262,226</b>
Add: Other receipts & exchange gain						
Exchange gain				83,319		83,319
Receipts from Caritas				743		743
South South expenses					(9,118)	9,118
Refunds from EEs					(29,067)	29,067
<b>Total</b>	<b>9,997.12</b>	<b>1,006,488</b>	<b>1,999,231</b>	<b>1,090,550</b>	<b>706,077</b>	<b>384,473</b>

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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v) ***Implementation challenges and recommended way forward.***

<b>Implementation challenges</b>	<b>Current Status</b>	<b>Recommended way forward</b>
Covid 19 Pandemic	The restricted movement and gathering following the adherence to the Covid 19 management protocols leading to delays in project implementation. During the period of March to June 2020 the project was on hold due to the uncertainty created by the pandemic.	Virtual meetings have been embraced to ensure continuity in project implementation, limited in person meetings in strict adherence to the Covid 19 management protocols, contractors and service providers advised to institute and adhere to the Covid 19 protocols.
Underfunding of some activities	Some activities had been underfunded in the approved work plan	Re-allocation of funds within the allowable limits and explore alternatives that lead to the same outcomes. Joint revision of the work plans with the EEs has been undertaken as a mitigation measure.

**1.9 Summary of Project Compliance:**

There were no significant cases of non-compliance with applicable laws and regulations, and external financing agreements/ Covenants.

# **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

## ***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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### **2. Statement Of Performance Against Project's Predetermined Objectives**

#### **Introduction**

The overall objective of the Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya Green Growth & Employment Program (GGEP) is to contribute to to enhance resilience and adaptive capacity to climate change for selected communities in various Counties in Kenya in order to increase food security and environmental management. The Key distinct development objectives/outputs of the projects 2013-2021 plan are;

- **Objective 1:** Enhance Climate Change resilience for improved food security in selected Counties
- **Objective 2:** Improve climate resilient water management systems to enhance food security in selected Counties
- **Objective 3:** Increase resilience to climate change of Shoreline and Mangrove Ecosystem in Kenyan coastal zone
- **Objective 4:** Disaster risk reduction and increasing preparedness among vulnerable communities
- **Objective 5:** Strengthen capacity and knowledge management for Program Implementation and Climate change adaptation

#### **Progress on attainment of Strategic development objectives**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bund (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement:

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Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome / Target</b>	<b>Indicator/ Means of Verification</b>	<b>Performance</b>
<b>Component 1: Enhancing Climate resilient agricultural, forestry, pastoral and agro-pastoral production systems to improve food security in selected Counties in Kenya.</b>				
Output 1.1	Increased adoption of drought tolerant food crops and high value crops	15,000 individuals adopting drought tolerant and high value food crops;	1.1.1 No. of individuals adopting drought tolerant and high value food crops	1667 households (approximately 8,335 individuals) have been supported to adopt drought tolerant and high value crops
		6value chains approaches adopted/enhanced	1.1.2 No. and types of value chain approaches adopted/enhanced	Five (no) of value chains are in progress: 1)Fruit Value chain 2)Aloe - vera 3)Fish Value chain 4)Grains Value chain 5)Horticulture value chain

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Output 1.2	Diversified alternative livelihood sources	2No and type (fish &fruit) of alternative livelihood strategies adopted	1.2.1 No and type of alternative livelihood strategies adopted	1) Fruit : 1500 households supported to adopt fruit farming (Mangoes, Citrus, watermelon, butter nuts, guavas) as an alternative livelihood in Kajiado, Kitui and Marsabit 2) Fish: An ice cooling facility is under construction in Homabay; 400 fishermen identified for support with a fish cooling plant in Ekalakala
Output 1.3	Increased food production through appropriate and efficient irrigation methods	5000 individuals adopting alternative climate-resilient livelihoods 25% average increase in food production per Ha.	1.2.2 No. of individuals adopting alternative climate-resilient livelihoods 1.3.1 Percentage increase in food production (kgs) per Ha	1500 households (Approximately 4,500 individuals) have adopted alternative livelihoods Activities to support this output including irrigation , drip kit distributions, seed distribution and trainings are in progress.
Output 1.4	Enhanced efficient food utilization through implementation of post harvest strategies and value	3,000 individuals using irrigation methods 140 Common grain stores for farmer groups,	1.3.2 No of individuals using irrigation methods 1.4.1 No. of preservation, storage techniques established	714 Households using irrigation Kajiado, laikipia, Marsabit and Machakos None: 9 Adaptation villages under construction in Kajiado and Homabay once complete will be centres of demonstrations and promotion on preservation, storage techniques None: Replaced by adaptation villages where training has been factored on the formation of

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chain approach	and Loans Associations (VSLA), and Economic Empowerment Committees(EEs) formed and supported	Loans Associations (VSLA), and Economic Empowerment Committees(EEs) formed and supported	Farmers Cooperative Societies (FCS) Village Savings and Loans Associations (VSLA), and Economic Empowerment Committees(EEs)
Output 1.5. Increased animal production through adoption of drought tolerant animal breeds, pasture conservation and emergency fodder banks	100 Hay machines distributed	1.5.1 Percentage increase in available fodder  1.5.2 No of animals receiving sufficient fodder	120 bales harvested in Marsabit; 2 Grass demos sites of an average of 2 acres established in Kajiado Hay bailers procured to support women and youth groups in Kajiado to bulk and sell hay during drought.  Haybailers given to farmer groups for bailing hay in kajiado county
Output 1.6 Enhanced land productivity through ecological land use systems , conservation strategies and management	5ecological land use and management systems adopted	1.6.1 No and type of ecological land use and management systems	3 Ecological and land use and management systems promoted: Types: (a) Agro forestry (b) Soil and Water conservation (c) Rehabilitation of water catchments areas

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	technologies	2000 individuals practicing conservation strategies	1.6.2 No. of individuals practicing conservation strategies	150 farmers
<b>Component 2: To improve climate resilient water management systems to enhance food security in selected Counties in Kenya</b>				
Output 2.1	Established appropriate physical assets and infrastructure for water harvesting, storage and irrigation.	78 water pans water constructed. Construction of 300mm pipeline approximately 9km 29 boreholes 2 sumpwells 2 djabias 5 roof catchment structures	The physical assets and infrastructure for water harvesting, storage and irrigation are not available in the project sites	15 water pans constructed 2 (No) Irrigation infrastructure established in Masinga and Laikipia with pipeline of approx 11.9Km 17 boreholes drilled and equipped 3 check dams
<b>Component 3: To increase resilience to the effects of rise in sea level and shoreline changes through Integrated Shoreline and Mangrove Ecosystem Management at Vanga and Gazi in the Coastal region of Kenya</b>				
Output 3.1	Implemented Integrated Shoreline and Mangrove Ecosystem Management (ISMEM) plan	Shoreline stabilized civil works ongoing at Mwaembe  Work in progress  • 90 Ha rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in	3.1.1 Length of shoreline stabilized.  3.1.2 No. of HHs secured from the effects of sea level rise and shoreline changes. 3.1.3 Area in Ha of Mangroves Ecosystem rehabilitated in Vanga and Gazi.	Shoreline stabilized civil works ongoing at Mwaembe  Work in progress  • 90 Ha rehabilitated by the planting of 224,199 mangrove seedlings in Kwale in Vanga and Gazi areas

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	<p>Vanga and Gazi areas</p> <ul style="list-style-type: none"> <li>• 3 km of Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals (2 acres)</li> </ul>	<p>3.1.4 Length of coral reefs rehabilitated and protected along the Shimoni-Vanga shoreline.</p>	<ul style="list-style-type: none"> <li>• 3 km of Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals (2 acres)</li> </ul>
	<p>None: Works in progress</p>	<p>3.1.5 Length of shoreline where erosion and accretion has been controlled.</p>	<p>None: Works in progress</p>
	<ul style="list-style-type: none"> <li>• Inventory and GIS database in place.</li> </ul>	<p>3.1.6 Inventory and GIS database for the shoreline and mangrove ecosystem in place.</p>	<ul style="list-style-type: none"> <li>• Inventory and GIS database in place.</li> </ul>
<p><b>Component 4: To reduce disaster risk among targeted vulnerable communities for climate related risks in Kenya</b></p>			
<p>Output 4.1</p>	<p>Enhanced disaster risk reduction and increasing preparedness among vulnerable</p>	<p>(a) Construction of 4kms of Dykes (b) Desilting/opening of 10kms of canals (c) Construction of 4 evacuation Centers</p>	<p>4.1.1: Number of infrastructures developed or modified to respond to new conditions arising from climate change related disasters</p>
<p>(a) 60 Km of blocked drainage channels opened in Nyando river basin helping reduce flooding in Kisumu County; (b) Dykes construction ongoing in river Asao at 20% completion (c) Construction of 4 evacuation centers under at 20% completion.</p>			

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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	communities	2 Early warning system established; Developed system of sending disaster alerts 8 Drills/forums	4.1.2: No. of early warning systems  4.1.3: Number of sensitization forums / drills held to build the capacity of the vulnerable communities and stakeholders for increasing knowledge & skills in arresting climate change disaster	None: Planned  Two workshops held where 113 community members were trained on early warning systems; One workshop for school for 24 teachers
<b>Component 5: To strengthen institutional capacity, knowledge management, awareness raising and promotion of adaptation mechanisms in improving resilience on climate change to selected vulnerable communities in Kenya.</b>				
Output 5.1	Established information systems for documenting program implementation processes, information and best practices/lessons learnt	1 Policy makers, ministerial training 10 farmer exchange field tours One conference to profile disseminate best practices One empirical research study	5.1.1 Number of information systems / materials (database, website, website, communication and visibility tools) developed documenting program implementation processes, information and best practices/lessons learnt	- One National project steering committee held One farmer exchange field tour to Makueni organized by KEFRI - One empirical research study on cropping systems done by KU

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Output 5.2	Knowledge generation and dissemination	12 Radio talk shows on DRR	5.2.1 Number of meetings, forums and information materials generated	None: Planned
Output 5.3	Awareness creation and sensitization on climate change adaptation.	Participation in short courses international meetings, seminars, national workshops on climate Change, project management	5.3.1 Number of radio/T.V shows/ programmes aired, peer reviewed publications, community forums, information materials generated and trainings conducted	<p>(a) Participated in 1 International seminar in South Africa</p> <p>(b) Held the NIEs Readiness workshop in Kenya in April 2018;</p> <p>(c) Participated in 1 International seminars - Climate Finance readiness Seminar in Antigua &amp; Barbuda in August 2019;</p> <p>(d) Participated in UNFCCC COP 25 in Madrid, Spain and COP 26 in Glasgow, UK.</p> <p>(e) 2020 Annual Climate Finance Readiness Seminar for Accredited NIEs</p> <p>(f) Participated in the 2020 Virtual Annual Climate Finance Readiness Seminar for Accredited NIEs</p> <p>(g) Participated in the AF Virtual Knowledge Fair in December 2020</p> <p>(h) Participated in 2021 annual NIE virtual seminar</p> <p>(h) Participated in UNEA, 2020 and 2021 in Nairobi, Kenya</p>

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<p>Output 5.4</p>	<p>Strengthening capacity for program implementation and Climate change adaptation</p>	<p>1 Climate Change adaptation meeting</p>	<p>5.4.1 No. of International meetings, seminars, national workshops and short courses on program management and Climate Change adaptation attended</p>	<p>None: Planned</p>
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## **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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### **3. Environmental and Sustainability Reporting**

The National Environment Management Authority (NEMA), is the principal instrument of Government for the implementation of all policies relating to environment. The programme has been able to promote environmental sustainability as follows:

#### **1. Sustainability strategy and profile**

NEMA through the Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya has facilitated the communities affected by adverse climate change conditions with tree seedlings for planting. This has been done to establish green zones and invest in reforestation. The programme has also aided in other environmentally sustainable projects such as the control of soil erosion, restoration of degraded land at the coast of Kenya, use of agro-forestry practices and biodiversity conservation.

#### **2. Environmental performance**

NEMA through the Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya has constructed 15 water pans and 2 irrigation structures in Masinga and Laikipia to enable the communities harvest rain water and store the same for irrigation of crops. The programme has also facilitated the rehabilitation of 90 Ha of land by planting 224,199 mangrove seedlings in Kwale in Vanga and Gazi areas. Additionally, the Programme has built several adaptation villages in areas where climate conditions are harsh e.g. Kajiado, Homabay, Machakos and Laikipia counties. 60 Km of blocked drainage channels in Nyando river basin have also been opened up by the Programme to help reduce flooding in Kisumu County and Dykes construction is ongoing in river Asao. To enhance water availability, 17 boreholes have equally been drilled and equipped for use by the communities affected.

# **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

## ***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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### **3. Employee welfare**

NEMA has human resource policies and procedures manual which guides on the recruitment process from vacancy identification to new hire induction. The policy takes into account the gender, women and disability considerations. On careers, we have a progressive career guideline. Annual staff performance appraisals are conducted and rewards and sanctions determined. Capacity building of staff is through formal and on job trainings. NEMA is working on safety policy which will be in compliance with Occupational Safety and Health Act of 2007, (OSHA)

### **4. Market place practices-**

#### **a) Responsible Supply chain and supplier relations-**

The project ensures all procurement activities are carried out in accordance with the Government of Kenya public procurement law and regulations. The Authority adheres to the Presidential directive on Access to Government Procurement Opportunities (AGPO) which ensures youth, women and people living with disabilities as individuals or in organized groups benefit. All suppliers are paid within reasonable time after executing their contractual obligations.

#### **b) Responsible ethical practices**

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

#### **c) Regulatory impact assessment**

The project is committed to promoting transparency and accountability this ensures citizens and other stakeholder's rights are safeguarded.

### **5. Community Engagements**

The Project is committed to uplifting the standards of living of the communities' areas affected by climate change elements. During the financial year, NEMA as the

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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national environmental authority, undertook to enhance the projects objectives through various CSR activities as follows;

- 16 model schools in Narok county were facilitated with water through donation of 6 water tanks. In addition, 200 tree seedlings and 100 bee hives were donated.
- The Authority donated 20 beehives to groups in Mt. Kulai in Marsabit County.
- Distribution of 400 tree seedlings, 100 in Karurumo school Embu, Muthangene Primary School Meru, Muranga and Kiahagu Secondary School in Nyeri.

# **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

## ***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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### **4. Statement Of Project Management Responsibilities**

The Director General and the Programme Coordinator for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Director General and the Programme Coordinator for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public-Sector Accounting Standards.

The Director General and the Programme Coordinator for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2022, and of the Project's financial position as at that date. The Director General and the Programme Coordinator for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

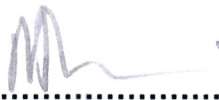
***Annual Report and Financial Statements For the financial year ended June 30, 2022***

Communities in Kenya further confirm the completeness of the accounting records maintained for the Programme, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Director General and the Programme Coordinator for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya confirm that the Programme has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Programme funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project financial statements**

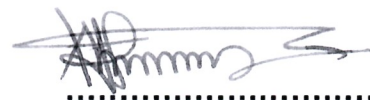
The Project financial statements were approved by the Director General and the Programme Coordinator for the Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya on 23<sup>rd</sup> September 2022 and signed by them.

  
.....  
**Mamo B. Mamo,**  
**EBS**

**Director General**

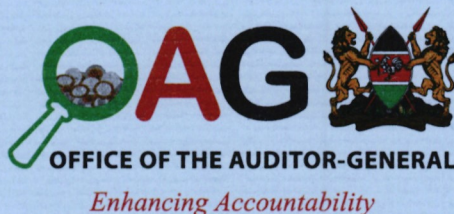
  
.....  
**Wangare Kirumba**

**Programme Coordinator**

  
.....  
**CPA Kennedy Ochuka**

**Director Corporate  
Services  
ICPAK Member No:  
3872**

# REPUBLIC OF KENYA



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## **REPORT OF THE AUDITOR-GENERAL ON INTEGRATED PROGRAMME TO BUILD RESILIENCE TO CLIMATE CHANGE AND ADAPTIVE CAPACITY OF VULNERABLE COMMUNITIES IN KENYA FOR THE YEAR ENDED 30 JUNE, 2022 - NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY**

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### PREAMBLE

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

- A. Report on the 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 Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- 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, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

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*Report of the Auditor-General on Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya for the year ended 30 June, 2022 - National Environment Management Authority*

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya set out on pages 1 to 43, which comprise the statement of financial assets as at 30 June, 2022, and the statement of receipts and payments, 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 Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis), the Public Finance Management Act, 2012 and comply with Loan Agreement No. KEN/NIE/Multi/2013/1 dated 4 November, 2014 between the Adaption Fund Board and the Republic of Kenya.

### Basis for Opinion

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

### Key Audit Matters

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

### Other Matter

#### 1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total final budget of Kshs.524,800,990 and actual payments of Kshs.140,326,715 resulting in budget under expenditure of Kshs.384,474,275 or 73%. It was noted that acquisition of non-financial assets reflected the highest budget underutilization of 78% or Kshs.379,169,257.

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*Report of the Auditor-General on Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya for the year ended 30 June, 2022 - National Environment Management Authority*

In the circumstances, the vulnerable communities in Kenya did not receive services equivalent to Kshs.384,474,275 reflected as under expenditure for the year ended 30 June, 2022.

## **2. Unresolved Prior Year Audit Matters**

There were issues raised in the audit report for 2020/2021 financial year of which no report or recommendations from the Project Management and oversight bodies were submitted for audit verification and clearance. The issues remain unresolved and Management has not given satisfactory explanation for delay in resolving them.

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

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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**

##### **1.0. Unsatisfactory Construction of Projects**

The statement of receipts and payments Note 6 to the financial statements reflects acquisition of non-financial assets of Kshs.106,731,733 which relate to construction of civil works. The following observations were made:

##### **1.1 Projects in Laikipia and Kajiado Counties**

Physical verification carried out in October, 2022 on various projects revealed some incomplete projects, omissions of items or works and change in bill of quantities specification all totalling to Kshs.1,551,289. This is contrary to Section 138 (3) and (5) of Public Procurement and Asset Disposal Regulations, 2020.

##### **1.2. Establishment of Seven (7) Adaptation Villages in Kisumu and Homa Bay Counties**

Construction of civil works includes payments amounting to Kshs.21,727,147. The cumulative amount spent as at 30 June, 2022 amounts to Kshs.34,367,798. The contract price for the construction of seven (7) Adaptation Villages in Kisumu and Homa Bay Counties amounted to Kshs.45,253,901 with each Adaptation Village costing Kshs.6,464,843.

The scope of work per adaptation village included drilling, casting, gravel packing and test pumping of the borehole, equipping of the boreholes, contraction of elevated steel pressed water tank, construction of water kiosk, all related civil and plumbing works, sanitation facility and fencing of the land to secure the borehole, sanitation facility and demonstration site. However, Physical verification exercise carried out in October, 2022 revealed some works were not done, some project activities were not labelled and incomplete works. This is contrary to Section 138 (3) and (5) of Public Procurement and Asset Disposal Regulations, 2020.

### **1.3. Construction of Flood Protection Dykes along River Asao**

Construction of civil works includes an amount of Kshs.11,724,710 paid to a firm for construction of flood protection dykes and installation of flood warning system. The total cost for the contract was Kshs.35,087,664 and the cumulative amount paid as at 30 June, 2022 was Kshs.21,448,375 comprising of Kshs.9,723,664 paid previously and Kshs.11,724,710 paid in 2021/2022 financial year. However, physical verification carried out in October, 2022 revealed some incomplete works and change in specifications. The following observations were also noted:

- i) The dyke was not constructed in accordance with the bill of quantities specifications since it was constructed on an existing road therefore there was no site clearance and excavation works done with estimated cost of Kshs.5,493,376. Further, the dyke length was 3.6 kilometers instead of 4 kilometers.
- ii) Slope protection by grassing on both sides of the embankment amounting to Kshs.1,994,040 was not done, further the crest width did not match the bill of quantities specifications of 1.7 meters.
- iii) Control room and installation of flood warning system amounting to Kshs.500,000 were not constructed.
- iv) One (1) sign board was erected instead of two (2) as indicated in the bill of quantities with each signboard costing Kshs.116,000
- v) Tender documents for other bidders were not provided for audit review hence not possible to ascertain if the procurement process was fair, equitable, transparent, competitive and cost-effective.

This is contrary to Section 138 (3) and (5) of Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, the propriety and value of money of the above projects could not be confirmed.

## **2. Lack of Detailed Breakdown of the Annual Procurement Plan**

The National Environment Management Authority annual procurement plan for the 2021/2022 financial year reflect procurement of goods and services for the executing entities on the implementation of Adaptation Fund and GCF Projects of Kshs.631,557,600. However, detailed breakdown of goods works and services to be procured and value of each package of goods, works and services under both Projects were however not reflected in the annual procurement plan .This is contrary to Section 41(a), (f ) and (g ) of Public Procurement and Asset Disposal Regulations, 2020.

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

## **3. Lack of Approved Budget**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects original budget of Kshs.453,897,204 and final budget balance of Kshs.524,800,990. However, the Management did not provide an approved budget to support the balances and the Authority's Board approval minutes. This is contrary to the Section 31(1) of Public Finance Management (National Government) Regulations, 2015.

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

## **4. Incomplete Annual Work Plan**

The 2021/2022 annual work plan reflects total cost of Kshs.76,000,000 on procurement of goods, works and service, workshops and reports, meetings and workshops for Adaptation Fund project. It was however noted that the annual work plan did not provide details of specific activities and timelines. This is contrary to Section 4.3 of National Environment Management Authority Financial Management and Procurement Manual which states that it is the responsibility of the Authority Management to ensure that detailed annual work plans and budgets are prepared and Section 7.1.1 of the NEMA Finance Management Manual.

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

## **5. Irregular Expenditure on Management Fees**

The statement of receipt and payments and as disclosed in Note 5 to the financial statements reflects cumulative to date expenditure on purchase of goods and services totalling to Kshs.99,835,456. The expenditure exceeds the 8.5% maximum expenditure on management fees allowed by the financing agreement of USD 720,216.65 or Kshs.75,622,748 converted at a rate of Kshs.105 by Kshs.24,212,708. This is contrary to Paragraph 8.0.1 of Financing Agreement between the Adaptation Fund Board and National Environment Management Authority (NEMA), signed on 4 November, 2014.

In the circumstance, Management was in breach of the Financing Agreement.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project and to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

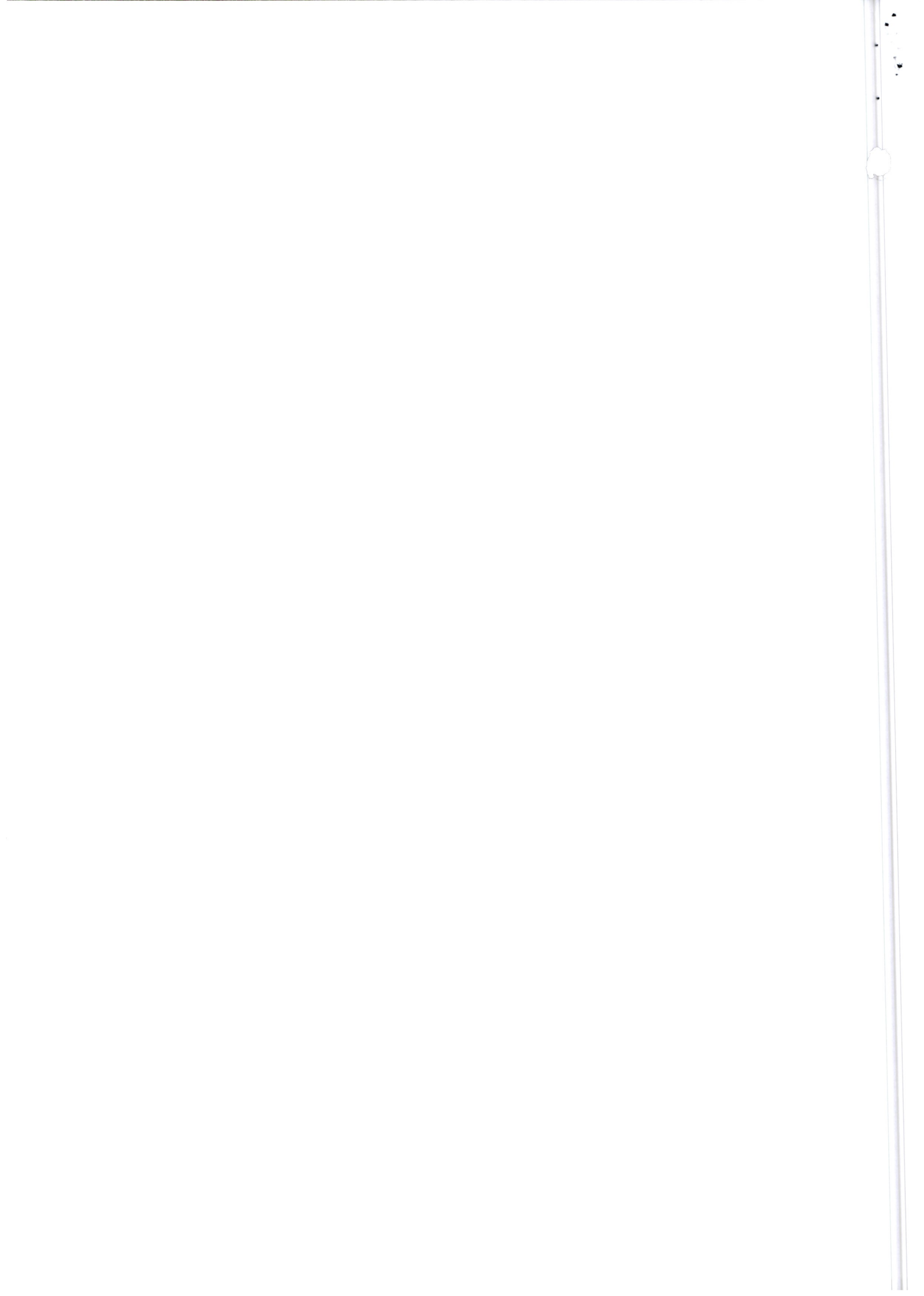
I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**16 December, 2022**



Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya

Annual Report and Financial Statements For the financial year ended June 30, 2022

6. Statement Of Receipts and Payments for The Year Ended 30th June 2022.

	Note	2021-2022		2020-2021		Total	Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties		
Receipts		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Proceeds from domestic and foreign grants	1	-	-	117,759,951	-	117,759,951	1,006,487,955
Proceeds from donor							(29,067,344)
Proceeds from Caritas Nyeri	2	-	-	-	-	-	743,151
Refund from Executing entities	3	29,067,344	-	-	-	-	29,067,344
Miscellaneous Receipts(Exchange gain/Loss)	4	41,836,442	-	4,692,182	-	4,692,182	83,319,081

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**


<b>Total receipts</b>		<b>70,903,786</b>	<b>-</b>	<b>70,903,786</b>	<b>122,452,133</b>	<b>-</b>	<b>122,452,133</b>	<b>1,090,550,187</b>
<b>Payments</b>								
Purchase of goods and services	<b>5</b>	27,468,952	-	27,468,952	9,486,365	-	9,486,365	99,835,456
Acquisition of non-financial assets	<b>6</b>	106,731,733	-	106,731,733	93,720,691	-	93,720,691	219,042,540
Transfers to other government entities	<b>7</b>	5,996,814	-	5,996,814	4,032,668	-	4,032,668	386,690,445
Other payments (Bank Charges)	<b>8</b>	129,216	-	129,216	51,482	-	51,482	507,471
<b>Total payments</b>		<b>140,326,715</b>	<b>-</b>	<b>140,326,715</b>	<b>107,291,206</b>	<b>-</b>	<b>107,291,206</b>	<b>706,075,912</b>
<b>Surplus/ (Deficit)</b>		<b>(69,422,929)</b>	<b>-</b>	<b>(69,422,929)</b>	<b>15,160,927</b>	<b>-</b>	<b>15,160,927</b>	<b>384,474,275</b>


**Note:** Kshs 29,067,344 was earlier disbursed to executing entities and later refunded by them. Therefore the same has been reduced from the cumulative disbursement to the executing entities and received a fresh as receipt since it was received in the year under audit


**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

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

  
.....  
**Mamo B. Mamo, EBS**  
**Director General**

  
.....  
**Wangare Kirumba**  
**Programme Coordinator**

  
.....  
**CPA Kennedy Ochuka**  
**Director Corporate Services**  
**ICPAK Member No: 3872**


**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

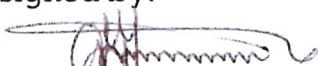
**Annual Report and Financial Statements For the financial year ended June 30, 2022**


**7. Statement of Financial Assets As at 30<sup>th</sup> June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash And Cash Equivalents</b>			
Bank Balances	<b>9.A</b>	384,474,275	453,897,204
<b>Total Cash and Cash Equivalents</b>		<b>384,474,275</b>	<b>453,897,204</b>
Accounts Receivables	<b>13</b>	19,116,278	48,183,622
<b>Total Financial Assets</b>		<b>403,590,553</b>	<b>502,080,826</b>
<b>Represented By</b>			
Fund Balance B/Fwd	<b>11</b>	502,080,826	503,907,357
Decrease in receivables	<b>12</b>	(29,067,344)	(16,987,458)
Surplus/(Deficit) For the Year		(69,422,929)	15,160,927
<b>Net Financial Position</b>		<b>403,590,553</b>	<b>502,080,826</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23<sup>rd</sup> September 2022 and signed by:

  
 .....  
**Mamo B. Mamo, EBS**  
**Director General**

  
 .....  
**Wangare Kirumba**  
**Programme Coordinator**

  
 .....  
**CPA Kennedy Ochuka**  
**Director Corporate Services**  
**ICPAK Member No: 3872**

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**8. Statement of Cash flow for the Year Ended 30<sup>th</sup> June 2022**


<b>Description</b>	<b>Notes</b>	<b>2021-2022</b>	<b>2020-2021</b>
		<b>KShs</b>	<b>KShs</b>
<b>Cash flow from operating activities</b>			
<b>Receipts</b>			
Refunds from Executing entities	<b>3</b>	29,067,344	-
Proceeds from domestic and foreign grants	<b>1</b>	-	117,759,951
Miscellaneous receipts (Exchange gain/loss)	<b>4</b>	41,836,442	4,692,182
<b>Total Receipts</b>		<b>70,903,786</b>	<b>122,452,133</b>
<b>Payments</b>			
Purchase of goods and services	<b>5</b>	(27,468,952)	(9,486,365)
Transfers to other government entities	<b>7</b>	(5,996,814)	(4,032,668)
Other payments ( Bank charges)	<b>8</b>	(129,216)	(51,482)
<b>Total Payments</b>		<b>(33,594,982)</b>	<b>(4,084,150)</b>
<b>Adjustments during the year</b>			
Decrease in receivables	<b>12</b>	(29,067,344)	(16,987,458)
Account receivables		(19,116,278)	
Total Adjustments		(48,183,622)	
<b>Net cash flow from operating activities</b>		<b>(10,874,818)</b>	<b>91,894,160</b>
<b>Cash flow from investing activities</b>			
Acquisition of non-financial assets	<b>6</b>	(106,731,733)	(93,720,691)
<b>Net cash flows from investing activities</b>		<b>(106,731,733)</b>	<b>(93,720,691)</b>
<b>Cash flow from Financing activities</b>			
Proceeds from foreign borrowings		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>(117,606,551)</b>	<b>(1,826.53)</b>
<b>Cash and cash equivalent at</b>		<b>502,080,826</b>	<b>503,907,357</b>

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**


***Annual Report and Financial Statements For the financial year ended June 30, 2022***

<b>beginning of the year</b>			
<b>Cash and cash equivalent at end of the year</b>		<b>384,474,275</b>	<b>502,080,826</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Programme financial statements were approved on 23<sup>rd</sup> September 2022 and signed by:

  
.....  
**Mamo B. Mamo, EBS**  
**Director General**

  
.....  
**Wangare Kirumba**  
**Programme Coordinator**

  
.....  
**CPA Kennedy Ochuka**  
**Director Corporate Services**  
**ICPAK Member No: 3872**

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**9. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30<sup>th</sup> June 2022**

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>Receipts</b>						
Transfer from Government entities	-	-	-	-		
Proceeds from domestic and foreign grants b/d	453,897,204	29,067,344	482,964,548	482,964,548		
Miscellaneous receipts	-	41,836,442	41,836,442	41,836,442		
<b>Total Receipts</b>	<b>453,897,204</b>	<b>70,903,786</b>	<b>524,800,990</b>	<b>524,800,990</b>		
<b>Payments</b>						
Purchase of goods and services	27,770,000		27,770,000	27,468,952	301,048	98%
Acquisition of non-financial assets	416,997,204	68,903,786	485,900,990	106,731,733	379,169,257	22%
Transfers to other government entities	9,000,000	2,000,000	11,000,000	5,996,814	5,003,186	55%
Other payments	130,000		130,000	129,216	784	99%
<b>Total Payments</b>	<b>453,897,204</b>	<b>70,903,786</b>	<b>524,800,990</b>	<b>140,326,715</b>	<b>384,474,275</b>	<b>27%</b>
<b>Surplus or Deficit</b>				<b>384,474,275</b>		

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities  
in Kenya**

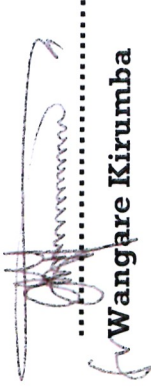
***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.

  
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**Mamo B. Mamo, EBS**  
**Director General**

  
.....

**Wangari Kirumba**  
**Programme Coordinator**

  
.....

**CPA Kennedy Ochuka**  
**Director Corporate Services**  
**ICPAK Member No: 3872**

# **Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

## ***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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### **10. Significant Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below

#### **10.1 Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

#### **10.2 Reporting entity**

The financial statements are for Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under the State Department of Environment. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

#### **10.3 Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

#### **10.4 Recognition of receipts**

The Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

**Significant Accounting Policies (continued)**

**i) Transfers from the Exchequer**

Transfer from Exchequer is be recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

**ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

**iii) Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

**a) Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**b) Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

**c) Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

**Significant Accounting Policies (continued)**

**10.5 Recognition of payments**

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

**i) Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

**iv) Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

**Significant Accounting Policies (continued)**

**10.6 In-kind donations**

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**10.7 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.

**10.8 Restriction on cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

**Significant Accounting Policies (continued)**

**10.9 Imprests and Advances**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**10.10 Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya 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.

**Annex 5** of this financial statement is a register of the contingent liabilities in the year.

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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**Significant Accounting Policies (continued)**

**10.11 Contingent Assets**

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

**10.12 Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**10.13 Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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**Significant Accounting Policies (continued)**

receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

**10.14 Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, there were no loan disbursements received in form of direct payments from third parties.

**10.15 Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

**10.16 Comparative figures**

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

**10.17 Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2022.

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

**Significant Accounting Policies (continued)**

**10.18 Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in note 12 of these financial statements.

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**11. Notes To the Financial Statements continued**

**1. Proceeds From Domestic And Foreign Grants**

During the 12 months to 30 June 2022, NEMA did not receive any grants on behalf of the programme from donors since the last tranche was disbursed in 2020

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs		Cumulative
						2021-2022 KShs	2020-2021 KShs	
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-	-
Adaptation Fund Board	18/8/20	1,087,220	-	-	-	-	117,759,951	1,006,487,955
Grants Received from Local Individuals and								



**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**Notes To The Financial Statements (Continued)**

**2. Proceeds from Caritas Nyeri**

<b>Executing entity</b>	<b>Amount received Ksh</b>	<b>Date Received</b>	<b>Reference</b>
CARTAS	743,151	02/05/2019	Cheque deposit Chq000124
<b>Total</b>	<b>743,151</b>		

During the 12 months to 30 June 2022, we received funds from Caritas Nyeri as shown above

**Integrated Programme to build resilience to climate change and adaptive capacity of vulnerable communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**Notes To The Financial Statements (Continued)**

**3. Refund from Executing Entities**

<b>Executing entity</b>	<b>Total disbursement Ksh</b>	<b>Amount surrendered Ksh</b>	<b>Amount refunded Ksh</b>
KEFRI (World vision)	3,338,784.00	59,036.00	3,279,748.00
ADRA KENYA	17,732,076.00	11,269,076.00	6,463,000.00
CARITAS	31,083,362.00	11,252,786.00	19,324,596.00
<b>Total</b>	<b>52,154,222.00</b>	<b>22,580,898.00</b>	<b>29,067,344.00</b>

During the 12 months to 30 June 2022, we received funds from the executing entities as shown above

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**Notes To The Financial Statements (Continued)**

**4. Miscellaneous Receipts**

	2021-2022		2020/2021	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties		
	Kshs	Kshs	Kshs	Kshs
Property income	-	-	-	-
Sales of goods and services	-	-	-	-
Administrative fees and charges	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-
Voluntary transfers other than grants	-	-	-	-
Other receipts not classified elsewhere	41,836,441.81	-	4,692,182	83,319,081
<b>Total</b>	<b>41,836,441.81</b>	<b>-</b>	<b>4,692,182</b>	<b>83,319,081</b>

The miscellaneous receipts relate to exchange gain/loss during the 12 months to 30 June 2022 as shown below:

Exchange gain/Loss		
Date	Doc Number	Amount
09/23/22	JV 2021-2022 519	364,345.92
	Being exchange gain for September 2021	

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**Annual Report and Financial Statements For the financial year ended June 30, 2022**

12/06/21	JV 2021-2022 519	Being exchange gain for December 2021	207,353.55
01/19/22	JV 2021-2022 519	Being exchange gain for January 2022	398,101.20
01/28/22	JV 2021-2022 519	Being exchange gain for January 2022	1,529,873.11
03/29/22	JV 2021-2022 519	Being exchange gain for March 2022	673,824.65
04/27/22	JV 2021-2022 519	Being exchange gain for March 2022	619,412.85
06/08/22	JV 2021-2022 519	Being exchange gain for June 2022	775,276.90
06/24/22	JV 2021-2022 519	Being exchange gain for June 2022	3,011,122.20
06/30/22	JV 2021-2022 519	Being unrealized exchange gain for the year ended 30 June 2022	34,257,131.63
		<b>Total</b>	<b>41,836,441.81</b>

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**Notes To The Financial Statements (Continued)**

**5. Purchase Of Goods And Services**

	2021/2022			2020/2021		Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments		
	KShs	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	-	4,957,784	
Domestic travel and subsistence	18,492,472	-	18,492,472	7,463,633	74,148,276	
Foreign travel and subsistence	4,682,518.00	-	4,682,518	-	8,188,132	
Printing, advertising, and information supplies	1,603,296	-	1,603,296	280,552	2,148,000	
Training payments	-	-	-	-	1,485,200	
Hospitality supplies and services	1,487,483	-	1,487,483	345,977	3,561,647	
Specialized materials and services	629,010	-	629,010	1,396,203	4,529,244	
Routine maintenance – vehicles and other transport equipment	574,173	-	574,173	-	817,173	
<b>Total</b>	<b>27,468,952</b>	<b>-</b>	<b>27,468,952</b>	<b>9,486,365</b>	<b>99,835,456</b>	

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**Notes To The Financial Statements (Continued)**

**6. Acquisition Of Non-Financial Assets**

	2021-2022		Total Payments	Total Payments	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties			
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Construction of civil works	106,731,733	-	93,590,217	0	200,321,950
Purchase of vehicles & other transport equipment	-	-	130,518	-	14,268,620
Purchase of household furniture & institutional equipment	-	-	-	-	4,200,214
Purchase of office furniture & general equipment	-	-	-	-	251,800
<b>Total</b>	<b>106,731,733</b>	<b>-</b>	<b>93,720,735</b>	<b>-</b>	<b>219,042,584</b>

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**Notes To The Financial Statements (Continued)**

**7. Transfers To Other Government Entities**

During the 12 months to 30 June 2022, we transferred funds to executing entities as shown below:

	2021-2021		Total Payments	2021-2020	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties			
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Kenya Forestry Research Institute (KEFRI)	5,996,814		5,996,814	-	144,014,373
Tana & Athi Rivers Development Authority(TARDA)	-		-	-	206,964,620
Coast Development Authority (CDA)				4,032,668	64,778,796
<b>Total</b>	<b>5,996,814</b>		<b>5,996,814</b>	<b>4,032,668</b>	<b>415,757,789</b>
Less amount Refunded					29,067,344
<b>Balance</b>					<b>386,690,445</b>

**Integrated Programme to build resilience to Climate Change and Adaptive Capacity of vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**Notes To The Financial Statements (Continued)**

**8. Other Grants And Transfers And Payments**

	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to-date
	Kshs	Kshs	Kshs	Kshs	
				2020-2021	
				2022-2021	
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g. schools	-	-	-	-	-
Miscellaneous payments	129,216	-	129,216	51,482	507,471
<b>Total</b>	<b>129,216</b>	<b>-</b>	<b>129,216</b>	<b>51,482</b>	<b>507,471</b>

Miscellaneous payments relate to bank charges as per the breakdown below:

Doc Date	Doc No.	Ext. Doc No.	Description	Amount	Cumulative
07/31/21	Payment	JV NO.2021/22-071	Being bank charges for July 2021	15,297.97	
08/31/21	Payment	JV NO.2021/22-077	Being bank charges for August 2021	2,804.97	
08/31/21		JV 2021-2022 086	Bank charges for August 2021	1,063.54	
09/30/21		JV 2021-2022 JV 078	Being bank charges for September 2021	3,600.01	
10/31/21		JV 2021-2022 079	Being bank charges for October 2021	3,119.99	

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11/30/21	JV 2020/2021 JV 243	Being bank charges for November 2021	8,543.99
12/31/21	JV 2020/2021 JV 245	Being bank charges for December 2021	7,164.00
12/31/21	JV 2020/2021 JV 246	Being bank charges for December 2021	58.42
01/31/22	JV NO. 2021/2022-303	Being bank charges for January 2022	5,615.92
01/31/22	JV. NO.2021/22-323	Being bank charges for January 2022	120.28
02/28/22	JV.NO. 2021/22-314	Being bank charges for Feb 2022	31,007.89
03/29/22	JV.NO 2021/2022-345	Being bank charges for March 2022	60.88
03/31/22	JV.NO.2021/2022-341	Being bank charges for March 2022	4,332.00
04/30/22	2021-2022 JV 0384	Being bank charges for April 2022	12,084.00
04/30/22	2021-2022 JV 386	Being bank charges for April 2022	60.37
05/31/22	JV.NO. 2021/22-439	Being bank charges for May 2022	8,508.00
06/30/22	JV 2021/22 -0456	Being bank charges for June 2022	117.31
06/30/22	JV.NO.2021-2022-458	Being bank charges for June 2022	25,655.98
	<b>TOTAL</b>		<b>129,216</b>
			<b>507,471</b>

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

*Annual Report and Financial Statements For the financial year ended June 30, 2022*

**Notes To The Financial Statements (Continued)**

**9. Cash And Cash Equivalents**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts (Note 9A)	384,474,275	453,897,204
Cash in hand (Note 9B)	-	-
Cash equivalents (short-term deposits) (Note 9C)	-	-
<b>Total</b>	<b><u>384,474,275</u></b>	<b><u>453,897,204</u></b>

**9. A Bank Accounts**

**Project Bank Accounts**

<b>Details</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
<b><u>Foreign Currency Accounts(USD)</u></b>		
Kenya Commercial Bank [A/c No.1165595192]	3,504,746.71	4,524,442.49
<b>Total Foreign currency balances</b>	<b>3,504,746.71</b>	<b>4,524,442.49</b>
<b><u>Local Currency Accounts</u></b>		
Kenya Commercial Bank KES Equivalent (A/c No.1165595192)	412,972,716.00	487,961,123.00
Kenya Commercial Bank Kshs account (A/c No.1218639164)	23,916,434.00	30,536,107.00
<b>Total bank account balances</b>	<b><u>436,889,150.00</u></b>	<b><u>518,497,230.00</u></b>
<b>Less:</b>		
GCF Readiness	1,321,102.00	19,910,423.00
GCF PPF	26,740,694.00	31,387,985.00
South South	8,509,427.00	13,301,618.00
Technical Assistance	312,679.00	-
Learning Grant	15,530,973.00	-
<b>AF Bank Balance</b>	<b>384,474,275.00</b>	<b>453,897,204.00</b>

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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**Special Deposit Accounts**

The Project does not have a special deposit Account

**9 B Cash In Hand**

The project does not have cash-in-hand operations.

**9 C Cash equivalents (short-term deposits)**

The project does not have short-term deposits.

**10. Imprests and Advances**

<i>Description</i>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	-	-
Salary advances	-	-
<b>Total</b>	-	-

Note. All imprests issued in the year were fully surrendered

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

*Annual Report and Financial Statements For the financial year ended June 30, 2022*

**Notes To The Financial Statements (Continued)**

**11. Fund Balance Brought Forward**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	502,080,826	442,391,339
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding Imprests and advances	-	61,516,018
<b>Total</b>	<b>502,080,826</b>	<b>503,907,357</b>

**12. Decrease in Receivables**

<b>Institution</b>	<b>Total disbursement</b>	<b>Amount surrendered</b>	<b>Amount refunded</b>	<b>Outstanding Balance 2022</b>
KEFRI (World vision)	3,338,784.00	59,036.00	3,279,748.00	-
ADRA KENYA	17,732,076.00	11,269,076.00	6,463,000.00	-
CARITAS	31,083,362.00	11,252,786.00	19,324,596.00	505,980.00
<b>Total</b>	<b>52,154,222.00</b>	<b>22,580,898.00</b>	<b>29,067,344.00</b>	<b>505,980.00</b>

The prior year adjustments relate amounts refunded by executing entities during the 12 months ending 30 June 2022

**13. Accounts Receivable**

<b>Institution</b>	<b>Total disbursement</b>	<b>Total amount surrendered</b>	<b>Outstanding Balance 2022</b>	<b>Outstanding Balance 2021</b>
KEFRI	96,613,555	96,613,555	-	-
NASARU	7,708,889	7,708,899	-	39,528
KU	2,002,762	1,906,184	96,578	321,287

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

VIRED	32,705,183	20,335,260	12,369,923	13,830,477
WORLD VISION	3,338,784	3,338,784		3,338,784
<b>Sub total</b>	<b>142,369,173</b>	<b>129,902,682</b>	<b>12,466,501</b>	<b>17,530,076</b>
TARDA	72,173,962	72,173,962	-	-
ADRA KENYA	17,732,076	17,732,076	-	6,324,375
CARITAS	31,083,362	30,577,382	505,980	19,830,576
KENYA RED CROSS	40,326,640.00	40,326,640	-	-
HORNAID KENYA	45,648,580	45,648,580	-	-
<b>Sub total</b>	<b>206,964,620</b>	<b>206,458,640</b>	<b>505,980</b>	<b>26,154,951</b>
CDA	64,778,796	60,280,201	4,498,595	4,498,595
<b>Sub total</b>	<b>64,778,796</b>	<b>60,280,201</b>	<b>4,498,595</b>	<b>4,498,595</b>
LBDA	1,645,200		1,645,200	
<b>Sub total</b>	<b>1,645,200</b>		<b>1,645,200</b>	
<b>Grand Total</b>	<b>415,757,789</b>	<b>396,641,523</b>	<b>19,116,278</b>	<b>48,183,622</b>

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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**12. Other Important Disclosures**

**1. Pending Accounts Payable (See Annex 3a)**

	Balance b/f FY 2020/2021	Existing Contracts Bal. bf Y2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
	Kshs		Kshs	Kshs	Kshs
Construction of civil works	10,768,874	109,608,584	111,557,401	106,731,733	125,203,126
Supply of services	-		1,950,000	390,000	1,560,000
<b>Total</b>	<b>10,768,874</b>	<b>109,608,584</b>	<b>113,507,401</b>	<b>107,121,733</b>	<b>126,763,126</b>

**2. Pending Staff Payables (See Annex 3b)**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note. There were no pending staff payables for the year ended June 2022

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

***Annual Report and Financial Statements For the financial year ended June 30, 2022***

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**Other Important Disclosures (Continued)**

**3. External Assistance**

The project did not have any external assistance during the year.

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

**Annual Report and Financial Statements For the financial year ended June 30, 2022**

**13. Progress On Follow Up Of Prior Year Auditor's Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Low Absorption	A review of the financing agreement revealed that the project closing date was extended to 31 <sup>st</sup> December 2021 at no cost. Statement of receipts and payments indicates that a budget of Kshs 15,160,927 represents unutilized funds. Several projects had not started casting doubts on the ability of management to		Resolved	

**Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya**

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	completed the pending activities			
Budget overrun on Management fee	The balance of the Management fee is Kshs 3,500,000 . Its not clear how Management administer the remaining project activities within this budget	The management confirms stick within the balance to administer the project within the remaining period	Resolved	
Projects Not started	Sixteen projects are yet to be implemented within the remaining three months	The programme activities were considerably slowed down by the COVID-19 pandemic		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>especially in the initial stages of the pandemic when not enough about the virus was known. This necessitated cessation of most activities. However, with the development of containment measures and protocols, the project activities picked up and management is doing everything possible to recover lost time.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Management appreciates that it will not be possible to complete the remaining project activities within the remaining project time. Consequently, a process to seek a no-cost extension has been initiated. The AF is appreciative of the challenges posed by COVID and other implementation challenges and considers such</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		requests under the temporary measures to mitigate COVID-19 impacts.		
Variation on Smallholder Irrigation project	Thome smallholder irrigation project was awarded at a cost of Kshs60,546,432 but later varied to 68,065,050 which variation was in contravention of Section139(3) of the Public Procurement and Disposal Act 2015	Management has noted your observation and wish to state that the final design had two water pans (25000 and 4000 M3 respectively) but at the time of bidding, the Program had not received all monies. To comply with the procurement procedures i.e. not to	Resolved	

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		<p>undertake procurement unless it is backed by a budget, a revision of the BoQ was done to exclude the 4000 cum water pan. During the execution of the project, the remaining amount was received. The Contractor was awarded the variation as given the project timelines, it would be faster to achieve completion since he</p>		

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		<p>was already on site. Secondly he had knowledge of the project and the amount in question did not exceed 25 percent of contract value which would have required retendering</p>		
Approval to implement project	NEMA has undertaken to implement projects contrary to the financing agreement	Inadequate capacity to undertake procurement, and failure to follow the laid down	Not Resolved	December 2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>even though this was backed by Board resolutions</p>	<p>procurement procedures was identified as a major programme risk. According to the financing agreement, NEMA as an NIE bears full responsibility for the financial management of the programme, and there was need to reduce exposure of NEMA to these risks. Moreover, there was concern that procurement</p>	<p>Resolved / Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>challenges were the main reason for low progress and absorption of the programme for the first three years, and there was need to mitigate this for the programme to achieve its objectives.</p>		
Uncompleted civil works	Physical verification of project sites revealed that the works had not been completed	All the civil works are ongoing and nearing completion	Resolved	

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.....  
**Mamo B. Mamo, EBS**  
**Director General**

.....  
**Wangare Kirumba**  
**Programme Coordinator**

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**14. Annexes**

**Annex 1 - Variance Explanations - Comparative Budget and Actual Amounts for FY 2021-2022**

<b>Receipts / Payments Item</b>	<b>Original Budget</b> a	<b>Adjustments</b> b	<b>Final Budget</b> c=a+b	<b>Actual on Comparable Basis</b> d	<b>Budget Utilization Difference</b> e=c-d	<b>% of Utilization</b> f=d/c %	<b>Comments on variance (below 90% and over 100%)</b>
<b>Receipts</b>							
Transfer from Government entities	-	-	-	-			
Proceeds from domestic and foreign grants b/d	453,897,204	29,067,344	482,964,548	482,964,548			
Miscellaneous receipts	-	41,836,442	41,836,442	41,836,442			
<b>Total Receipts</b>	<b>453,897,204</b>	<b>70,903,786</b>	<b>524,800,990</b>	<b>524,800,990</b>			
<b>Payments</b>							
Purchase of goods and services	27,770,000	-	27,770,000	27,468,952	301,048	98%	
Acquisition of non-financial assets	416,997,204	68,903,786	485,900,990	106,731,733	379,169,257	22%	Construction works are on going
Transfers to other government entities	9,000,000	2,000,000	11,000,000	5,996,814	5,003,186	55%	Construction works are on going
Other payments	130,000	-	130,000	129,216	784	99%	
<b>Total Payments</b>	<b>453,897,204</b>	<b>70,903,786</b>	<b>524,800,990</b>	<b>140,326,715</b>	<b>384,474,275</b>	<b>27%</b>	<b>Construction works are ongoing</b>
<b>Surplus/ (Deficit)</b>				<b>384,474,275</b>			

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**Annex 2: Reconciliation of Inter-Entity Transfers**

<b>Project Name:</b>		<b>Break Down Of Transfers From The State Department Of XXX</b>		
<b>a. Government Counterpart</b>	<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>Amount (Kshs)</b>	<b>Indicate The FY To Which the Amounts Relate</b>
		-		
		-		
		-		
	<b>Total</b>	-		
<b>B. Direct Payments</b>	<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>Amount (Kshs)</b>	<b>Indicate The FY To Which the Amounts Relate</b>
		-		
	<b>Total</b>	-x		
<b>C. Others</b>	<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>Amount (Kshs)</b>	<b>Indicate The FY To Which the Amounts Relate</b>
		-		
		-		
	<b>Total</b>	-		
	<b>TOTAL(A+B+C)</b>	-		


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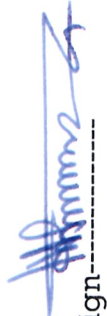
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No amounts were received during the year ending 30 June 2022

Wangare Kirumba  
Programme Coordinator

  
Sign

Head of Accounting Unit  
NEMA

  
Sign

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**Annex 3a - Analysis of Pending Bills**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021-2022	Outstanding Balance 2020/21	Comments
a	b	c	d=a-c			
<b>Construction of civil works</b>						
Rayfa Construction Ltd (Thome water project)	68,042,464	24-Aug-20	58,948,289	6,804,246	4,877,623	Retention
Masai Store Ltd (construction of adaptation village in Kajiado and Machakos)	47,121,022	28 <sup>th</sup> August 2020	38,462,025	3,224,295	3,313,363	Retention
Hashi Drilling Co. Ltd (Construction of adaptation village in Kisumu and Homabay county)	45,253,901	29 <sup>th</sup> Sept 2020	32,763,214	12,490,687	1,200,286	Works on going
Hashi Drilling Co. Ltd (Construction of adaptation village in Wajir and Garissa)	38,990,805	29 <sup>th</sup> Sept, 2020	24,606,345	14,384,460	1,377,602	Works on going
Eddys Engineering Ltd (Construction of dykes in Kisumu county)	35,087,664	19 <sup>th</sup> January 2022	9,304,540.00	25,783,124	0	Works on going

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	6th	5,552,088.00	49,968,000	0	10%advance payment
Everest Industries Supplies Ltd( Fencing & Construction of basic halls)	January 2022	55,520,088	49,968,000	0	
Delutide LTD ( Construction of evacuation centers in Kisumu)	12th April 2022	18,999,649	12,548,314	0	1st IPC No. 1
Ring Africa Consultants( Mid Term Review)	20th April 2022	1,950,000	1,560,000	0	Ongoing
<b>Total</b>		<b>310,965,593</b>	<b>126,763,126</b>	<b>10,768,874</b>	

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**Annex 3b - Analysis of Pending Staff Bills**

<b>Name of Staff</b>	<b>Job Group</b>	<b>Original Amount</b>	<b>Date Payable Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2020-2021</b>	<b>Outstanding Balance 2019/20</b>	<b>Comments</b>
<b>Permanent Employees - Management</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Permanent Employees - Others</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Temporary employees</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

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**Annex 3c - Analysis Of Other Pending Payables**

<b>Name</b>	<b>Brief Transaction Description</b>	<b>Original Amount</b>	<b>Date Payable Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 20xx</b>	<b>Outstanding Balance 20xx</b>	<b>Comments</b>
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

There were no pending staff payables during the year ending 30 June 2022

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**Annex 4 – Summary of Fixed Assets Register**

<b>Asset class</b>	<b>Opening Cost (Kshs) 2021-2022 (a)</b>	<b>Donations in form of assets (Kshs) 2021-2022 (b)</b>	<b>*Purchases / Additions in the Year (Kshs) 2021-2022 (c)</b>	<b>**Disposals in the Year (Kshs) 2021-2022 (d)</b>	<b>Transfers in/(out) Kshs 2021-2022 (d)</b>	<b>Closing Cost (Kshs) 2021-2022 (e)= (a)+ (b)+c)-(d)+(-)d</b>
Transport equipment	14,627,176	-	-	-	-	14,627,176
Office equipment, furniture and fittings	2,832,620	-	-	-	-	2,832,620
<b>Total</b>	<b>17,459,796</b>					<b>17,459,796</b>

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**Annex 5 – : Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2022
- ii. Signed confirmations from beneficiaries in Transfers to other Government Entities