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THE AUDITOR-GENERAL

ON

**LAKE NAIVASHA BASIN ECOSYSTEM
BASED MANAGEMENT PROJECT
(GRANT NO. CC15346)**

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

NATIONAL ENVIRONMENT TRUST FUND



PROJECT NAME: LAKE NAIVASHA BASIN ECOSYSTEM BASED MANAGEMENT
PROJECT

IMPLEMENTING ENTITY: WORLD WILDLIFE FUND, LEAD EXECUTING AGENCY:
NETFUND

PROJECT GRANT NUMBER: CC15346

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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1 Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NETFUND	National Environment Trust Fund
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

2 Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Lake Naivasha Basin Ecosystem Based Management.

Objective

The key objective of the project is to restore forest ecosystems and reduce land degradation in the LNB catchment for increased protection of Lake Naivasha's water resources, biodiversity, and associated ecosystem services to support the local and national economy.

Address

The project headquarters offices are in Nairobi *City*, Nairobi County, Kenya. The address of its registered office is P.O. Box 19324-00202, Nairobi.

The project also has a field-based office at Ol Kalau, hosted at the Kenya Forest Service offices in Ol Kalau Town C/O County Forest Conservator, Nyandarua P.O. Box 289-203003, OLKALOU
Tel: +254, 709751863

Contacts: The following are the project contacts

National Environment Trust Fund

National Water Plaza, Industrial Area, 1st Floor

P.O. Box: **PO BOX 19324-00202**

Telephone: (254) 0202369563

E-mail: info@netfund.go.ke

Website: www.netfund.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	01/04/2024
Project End Date:	30/03/2028
Project Coordinator:	Mr Alfred Manyanya Asengi
Project Development Partner:	WWF-US

2.3 Project Overview

Line Ministry or State departments/ County Department	The Ministry of Environment, Climate Change and Forestry, State Department of Environment and Climate Change
Project number	1331104300
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> i. Strengthening the enabling conditions for integrated landscape management in Lake Naivasha Basin (LNB) ii. Market and financial mechanisms for implementation of the LNBIMP iii. Improved land management in upper Lake Naivasha Basin iv. Knowledge Management and Monitoring and Evaluation <p><i>Specific Objectives of the project include:</i></p> <ul style="list-style-type: none"> a) <i>To harmonize inter-sectoral and multi-stakeholder planning and management across LNB and County plans for integrated, inclusive and sustainable land management in LNB</i> b) <i>To improve access to finance for implementation of restoration and improved land management activities in LNB</i> c) <i>To improved access to markets for sustainable agricultural produce</i> d) <i>To improve capacity of LNB smallholder farmers for the transition towards sustainable and biodiversity-friendly agricultural practices</i> e) <i>To Implement priority forest land management and restoration interventions in the Lake Naivasha upper catchment area for enhanced water and biodiversity protection</i> f) <i>To enhance effective Knowledge Management and communications ensured to support long-term support for Lake Naivasha Basin with potential for upscaling and replication</i> g) <i>To promote effective M&E ensured to inform effective adaptive project management</i>

<p>Summary of Project Strategies for achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following strategies:</p> <ol style="list-style-type: none"> 1. Development of Lake Naivasha Basin Integrated Management Plan (LNBIMP) <ol style="list-style-type: none"> a. Undertake review and update the LNBIMP using a participatory, multi-sectoral, and gender-sensitive approach. b. Mainstreaming or Integrating LNBIMP into Nakuru and Nyandarua County Annual Development Plans. c. Establishment of a multi- stakeholder forum for coordination as well as knowledge and best practices exchange 2. Securing Sustainable Financing and Market opportunities <ol style="list-style-type: none"> a. Development of a sustainable finance and resource mobilization strategy for the implementation of LNBIMP. b. Restructuring and operationalising a payment for ecological services (PES) scheme, aligning with the Water Towers Bill (2022) c. Strengthening market opportunities for sustainable agricultural products via Naivasha Basin Sustainable Horticulture Farmers group and other market outlets 3. Improving capacity of Smallholders farmers for Sustainable Agriculture and Restoration Practices <ol style="list-style-type: none"> a. Collaborate with County Agricultural Development Departments and extension officers at County and Ward level in Nakuru and Nyandarua to build capacity of farmers to transition to Sustainable agriculture. b. Partners with the Kenya Forest Service (KFS) to undertake restoration of degraded forest landscapes in Lake Naivasha Basin 4. Promotion of Knowledge Management and Sharing <ol style="list-style-type: none"> a. Develop and share lessons on integrated planning, sustainable farming, and forest restoration. b. Produce knowledge products (brochures, pamphlets, models) for local and wider audiences. c. Link farmer support with financing models (e.g., voluntary downstream payments). d. Knowledge from the project will also be shared beyond LNB to inform interventions in other NETFUND Green Zones Development Projects, GEF projects, and Government policies. e. Implement project level Monitoring & Evaluation plan to capture lessons for adaptive management and replication of ecosystem-based approaches.
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	<p>f. Document best practices for the scaling-up and replication of the ecosystem-based management approach.</p>
<p>Other important background information of the project</p>	<ul style="list-style-type: none"> i. The project targets the Lake Naivasha Basin Ecosystem ii. The Lake Naivasha Basin (LNB) Ecosystem is located in the eastern Rift Valley in Kenya, covers about 3,400 km², and spans across three counties; Nakuru, Nyandarua and Narok Counties iii. The project is however focused on Nakuru and Nyandarua counties and covers only 7 sub-counties and 25 wards which fall within the basin iv. The basin starts from the highlands of the Aberdares and down to the downstream in Lake Naivasha v. Project oversight and strategic guidance will be provided by a national Project Steering Committee (PSC) comprising NETFUND, the Ministry of Environment and Forestry, the Ministry of Agriculture, Livestock, Fisheries and Co-operatives, NEMA, the Nyandarua and Nakuru County Governments, WWF-Kenya, LANABLA, with the GEF Agency participating as an observer. vi. The PSC will meet twice yearly to review project progress, endorse the Annual Workplan and Budget, and address strategic matters. vii. A Technical Committee and various technical working groups have been formed to ensure smooth implementation of the project interventions.
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps: Lack of collective accountability between upstream and downstream water users and actors</p> <ul style="list-style-type: none"> i. Inadequate institutional coordination between Government and non-Government agencies ii. Limited financial and market incentives for farmers to transition to sustainable production practices iii. Limited access to finance for farm inputs and investments required to transition to sustainable production practices iv. Limited capacity of extension services to support farmers in their transition to sustainable production practices v. Limited finance and capacity for implementing effective landscape management and restoration
<p>Project duration</p>	<p>Four (4) Years</p>

Project Information and Overall Performance (Continued)

2.4 Bankers

Co-operative Bank
 Upper Hill Branch
 KUSSCO Centre
 P.O. Box 48231 - 00100,
 Nairobi

2.5 Independent Auditor

The project is audited by the Auditor General
 P.O Box 30084-00100
 Nairobi
 Kenya

2.6 Roles and Responsibilities

No	Names	Title designation	Key qualification	Responsibilities
1.	Michael Okok	Projects Manager	<ul style="list-style-type: none"> • A programme management specialist with over 13 years' experience • Holds a MSc in Urban Environment and Climate Change and a BSc in Earth Science • Certificate in Projects management 	<ul style="list-style-type: none"> • Overall coordination of implementing partner's project • Budget and workplan management • Liaison between NETFUND and the AICS • Preparation of Project Technical reports
2.	Evans Kiprotich	Finance Manager	<ul style="list-style-type: none"> • A finance and accounting professional with over 14 years' experience • Holds a master's in finance and is a certified public accountant of Kenya 	<ul style="list-style-type: none"> • Budget management • Processing payments for project activities • Preparation of project financial reports

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No	Names	Title designation	Key qualification	Responsibilities
3.	Brenda Korir	Manager, Supply Chain (Procurement)	<ul style="list-style-type: none"> • A supply chain management practitioner for over thirteen (13) years working experience • Certified procurement and supply professional Kenya (K) • Post graduate Diploma in purchasing and supplies • Master's in business administration (Supply Chain Management option) • Bachelor of Arts Degree (ED) 	<ul style="list-style-type: none"> • Procurement of goods, works and services and contract management

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No	Names	Title designation	Key qualification	Responsibilities
4.	Alfred Asengi	Project Coordinator	<ul style="list-style-type: none"> • A project Management specialist with over 10 years' experience • A Natural resource management and food systems specialist • Holds MSc. Education for Sustainability. • A bachelor's degree in environmental science 	<ul style="list-style-type: none"> • Supervise staff in the Project Management Unit (PMU), • Coordinate with project partners and provide day-to-day management of the project. • Provide targeted technical support to the design and implementation of project activities • Day-to-day management, monitoring and evaluation of project activities and results • In collaboration with all project implementing partners, develop the Annual Work Plan and Budget (AWPB) for each project year • Undertake reporting and documentation for the project
5.	Miriam Mule	Principal Project Officer	<ul style="list-style-type: none"> • A Monitoring, Evaluation and Learning (MEL) officer • A Safeguards specialist • Master's degree in Monitoring and Evaluation and bachelor's degree in environmental studies and Community Development 	<ul style="list-style-type: none"> • Tracking and reporting project implementation against project work plans, and reporting progress towards outcome indicator targets • Collection and analysis of different data in relation to the project activities, outputs, and outcomes; maintaining the M&E results framework of the projects • Support in preparing quarterly, semi-annual, and annual reports on project progress • Be responsible for ensuring that the project maintains its strategic vision and that the activities result in the achievement of their intended

No	Names	Title designation	Key qualification	Responsibilities
				<p>outputs and outcomes in a cost effective and timely manner, as well as contributing to project team discussions of potential opportunities for adaptive management</p> <ul style="list-style-type: none"> • Coordination and supervision of environment/social safeguarding related to execution of the Project (execution of the Environmental and Social Safeguards Management Framework (ESMF) and the related Process Framework) • Responsible for the design and implementation of the project-level Grievance Redress Mechanism
6.	Isaac Soita	Field Officer - Community Engagement and Gender	<ul style="list-style-type: none"> • Experienced Project management specialist with over 5 years of work experience • experience of Over 3 years of gender mainstreaming and women's empowerment in natural resource management project setting • Holder of bachelor's degree is required in social sciences, gender studies, community development, social anthropology, 	<ul style="list-style-type: none"> • Responsible for leading the delivery of the Stakeholder Engagement Plan (SEP), community engagement processes to achieve all the project outputs, and the Gender Action Plan (GAP) for the project • Provide assistance with research projects on the ground • Assist in day to day running of the project office • Support the coordination of meetings and workshops with communities or other stakeholders in the landscape • Implement initiatives to strengthen the communities in sustainable horticulture production and forest landscape management and restoration
7.	Luke, George Nyamai	Finance and Operations Officer	<ul style="list-style-type: none"> • Experienced project accountant • Member of ICPAK • Holder of CPA K 	<ul style="list-style-type: none"> • Responsible for all financial and operational aspects of the Project including project budgeting, contracting, sub-recipient monitoring and evaluations, financial tracking

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No	Names	Title designation	Key qualification	Responsibilities
			<ul style="list-style-type: none"> Bachelor's degree in finance- Accounting option. 	<ul style="list-style-type: none"> and reporting, and administrative functions Provides financial and administrative assistance to, and oversight of, program staff and grantees to ensure that budgets and agreements are handled in accordance with WWF policies, procedures, systems, and donor requirements

2.7 Funding summary

The Project is for a duration of 4 years from 2024 to 2028 with an approved budget of US\$ 1,785,422 equivalent to Kshs 223,319,929 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30th June 2025)		Undrawn balance to date	
	Development Partner currency USD	Kshs	Development Partner currency USD	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant						
World Wildlife Fund (WWF), US	1,785,422	223,319,929	240,000	30,019,112	1,545,422	193,300,817
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	1,785,422	223,319,929	240,000	30,019,112	1,545,422	193,300,817

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30th June 2025)		Cumulative amount paid to date – (30th June 2025)		Unutilised balance to date	
					(30th June 2025)	
	Development Partner currency USD	Kshs	Development Partner currency USD	Kshs	Development Partner currency USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
World Wildlife Fund (WWF), US	240,000	30,019,112	83,033	10,385,743	156,967	19,633,369
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	240,000	30,019,112	83,033	10,385,743	157,967	19,633,369

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

The following key activities were achieved during the reporting period:

Component 1: Strengthening the enabling conditions for integrated landscape management in Lake Naivasha Basin (LNB)

Output 1.1.1. Participatory review and update of the Lake Naivasha Basin Integrated Management Plan (LNBIMP) 2023-2033

Activity 1.1.1.1: Consultations with key stakeholders to build support for the Plan and alignment with County Plans and priorities

Key Achievements:

- Stakeholder mapping and engagement undertaken through multi stakeholder engagement approach and through various forums.
- Three (3) stakeholder sensitization meetings on the project and planning for the project launch, to engage local strategic stakeholders for the implementation of the project. Twenty-five (25) stakeholders were engaged where 14 were male and 11 female.
- The Project was launched through a public forum with the objective of sensitizing and securing stakeholders buy-in and support for the project objective and particularly the integrated landscape management in Lake Naivasha Basin (LNB). This was a high-level event with participation of the Cabinet Secretary for Environment, Climate Change and Forestry, governors for the county governments of Nyandarua and Nakuru counties, Principal Secretary for the state department of environment and climate change, and leaders of the Civil Society Organizations and local communities. A total of 395 participants attended the launch where male made up to 68% while females were 32%. Key outcomes of this engagement include commitment by political leadership and local communities to support the initiative and project disclosure was also conducted
- Held a multi-stakeholder consultation workshop that included the project Technical Advisory committee members, GEF technical focal point representative and local communities and leaders. This brought together 39 participants where males were 27 while female were 12.

Activity 1.1.1.2: Collection of data on key socio-economic trends and developments in the basin

Key Achievements

- Terms of Reference for consultant to undertake the socio-economic trends and development in the basin has been drafted (*Attachment 5*)

Component 2: Market and financial mechanisms for implementation of the LNBIMP

2.2.1. Market access points secured for sustainably produced horticulture products from the LNB

Activity 2.1.2.1 Participatory review and restructuring of the revised PES operational strategy, including development of new modalities

Key Achievements:

- Held an initial engagement with WWF Kenya and GIZ to explore best approach and potential partnership on the restructuring of PES scheme

2.2.1.3. Training and capacity building for Green Shop operators (e.g. on financial administration, contract negotiation, marketing and customer relations, aspects of trading and management).

- Engagement meetings with Green shop operators and stakeholders within the Lake Naivasha Basin

Component 3: Improved land management in upper Lake Naivasha Basin

3.1.1.1. Gender and stakeholder conflict-sensitive Training needs assessment, including establishment of criteria for selection of beneficiaries.

- Initial Engagement meeting with strategic partners conducted,
- A technical working Group Constituted to lead the activity.

Output 3.2.3. Institutionally strengthening and training the CFAs and WRUAs to play their roles in implementing these plans.

Activity 3.2.3.1: Institutionally strengthening and training the CFAs and WRUAs to play their roles in implementing these plans.

- Identified and profiled the CFAs and WRUAs in the Basin and established the status of the Participatory Management Plans and Sub-Catchment Management plans as follows:
 - **North Kinangop CFA-** Participatory Management Plan and Forest management Agreement expired in 2022 and is due for review. The CFA has 1,700 registered members.
 - **South Kinangop CFA-** Participatory Management Plan and Forest management Agreement expired in 2022 and is due for review. The CFA has 1,500 registered members
 - **Geta CFA-** Participatory Management Plan and Forest management Agreement expired in 2022 and is due for review. The CFA has 3,000 registered members.
 - **Wanjohi WRUA-** Sub catchment management plan expired and due for review.
 - **Kianjohu WRUA-** Sub catchment management plan expired and due for review.
- Conducted Training and Capacity building for Geta CFA based on the gap analysis report.
- Conducted Participatory Forest Management Plan (PFMP) Inception and Scoping Workshops for North and South Kinangop Forest Stations/CFAs.
- Conducted 14 Community Barazas on the PFMP review process for North and South Kinangop Forest Stations/CFAs

Component 4: Knowledge Management and Monitoring and Evaluation

Output 4.2.1: Project M&E Plan implemented, and project progress reports completed

Activity 4.2.1.2: Development of regular project progress reports

Key Achievements:

- Project progress report (financial and technical) for the second half of the first year developed and disseminated
- Technical Advisory Committee and Stakeholder Engagement and Planning Workshop report

- Project Launch Report
- Project Management Unit Induction Workshop Report
- Green shop Stakeholders Engagement report
- Participatory Forest Management Plans (PFMP) Inception and Scoping Workshop
- PFMP Public Participation (Public Barazas) sensitization Meetings report
- Geta CFA Capacity Building report

Output 4.1.1: Basin-wide communication strategy developed and implemented to support sustainable land management and biodiversity-friendly agricultural practices in LNB

Activity 4.1.1.3: Produce and disseminate Information Education and Communication (IEC) project materials, including socialization of the project safeguards and grievance redress mechanism.

Key Achievements:

- The following IEC materials were produced and disseminate to strategic stakeholders in the basin, including community farmer groups.
 - 500 Branded T-shirts.
 - 500 Branded reflect jackets
 - 500 Branded caps
 - 4 banners (2 tear drop and 2 roll up)
 - 700 Project summary brochures

Project Management Unit

Key Achievements

- Project Coordinator, Community Engagement Officer and Finance and Operations Officer recruited successfully.
 - Induction workshop with WWF GEF Agency held for the PMU that included training on Gender mainstreaming and Environment and Social Safeguards
 - Reviewed and updated the project risk register
- i) *The absorption rate for the year since the commencement of the project is 11%*
- ii) *List the implementation challenges and recommend the next steps.*
- High expectations from the project. Addressed through awareness creation and robust stakeholders engagements on the project provisions and limits.
 - High restoration costs to meet the 1600 Ha target for the project. The project is pursuing partnerships with Kenya Forest Service, Community based organizations to implement low cost restoration approaches without compromising the objective of the restoration works.

3 Statement of Performance against Project's Predetermined Objectives

Indicator / unit	Definition (note if cumulative)	Method/ source	Disaggregation	Baseline	Target YR1	Progress Achieved
Objective indicator 1: Area of land restored (forest and forest land)	Restored is defined as process of repairing and /or assisting the recovery of land and ecosystems that have been degraded, damaged, destroyed	Measuring area of land restored by the project through georeferencing of restored areas and presentation in GIS map	By target area and type of land	0 ("new" improvements = those made within project period)	500ha	Mapping for restoration sites in Geta Done Mobilization of CFAs done in preparation of the restoration, Restoration plan for the Forest Ecosystem developed
Objective indicator 2: Area of landscapes under improved management to benefit biodiversity	Defined as the landscape area being managed to benefit biodiversity	Georeferencing areas covered by PFMPs and farms adopting improved production practices	GEF sub-indicators (4.1 and 4.3)	0 ("new" improvements = those made within project ¹)		To be measured at the end of the project
Objective indicator 3: Carbon sequestered or emissions avoided in the sector of Agriculture, Forestry, and other land use	Carbon sequestration is defined as the process of increasing the carbon content of a reservoir/pool other than the atmosphere (IPCC, 2012).	Calculating the cumulative consequence of improved agricultural practices and land restoration on carbon sequestration value using EX-ACT tool, with inputs from remote sensing and ground truthing over a 20 year period.	Direct and indirect emissions	1M tCO ₂ eq loss per year		To be measured at the end of the project

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Indicator / unit	Definition (note if cumulative)	Method/ source	Disaggregation	Baseline	Target YR1	Progress Achieved
Objective indicator 4: Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	Direct beneficiaries are the individual people who receive targeted support from a given GEF project/activity and/or who use the specific resources that the project maintains or enhances.	Aggregates the total number of direct beneficiaries from reports on project activities; population count of priority communities targeted through project support	By target area, gender, target group (e.g. community members, farmers, Govt officials, private sector and CSOs etc.) and types of benefits	0 ("new" improvements = those made within project period)	500	More that 395 stakeholders reached so far. Framer selection criteria develop. Farmers to be registered in the second year of the project
Outcome 1.1 indicator Number of ILM plans meeting targeted criteria in ILM Scorecard (environmental and social management effectiveness, alignment, etc)	Targeted criteria- these are annual benchmarks to be defined in the scorecard, which will include, but not be limited to: existence of alignment between LNBIMP" and the County Development Plans,	Analysis of LNBIMP (1) and Annual County Development Plans (2 annually) using scorecard	By type of plan (LNBIMP, Annual County Development Plans)	0 ("new" improvements = those made within project period)	2	The review process of Lake Naivasha Integrated management plan underway (stakeholder consultation done, consultancy services under procurement process).
Outcome 2.1 indicator Amount of new leveraged funding (\$) for implementation of the LNBIMP	Leveraged funding: secured and committed funding and investments through donor & investor engagement (based on the resource	Review of secured and committed funding and investment from various sources	Disaggregated by type and source of funding and investment	0	0	Resource mobilization to be developed at the end of year 2 of the project implementation

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Indicator / unit	Definition (note if cumulative)	Method/ source	Disaggregation	Baseline	Target YR1	Progress Achieved
	mobilization strategy to be developed					
Outcome 2.2 indicator % increase in market sales for sustainable agricultural produce	Sustainable agriculture produce: includes all agricultural products marketed as sustainable	Compares sales of sustainable produce at Green Shop and other outlets for with the baseline	Actual Sales by outlet	0	20%	Producers mapped and market access points survey ongoing.
Outcome 3.1 indicator Number of farmers in the target areas applying sustainable horticulture production / value chain practices.	Sustainable horticulture production / value chain practices:	Survey to establish adopted farming methods, with ground-truthing. To be counted, farmers must apply at least one of the production practices listed in survey.	By practice and gender	0	0	Framer Training manual under development through a technical working Group.
Outcome 3.2 indicator Performance of the PFMPs	Performance: the level of implementation of PFMPs as a means towards improved forest management Cumulative	Score-card to be developed; annual participatory review with CFAs and KFS	By forest station	0	0	Geta, North and South Kinangop PFMPs under review (Inception meetings, Public barazas conducted

Indicator / unit	Definition (note if cumulative)	Method/ source	Disaggregation	Baseline	Target YR1	Progress Achieved
Outcome 4.1 indicator Number of KM products and communication events	Counts the number of knowledge management products and communication events delivered by the project	Review of learning products and event reports	By project By type of product and, event	0	2 CE	1 communication event conducted (the project launch)
Outcome 4.2 indicator Number of MEL reports and reflection exercises	Counts the number of Monitoring, Evaluation and Learning (Knowledge Management) products delivered by the project.	Review of Monitoring, Evaluation products	By project By type of product	0	7 2 PPR 4 QFR 1 RE	Project (M&E developed and being implemented

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government Project's performance against predetermined objectives at the end of each financial year.

The key development objectives of the *project's agreement/* plan are to:

- a) Strengthening the enabling conditions for integrated landscape management in Lake Naivasha Basin
- b) Promotion of sustainable food production practices and responsible value chains
- c) Improvement of land management in upper Lake Naivasha Basin
- d) Knowledge Management and Improving Monitoring & Evaluation

Progress on the attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

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Below, we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Lake Naivasha Basin Ecosystem Based Management Project	Strengthening the enabling conditions for integrated landscape management in Lake Naivasha Basin	Outcome 1.1: Harmonized inter-sectoral and multi-stakeholder planning and management across LNB and county plans for integrated, inclusive and sustainable land management in LNB	Number of ILM plans meeting targeted criteria in ILM Scorecard (environmental and social management effectiveness, alignment, etc)	The process of developing the Lake Naivasha Basin Integrated Management Plan and the associated ILM plans is on course. Initial Stakeholder engagements meetings and planning undertaken.
	Promotion of sustainable food production practices and responsible value chains	Outcome 2.1: Improved access to finance for implementation of restoration and improved land management activities in LNB	Amount of new leveraged funding (\$) for implementation of the LNBIMP	The outcome yet to be initiated
	Improved land management in upper LNB	Outcome 2.1: Improved access to markets for sustainable agricultural produce Outcome 3.1: Improved capacity of LNB smallholder farmers for the transition towards sustainable and biodiversity-friendly agricultural practices Outcome 3.2: Priority forest land management and restoration	% increase in market sales for sustainable agricultural produce Number of farmers in the target areas applying sustainable horticulture production / value chain practices. Performance of the PFMPs	Market information research initiated. Framer selection criteria developed Farmer needs assessment tool developed North and South Kinangop Forest Station PFMPs under review.

Project	Objective	Outcome	Indicator	Performance
		interventions implemented in the Lake Naivasha upper catchment area for enhanced water and biodiversity protection		Initial steps (Inception meeting, scoping workshop) conducted
	Knowledge Management and Monitoring & Evaluation	Outcome 4.1: Effective Knowledge Management and communications ensured to support long-term support for Lake Naivasha Basin with potential for upscaling and replication	Number of KM products and communication events	The following IEC materials were produced and disseminate to strategic stakeholders in the basin, including community farmer groups. <ul style="list-style-type: none"> • 500 Branded T-shirts. • 500 Branded reflect jackets • 500 Branded caps • 4 banners (2 tear drop and 2 roll up) • 700 Project summary brochures
		Outcome 4.2: Effective M&E ensured to inform effective adaptive project management	Number of MEL reports and reflection exercises	M&E scheduled for the first quarter of the FY 2025-2026.

4 Environmental and Sustainability Reporting

The Project is keen on the sustainability of the project including environmental, social and economic sustainability elements of the project beyond the implementation period. In this respect, the Project has established deliberate measures to ensure sustainability in the following areas:

a) Sustainability Strategy and Profile

Sustainability of projects is one of the critical elements in project management. With increasing concerns on impacts of projects on the environmental and social well-being of communities, the Fund is deliberate at ensuring that its projects comply to international best practices including the UN Human Rights Charter, Environmental and Social Governance Frameworks, Sustainable Development Goals, UN Principles on Responsible Investments and Environment, Health and Safety requirements. Additionally, the project is aligned to national and county governments policies and legal opportunities to promote private public partnerships while addressing emerging policies and legal challenges for smooth implementation of project activities.

b) Environmental performance

The project is being implemented in accordance with the Constitution of Kenya, the Environmental Management and Coordination Act (1999), the Forest Conservation and Management Act (2016), the Water Act (2016), and the Fund's Environmental and Social Safeguards Policy. In this regard, a comprehensive Environmental and Social Assessment has been undertaken, leading to the development of a robust Environmental and Social Management Framework. In addition, Participatory Forest Management Plans have been prepared in consultation with Community Forest Associations.

The framework and management plans provide structured guidance on managing potential environmental and social risks associated with the project. They outline measures for biodiversity conservation, waste management, and the sustainable use of land and water resources, while also guiding adjacent forest communities on how to derive mutual benefits without compromising the integrity of forest ecosystems

c) Employee Welfare

The project human resources management is undertaken in line with the Public Service Human Resource Policy, Fund's human resource policy and manual as well as in consideration of the Gender Policy. These policies promote gender equity in recruitment of staff, workplace health and safety, training and capacity building as well as performance management. These policies were developed through an elaborate stakeholder consultation process and are reviewed every three years to adjust and align to new and emerging developments.

d) Market Practices

a) Responsible Supply chain and supplier relations-

Maintaining good supplier relations and undertaking best practices is essential for ensuring consistent quality, timely delivery, cost-efficiency, and mutual growth. In implementation of this project, the Fund, through supply chain Management Department has ensured a good supplier relation through: -

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

b) Responsible ethical practices

The Fund has put in measures to ensure that project staff, suppliers and beneficiaries adhere to ethical conduct in the implementation of the project. The organization's anti-corruption policy, Procurement Policy and Manual, Anti-Money Laundering and Terrorism Policy, Finance Manual and the Human resource policy and manual guides the conduct of all project employees in undertaking their duties including signing of code of conduct, conflict of interest declaration, handling of corruption and money laundering and terrorism related issues.

c) Regulatory impact assessment

In a bid to safeguard citizen and stakeholders' rights, the project has instituted various interventions including the development of Environment and Social Impact Assessment and a responsive Environmental and Social Management Plan (ESMP) developed. This ESMP is implemented to ensure that the rights of local communities are safeguarded throughout the project implementation. Additionally, an effective Grievance Redress Mechanism has been put in place.

e) Community Engagements

The local communities of the Lake Naivasha Basin Management Project are direct beneficiaries of the project as it is designed to enhance their climate resilience and livelihoods. During the design and implementation of the project, several consultative engagements have been undertaken including community barazas, sensitization and planning workshops, and direct meetings. The project has had engagements with Indigenous communities such as farmer associations, Lake Naivasha basin landscape associations, water resources user association and Nyandarua county with objective of identifying and responding to the special needs. Some of the key benefits the project has delivered to the communities include green jobs and alternative livelihoods.



Figure 1: The CS MoECCF leading the ceremonial tree planting during the launch event of the Lake Naivasha Project.



Figure 2: Public Participation meeting to recruit and register farmers to benefit from the Lake Naivasha Project Support.

Following the Presidential directive for all stakeholders to join in large scale tree growing and afforestation in the country, NETFUND has led efforts to restore degraded Forest Landscapes in the Lake Naivasha Basin.

So far, NETFUND is working with 3 Community Forest Association (Geta, North and South Kinangop) to develop forest management plans and restoration plans for these 3 forests. Over 70 community members have been engaged on the restoration mapping exercise, providing temporal remuneration that is impacting on over 100 Households.

To improve land management and livelihood transformation for smallholder farmers in the Lake Naivasha Basin, NETFUND in collaboration with Nakuru and Nyandarua County is in the process of selecting and registering 2700 farmers who will be supported with farm inputs to improve horticulture production and be linked to sustainable markets, thus enhancing livelihoods for over 3000 households.

5 Statement of Project Management Responsibilities

The *Chief Executive Officer* for National Environment Trust Fund and the *Project Coordinator Lake Naivasha Basin Management Project* 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 the financial year ended on June 30, 2025.

This responsibility includes (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 (v) Making accounting estimates that are reasonable in the circumstances.

The *Chief Executive Officer* and the *Project Coordinator* accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Chief Executive Officer* and the *Project Coordinator* are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The *Chief Executive Officer* and the *Project Coordinator* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The *Chief Executive Officer* and the *Project Coordinator* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year 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 *Chief Executive Officer* for *National Environment Trust Fund* and the *Project Coordinator* on 15th October 2025 and signed by:



.....
Samson Toniok
Chief Executive Officer



.....
Michael Okok
Project Coordinator

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON LAKE NAIVASHA BASIN ECOSYSTEM BASED MANAGEMENT PROJECT (GRANT NO. CC15346) FOR THE YEAR ENDED 30 JUNE, 2025 – NATIONAL ENVIRONMENT TRUST FUND

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Lake Naivasha Basin Ecosystem Based Management Project (Grant No. CC15346) set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2025, and the statement of

*Report of the Auditor-General on Lake Naivasha Basin Ecosystem Based Management Project (Grant No. CC15346)
for the year ended 30 June, 2025 – National Environment Trust Fund*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Lake Naivasha Basin Ecosystem Based Management Project (Grant No. CC15346) as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Project Cooperation Agreement Grant No. CC15346 dated 21 March, 2024 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.63,403,612 and Kshs.30,019,112 respectively resulting to under-funding of Kshs.33,384,500 or 53% of the budget. However, the project spent Kshs.10,385,743 against actual receipt of Kshs.30,019,112 resulting to under-utilization of Kshs.19,633,369 or 65% of the actual receipts.

The under-funding and under-absorption may have affected the planned activities and may have impacted negatively on the project's activities and service delivery.

2.0 Undisclosed Special Deposit Account Balance

The Project's special deposit account maintained at the Central Bank of Kenya reflects a closing account balance of Kshs.37,156,560 (USD 273,210). However, the Project did not disclose this balance in the financial statements as at 30 June, 2025 contrary to the requirement of International Public Sector Accounting Standard (IPSAS) No.23 – revenue from non-exchange transactions.

In addition, amount withdrawn and expenditure not claimed totaled USD 240,000 (Kshs.32,640,000) as at 30 June, 2025.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page ii to xxvi which comprise of Project Information and Overall Performance, Statement of Performance Against Predetermined Objectives for the year, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, if I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Failure to Implement Activities as Per the Annual Work Plan

Review of the annual work plan presented for audit revealed that in the first year of project implementation, the Project anticipated to restore 500 Ha of forest cover as per paragraph 3.2.4.1 on Restoration of degraded forest areas through the collaboration with Kenya Forest Service (KFS). However, as at 30 June, 2025, Management had not determined the area of forest restoration covered during the financial year.

In the circumstances, effective implementation of activities as per the approved work plan could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Cooperation Agreement Project No CC15346 dated 21 March, 2024 between United Nations Environment Programme and the Republic of Kenya, I report based on my audit;

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

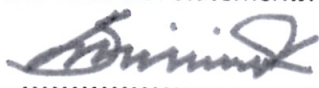
27 November, 2025

Lake Naivasha Basin Ecosystem Management Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

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

	Note	2024-2025 Ksh.
Revenue		
Revenue Transfers	6	11,019,112
Miscellaneous Revenue	7	-
Total Revenue		11,019,112
Expenses		
Employee costs	8	929,913
Use of goods and services	9	10,037,329
Depreciation and amortization expense	10	12,123
		-
Total expenses		10,979,365
Other gains/(losses)		-
Surplus before tax		39,747
Taxation		-
Surplus for the period		39,747

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



.....
Samson Toniok
 Chief Executive Officer



.....
Michael Okok
 Project Coordinator



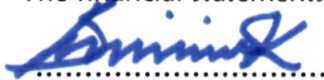
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Evans Kiprotich
 Project Accountant
 ICPAK Member No: **23283**

*Lake Naivasha Basin Ecosystem Management Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

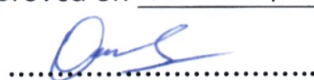
8 Statement of Financial Position as at 30th June 2025

	Note	2024-2025 Ksh.	1 st July 2024 Kshs.
Assets			
Current Assets			
Cash and Cash Equivalents	11	19,633,369	-
Receivables	12	-	-
Inventory	13	-	-
		19,633,369	-
Non-Current Assets			
Property, plant and equipment	14	381,218	-
Intangible assets	15	-	-
		381,218	-
Total Assets		20,014,587	-
Liabilities			
Current Liabilities			
Trade and Other payables from exchange transactions	16	974,841	-
Deferred Income	17	19,000,000	-
Provisions		-	-
Total Current Liabilities		19,974,841	-
Total Liabilities		19,974,841	-
Net Assets			
Capital Reserves		-	-
Accumulated surplus		39,747	-
		39,747	-
Total net assets and liabilities		20,014,587	-

The financial statements were approved on 15th October 2025 and signed by:



Samson Toniok
Chief Executive Officer



Michael Okok
Project Coordinator



Evans Kiprotich
Project Accountant
ICPAK Member No. **23383**

9 Statement of Changes in Net Assets

Description	Accumulated Surplus Kshs
As at 30 th June 2024	-
Adjustments:	
Asset Recognition	-
Liabilities recognition	-
As at 1 st July 2024	-
Surplus/(Deficit) for the year	39,747
As at 30 th June 2025	39,747

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

The financial statements were approved on 15th October 2025 and signed by:



Samson Toniok
Chief Executive Officer



Michael Okok
Project Coordinator



Evans Kiprotich
Project Accountant
ICPAK Member No. 23383

10 Statement of Cashflow for the year ended 30th June 2025

	Note	2024-2025 Ksh.
Cash flows from operating activities		
Receipts		
Revenue transfers	6	30,019,112
Miscellaneous Revenue	7	-
Total Receipts		30,019,112
Payments		
Employee costs	8	929,913
Use of goods and services	9	9,062,488
Total payments		9,992,401
Net cash flows from operating activities		20,026,711
Cash flow from Investing activities		
Purchase of property, plant, equipment and Intangible assets	10	(393,342)
Proceeds from sale of property, plant and Equipment		-
Net Cash flows used in Investing activities		(393,342)
Cash flows from financing activities		
Increase in deposits		-
Net cash flows used in financing activities		-
Net increase/(decrease) in cash and cash equivalents		19,633,369
Cash and cash equivalents as at 1st July	19	-
Cash and cash equivalents as at 30 June 2025	19	19,633,369

Lake Naivasha Basin Ecosystem Management Project

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

11 Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	%
Revenue						
Revenue transfers	63,403,612	-	63,403,612	30,019,112	33,384,500	47%
Miscellaneous Revenue	-	-	-	-	-	-
Total Revenue	63,403,612	-	63,403,612	30,019,112	-	-
Expenses						
Employee costs	2,698,695	-	2,698,695	929,913	1,768,782	34%
Use of goods and services	59,748,644	-	59,748,644	9,062,488	50,686,156	15%
Acquisition of assets	956,273	-	956,273	393,342	562,931	41%
Total expenditure	63,403,612	-	63,403,612	10,385,743	53,017,869	
Surplus for the period	-	-	-	19,633,369	(19,633,369)	

Budget notes

- 1. The commencement of the project delayed as a result of delayed disbursement of funds and by time the funds were received we were already in year 2 of the funding agreement. This explains the budgeted amount of Kshs. 63,403,612 which was consolidated for both year 1 and year 2.*
- 2. The project year period is also not in tandem with the government's fiscal year. This contributed to low utilization of funds as it took a longer period to secure authority to incur expenditure leading to delays in commencement of the project.*

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	19,633,369
1	Basis difference	19,000,000
2	Basis difference	974,841
3	Basis difference	-341,472
	Closing Cash and Cash Equivalent as per the statement of Cash flows	19,633,369

12 Notes to the Financial Statements

1. General Information

NETFUND is established by and derives its authority and accountability from EMCA Act 1999. The Project is wholly owned by the Government of Kenya and is domiciled in Kenya. The Project's principal activity is fundraising for environmental conservation.

2. Statement of Compliance and Basis of Preparation

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

These financial statements were authorized for issue by the accounting officer on 15th August 2025

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**Lake Naivasha Basin Ecosystem Management Project
Annual Reports and Financial Statements for the year ended June 30, 2025.**

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

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial</p>

**Lake Naivasha Basin Ecosystem Management Project
Annual Reports and Financial Statements for the year ended June 30, 2025.**

Standard	Effective date and impact:
	statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on *July 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Project's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 7.

c) Property, plant and equipment

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

Notes to the financial statements

d) Leases

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

e) Intangible assets

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

f) Research and development costs

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

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

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

Notes to the financial statements

g) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Project manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Financial liabilities

Classification

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

h) Inventories

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

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

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

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

Notes to the financial statements

Inventories (Continued)

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

i) Provisions

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

Contingent liabilities

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

Contingent assets

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

j) Nature and purpose of reserves

The *Project* creates and maintains reserves in terms of specific requirements.

k) Changes in accounting policies and estimates

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

Notes to the financial statements

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Borrowing costs

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

o) Related parties

The *Project* regards a related party as a person or an *Project* with the ability to exert control individually or jointly or to exercise significant influence over the *Project*, or vice versa. Members of key management are regarded as related parties and comprise the Board of Trustees, the Chief Executive Officer and senior managers.

Notes to the financial statements

p) Service concession arrangements

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

q) Cash and cash equivalents

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

r) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The *Project* based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the *Project*. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the *Project*.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

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Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Notes to the financial statements

6. Revenue Transfers

Description	2024/2025 Kshs.
Unconditional Transfers	
GoK Counter Part funding	-
WWF US- GEF	-
<i>Other unconditional transfers (Specify)</i>	-
Total Unconditional Transfers (a)	-
Conditional Transfers	
Transfers from Development partners	30,019,112
<i>Other conditional transfers (specify)</i>	-
Total Conditional Transfers (b)	30,019,112
Total Transfers for the Year (a + b)	30,019,112

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (FY 2024/2025)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	-	-	-
WWF US	11,019,112	-	-	11,019,112
	-	-	-	-
Subtotal	11,019,112	-	-	11,019,112
Deferred Income realized	-	19,000,000	-	19,000,000
Transfers in Kind	-	-	-	-
Total	11,019,112	19,000,000	-	30,019,112

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Notes to the financial statements

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	-
	-
Total	-

8. Employees Costs

Description	FY 2024/2025
	Kshs
Basic pay	535,500
Other salary allowances	342,000
NSSF employer contribution	38,800
Leave allowance	-
Housing levy	13,163
NITA employer expense	450
Total	929,913

9. Use of Goods and Services

Description	FY 2024/2025
	Kshs
Domestic travel and subsistence	7,196,940
Bank charges	17,630
Communication, supplies and services	1,516,398
Conference facilities	364,000
Fuel and lubricants	180,000
Stationery, Printing, advertising, and information supplies	762,361
Total	10,037,329

10. Depreciation and Amortization expense

Description	FY 2024/2025
	Kshs
Property, Plant and Equipment	12,123
Intangible Assets	-
Total	12,123

11. Cash and Cash Equivalents

Description	FY 2024/2025	1st July 2024
	Kshs	Kshs
Cash in Bank	19,633,369	-
Cash on hand	-	-
Total Cash and Cash Equivalents	19,633,369	-

12. Receivables

Description	FY 2024/2025	1st July 2024
	Kshs	Kshs
Counter Part Funding	-	-
Contractor's Advance payments	-	-
	-	-
Total Receivables	-	-

13. Inventories

Description	FY 2024/2025	1st July 2024
	Kshs	Kshs
Consumable stores	-	-
	-	-
Less: allowance for impairment	-	-
Total inventories	-	-

*Lake Naivasha Basin Ecosystem Management Project
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14. Property, Plant and Equipment

	ICT Equipment	Total Kshs.
Cost	-	-
Depreciation rate	25%	
As At 1July 2024 (Opening balance)	-	-
Additions	393,342	393,342
Disposals	-	-
Transfers/Adjustments	-	-
As at 30 th June 2025	393,342	393,342
Depreciation And Impairment		
As at 1July 2024	-	-
Depreciation charge for the year	12,124	12,124
Impairment loss	-	-
Transfers/ Adjustments	-	-
As At 30 th June 2025	12,124	12,124
Net Book Values		
As at 1 st July 2024	-	-
As at 30 th June 2025	381,218	381,218

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15. Intangible Assets

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

16. Trade and Other Payables

Description	FY 2024/2025	1 st July 2024
	Kshs	Kshs
	-	-
Trade payables	974,841.00	-
Total trade and other payables	974,841.00	-

17. Deferred Income

Description	FY 2024/2025	1 st July 2024
	Kshs	Kshs
WWF US	19,000,000	-
Total Deferred Income	19,000,000	-

Deferred Income Movement Schedule

	Development Partner 1 (Ksh)	Others specify (Ksh)	Total
Balance as at 1 st July 2024	-	-	-
Additions	30,019,112	-	30,019,112
Transfers To Performance Statement as Revenue	11,019,112	-	11,019,112
Balance as at 30 th June 2025	19,000,000	-	19,000,000

18. Cash Generated from Operations

Description	2024-2025
	Kshs
Surplus	39,747
Adjusted for:	
Depreciation	12,123
Non-cash grants received	-
Impairment	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	19,000,000
Increase in payables	974,841
Increase in payments received in advance	-
Net cash flow from operating activities	20,026,711

19. Special Deposit Accounts Movement Schedule

Description	FY 2024/2025	1 st July 2024
	Kshs	Kshs
Lake Naivasha Ecosystem Based Mgt [A/c No. 1000744154]		
Opening balance	-	-
Total amount deposited in the account	513,211	-
Total amount withdrawn	- 240,000	-
Closing balance	273,211	-

20. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Notes to the financial statements

Other related parties include:

- i) State Department for Environment & Climate Change.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) NETFUND Key management.
- v) NETFUND Board of Trustees.

21. Events after the Reporting Period

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

22. Ultimate And Holding Entity

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

23. Currency

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

14 Annexes

Annex 1: Prior Year Auditor-General's Recommendations

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

Notes:

1. There were no previous audits on the projects



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Samson Toniok
Chief Executive Officer



.....
Michael Okok
Project Coordinator