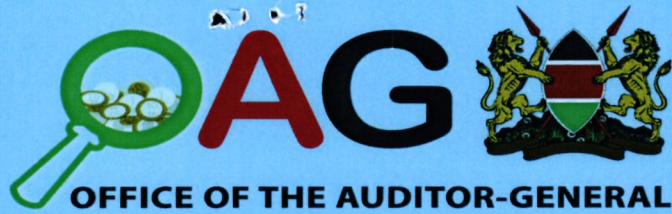


REPUBLIC OF KENYA



Enhancing Accountability



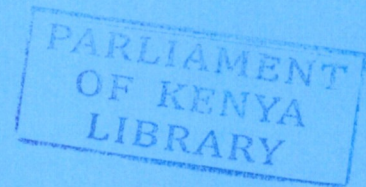
REPORT

THE NATIONAL ASSEMBLY
PAPERS T A T D

DATE: 09 FEB 2022 DAY: Wed

TABLED BY: LDM

CLERK OF THE TABLE: Samuel Kalana



OF THE AUDITOR-GENERAL

ON

**FINANCING LOCALLY-LED CLIMATE
ACTION PROGRAM PREPARATION
ADVANCE NO. IDA V319-KE (P173065)**

**FOR THE YEAR ENDED
30 JUNE, 2021**

THE NATIONAL TREASURY



THE NATIONAL TREASURY AND PLANNING

FINANCING LOCALLY- LED CLIMATE ACTION PROGRAM

THE NATIONAL TREASURY -PROGRAM IMPLEMENTATION UNIT

CREDIT NO: V 319 – KE (P173065)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021

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

TABLE CONTENTS

1. PROGRAM INFORMATION AND OVERALL PERFORMANCE	2
2. STATEMENT OF PERFORMANCE AGAINST PROGRAM’S PREDETERMINED OBJECTIVES ..	15
3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	16
4. STATEMENT OF PROGRAM MANAGEMENT RESPONSIBILITIES	18
5. REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM.....	19
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2021.....	20
7. STATEMENT OF FINANCIAL ASSETS AS AT JUNE 30, 2021	21
8. STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2021	22
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS	23
10. SIGNIFICANT ACCOUNTING POLICIES	24
11. NOTES TO THE FINANCIAL STATEMENTS	29
12. OTHER IMPORTANT DISCLOSURES	35
13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS	36
14. ANNEXES:.....	37
ANNEX 1. VARIANCE EXPLANATIONS-COMPARATIVE BUDGET AND ACTUAL AMOUNTS.....	37
ANNEX 2. SUMMARY OF FIXED ASSETS REGISTER.....	38
APPENDICES	39
i. Bank Reconciliations statement as at 30th June 2021	39
ii. Special Deposit Account(s) reconciliation statement(s).....	44

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

1. PROGRAM INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: Financing Locally-Led Climate Action Program.

Objective: The key objective of the program is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risk.

Address: The program headquarters/ offices are situated in 7th Floor, Kenya Reinsurance Plaza, Taifa Road/ Agha Khan Walk Nairobi County, Kenya.

The address of its registered office is:

P. O. Box 30007-00100.

Nairobi

Kenya

Email:

ps@treasury.go.ke

Phone:

+254 020 2252299

Fax:

+254 020 2252299

1.2 Program Information

Program PPA Start Date:	The program start date is 20th March, 2020
Program PPA End Date:	The program end date is 28th February, 2022
Program Coordinator:	The program coordinator is Mr Peter O. Odhengo
Program Manager Finance & Strategy	The Program Manager is Dr. Maurice Pedo
Program Sponsor:	The program sponsor is World Bank , International Development Association (IDA) and Government of Kenya.

1.3 Program Overview

Line Ministry/State Department of the program	The program is under the supervision of the National Treasury and Planning.
---	--

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

Program Number	IDA V 319 – KE (P173065)
Strategic goals of the program	The strategic goal of the program is as follows: The program development objective is to deliver locally-led climate resilience actions and strengthen county and national governments’ capacity to manage climate risks by building their capacity to plan, budget, implement and monitor resilience investments in a way that promotes collaborative partnerships between communities, national and county governments.
Achievement of strategic goals	The program management aims to achieve the goals through the following means: <ul style="list-style-type: none"> a) Mobilizing resources for climate finance – including leveraging private sector support b) Architecture of climate finance – decentralized climate finance c) Linking national and county institutions to climate finance sources d) Readiness to support the MDA’s and County Governments e) County Climate Change funds (incentives) f) Climate Finance Data Tracking and Reporting.
Other important background information of the program	The program focuses on capitalizing the National and County Climate Change Funds; building county level capacity for planning, budgeting, reporting and implementation of local climate actions in partnership with communities; and strengthening of national level capacity for coordination, monitoring and reporting. The program will be implemented by the National Government in collaboration with County Governments.
Current situation that the program was formed to intervene	The program was formed to intervene in the following areas: <ul style="list-style-type: none"> a) Establish a national climate finance mechanism (a Climate Change Fund) b) Augment the mandate of the National Climate Change Council to provide an overarching national climate change coordination mechanism, through development and setting up of an integrated platform to support the mobilization, coordination, access to, and tracking of climate finance in Kenya, including both domestic and international sources. c) Work with the National Climate Change Council and the ministry responsible for climate change affairs to develop regulations for duties relating to climate change, within the legal framework established in the Climate Change Act, 2016. d) Foster strong national and county financial systems for climate finance building upon principles of the Public Finance Management Act, 2012 (as Amended 2014) while identifying and coding climate change expenditure within the national budget to aid in transparency and accountability of climate finance. e) Develop laws and regulations for tracking climate finance mobilisation and application, in line with guidelines to comply with reporting requirements of the Paris Agreement on financial, technology transfer

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

- capacity building support received by developing countries.
- f) Develop new legislative instruments to govern the terms and type of involvement of entities in GHG emission reduction initiatives and carbon market initiatives.
 - g) Identify and implement fiscal, taxation, and other policy options (such as green bonds) in priority areas with high GHG emission abatement potential or high climate resilience benefits.
 - h) Identify legal and regulatory barriers that discourage private sector and financial sector low-carbon and climate resilient investment and suggest solutions.
 - i) Promote an enabling policy framework for investment and create business- friendly regulatory environments to encourage investment of climate finance in key areas such as renewable energy, efficient transport, clean manufacturing, sustainable agriculture and drought management.
 - j) Use policies, laws, and regulations to develop market-based and non-market-based mechanisms.
 - k) Establish rules to determine the responsibility for paying costs and liability for taxes.
 - l) Establish rules for the treatment of events in case of non-performance or disputes.

k) During the period under review, the program team continued to put measures in place mechanisms toward the Program readiness. The following activities were conducted

1. Updating the Counties' Readiness Assessment Report

In order to establish the readiness status of the respective counties toward the implementation of FLLoCA program, the program team, together with representatives from the Council of Governors (CoG) conducted data analysis of the findings from the county readiness assessment conducted with the 47 counties in the previous quarter. This culminated in developing of the Draft Counties' readiness assessment report, providing the preliminary status of readiness on the counties.

This process entailed preparing the analysis framework for the findings of the assessment, based on the thematic areas assess during the period. The thematic areas were grouped into three categories, as follows:

- **Category 1:** These included minimum conditions for enabling and readiness framework for access to FLLoCA support. These conditions included the policy, legal and legislative frameworks in compliance with the existing national implementation framework and strategies
- **Category 2:** These included the necessary requirements for inclusion, but those that could be strengthened progressively

during the initial phases of the financing component of the program, towards ensuring compliance with implementation processes

- **Category 3:** These are essential to implementation of climate actions, but could be implemented progressively during the life of FLLoCA program, or were support functions/enablers for parameters in category 1 and 2.

The draft report provided the readiness status of the counties as at the time of the assessment and brought out glaring differences among the counties on their capacities and compliance on the legal and policy frameworks, in addition to various Climate change actions. This guided the basis of designing a capacity building and sensitization on FLLoCA program. The workshop was attended by 31 people. The report will be finalized after the validation session with the CECMs and Chief Officers for Environment and Climate change from the 47 counties.

The program team continued to update the county details during the period of coverage. The updates were informed by the roadmaps shared by the counties after the capacity building and sensitization workshops conducted across the country. This process entailed data entry and update of the data from the previous field findings for each of the counties.

The finalization of the Counties' Readiness Assessment report will be conducted in July 2021 so as to inform the readiness status of the counties and preparation for the effectiveness period with the counties. The report will be validation in a planned meeting session with the CECMs and Chief Officers for Environment and Climate change from the 47 counties, in July, 2021.

2. County Capacity Building and Sensitization on FLLoCA Program

This was a 5-days activity organized targeting all the counties, grouped into five training sessions taking into consideration the regional economic groupings, in most cases. These sessions were planned for the period between 14th March and 1st April. In order to cover the trainings within the period, the first four workshops were held in two concurrent sessions, with the first two being held in Mombasa and Kisumu respectively reaching three regional economic blocs, and the 2nd session reaching counties from two other regional blocs with sessions held in Embu and Eldoret respectively from North Rift and mostly the Mount Kenya and the Aberdare, and the Regional Economic blocs. The last session was slated to take place between 28th March and 1st April, targeting Nairobi County, the counties from the South Eastern Kenya Economic bloc, and some from the other blocs, but could not take place

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

as the country was put under partial lockdown by the President of Kenya from 26th March, banning all gatherings and movements as a control measure to the COVID-19 morbidity.

The workshops had five objectives namely; to sensitize the Counties on FLLoCA Program; enhance the capacity of the Counties on policy, legal and institutional frameworks for the implementation of their climate actions; enable Counties identify their FLLoCA Readiness gaps; and determine the roadmap on how to address the County Readiness gaps. The sessions were divided into two with county executive committee members (CECM) for Environment and Finance, strategically targeted for the first session for the initial two days, which the last 3-days session being attended by the Chief Officers for Environment and directors in the Climate Change units. At the end of the four sessions, the program validated the counties readiness assessment report, in addition to the counties developing their roadmap toward readiness. The proceeds from the workshops have been documented, with the respective counties given a grace period, up to end of May 2021, to update their readiness status, and the report will be updated in readiness towards FLLoCA Program effectiveness. It is also hoped that the partial lockdown will be lifted soon to enable to program team conduct the last workshop session. The workshop was attended by 193 people, including the facilitators.

The last of the planned five workshops to capacity build and sensitize the counties on FLLoCA Program was conducted during the period of review with the three counties from the South-Eastern Kenya Economic Bloc of Kitui, Makueni and Machakos; and Nairobi City, Narok, Kajiado, Nyeri, Bomet and Laikipia counties, attending.

These concluded the training and sensitization sessions for the counties on FLLoCA program and the related compliance aspects of capacity in order to deliver the program. The first four sessions were held in the previous quarter between 14th March and 27th March. The total for the counties that attended the training were 46, with only Isiolo County not attending any of the counties, much as the county was invited and confirmed attendance.

The workshops had four objectives namely; to sensitize the Counties on FLLoCA Program; enhance the capacity of the Counties on policy, legal and institutional frameworks for the implementation of their climate actions; enable Counties identify their FLLoCA Readiness gaps; and determine the roadmap on how to address the County Readiness gaps.

The sessions were divided into two with county executive committee members (CECM) for Environment and Finance, strategically targeted

for the first session for the initial two days, which the last 3-days session being attended by the Chief Officers for Environment and directors in the Climate Change units. The five workshops were attended by 52(fifty two) people, including the facilitators.

The proceeds from the workshops were documented, with the respective counties given a grace period, up to end of May 2021, to update their FLLoCA program readiness status, details to inform the Counties' Readiness Assessment Report, planned for update in the next quarter.

3. Validation of the Draft FLLoCA Program Operations Manual

During the period, the program team, organized a 6-days validation workshop for the Draft FLLoCA Program Operation Manual (POM), as submitted by the consultant hired to prepared the document. The validation process enabled technical inputs by staff from The National Treasury and Planning, Ministry of Environment and forestry (specifically, the Climate Change Directorate), National Environment Management Authority (NEMA), The Green Climate Finance and the Program Implementation Unit (PIU), and grouped according to the various themes in the POM, and staff expertise. The feedback was then compiled and shared for further review. The workshop was attended by 41 people.

4. The PIU successfully demonstrated the use and effectiveness of the Digital Platform in stakeholder engagement in Machakos County on 29th January, 2021, held at the MUA Hills. The meeting brought together the local community, including women and youth groups who showcased their climate change resilience building activities through a live engagement with various stakeholders among whom were PIU in Nairobi and the WB. Real time survey and data input and analysis with results was also demonstrated using the initiative. The Session was graced by the Permanent Secretary (PS) for the Ministry of Agriculture, Livestock and Fisheries. A roll out of the digital platform throughout the Country had been planned from February 2021, but these have been hampered by the recent partial lockdown by the President banning gatherings due to the recent surge in COVID-19 cases in the country.
5. The program successfully held a media briefing in February at the Serena Hotel with the objective of sensitizing the general public and various stakeholder on the FLLoCA program and the need for strengthening climate change adaptation and mitigations mechanisms in the country. It also elicited the importance of collaborations and fostering partnership in the response mechanisms. The session was attended by the PSs, The National Treasury and Ministry of Agriculture, Livestock and Fisheries; representatives from the CoG and the World

Food Programme (WFP), the Media fraternity and PIU staff.

6. IIED

The PIU has been closely working with the IIED to develop detailed readiness assessment tools and Participatory Climate Risk and Disaster Risk Management tools for Counties. This is to further augment and enrich the FLLoCA Readiness assessment tool (administered in all 47 counties) by not only bring out the capacity gaps, but also highlight and tailor county specific actions to be taken as a county to attract and accelerate climate finance.

7. FLLoCA Program Appraisal Mission

During the period, the program had an appraisal mission from 19 – 25 May, 2021, led by the World Bank, with the objectives of (i) advancing the Program design, scope, and institutional arrangements; (ii) agreeing on the Results Framework; (iii) assessing counties’ readiness to participate in the Program (iv) reviewing the draft Program manuals; (v) confirming the environmental and social risk management arrangements; and (vi) agreeing on a timeline of actions for processing the approval of the Program. The mission involved discussions with the lead implementing government agency, The National Treasury and Planning, and key government and non-government stakeholders, including Ministry of Environment and Forestry Climate Change Directorate, Council of Governors, Ministry of Agriculture, Livestock and Fisheries, Ministry of Water and Sanitation Water Resource Authority, County Assemblies Forum and County Executive Committees, Ministry of Devolution and the ASALs, National Environment Management Authority, Ministry of Labor and Social Protection, Ethics and Anti-Corruption Commission, Commission on Administration of Justice, development partners, and NGOs. In addition, the mission team held a session with the various County Executive Committee Members (CECs) of **climate change-related county committee of Environment, Water, Forestry & Mining**. The Mission sessions were graced by the respective Permanent Secretaries from the attending government unit or their designates.

The mission ended with a documented Aide memoir summarising the key mission discussions, conclusions, and next steps, mainly addressed to the NT&P to coordinate with the various program stakeholders. The Program Implementing Unit (PIU) continued to address the agreed next steps, with a number of milestones being met during the period or reporting and continues to coordinate with other government and county agencies in readiness for the Program effectiveness in the next quarter.

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

	<p>8. Consultative Meetings with the Counties In addition to the sensitizations sessions with the counties, the NT&P, through the PIU, held consultative meetings with the members of the Caucus on climate change-related Environment, Water, Forestry & Mining Committee at the Council of Governors, to liaise and update them on the progress and clarify issues on the FLLoCA readiness for the counties. The PIU uses these sessions to ensure consultations towards validation, engagement, make follow-ups on progress and get the CECs’ buy-in into the respective readiness processes.</p>
<p>Program duration</p>	<p>The program started on 20th March, 2020, the PPA is planned to end by 28th February , 2022 and the main Program is expected to take 5 years to 31st December,2026.</p>

1.4 Bankers

The following are the bankers for the current period:

Central Bank of Kenya
Haile Selassie Avenue
P.O Box 60000 – 00200, Nairobi, Kenya
Tel: +254 20 286 0000
NAIROBI

1.5 Auditors

The Program is Audited by:
The Office of the Auditor General
Anniversary Towers
University Way,
P.O. BOX 30084, 0100
NAIROBI

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

1.6 Roles and Responsibilities

The following are the responsible officers for the Program during the period under review.

	Names	Title designation	Key qualification	Responsibilities
1.	Mr. Peter Odhengo	Program Coordinator	<ul style="list-style-type: none"> • Masters of Science in Environmental Protection and Sustainable Development. (UNESCO International Technological University Paris, France and University of Chemical Technology) • Bachelor of Science in Chemistry & Ecology. 	The position is responsible for the overall and day-to-day management of the activities supported under the IDA-FLLoCA Program credit. The Program Coordinator heads the Program Implementation Unit (PIU). The Program Coordinator is the main operational link between the Program, the National Treasury and Planning and the World Bank.
2.	CPA.Dr. Maurice Pedo, Ph.D.	Program Manager –Finance & Strategy	<ul style="list-style-type: none"> • Doctor of Philosophy in Project Management • Master of Business Administration (Finance Option) • Bachelor of Commerce (Finance Option) • Certified Public Accountant (CPA-K) • Certified Public Private Partnerships (CP3P) • Member –Institute of Certified Public Accountants of Kenya 	The position is responsible for all matters of finance, accounting, internal control, financial, strategic and risk management functions within the PIU as well as supervision of the finance, procurement and M & E staff therein.
3	Mr. Malik Aman	Program Manager-National Coordination	<ul style="list-style-type: none"> • Msc. Environmental Economics • BED Economics and Business Studies 	Support to Program Management at the National Level
4	Mr. Peter Ibrae	Program Manager-County Coordination	<ul style="list-style-type: none"> • Master of Human Resource • Bachelor of Science, Agricultural Education 	Support to Program Management at the County Level

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

			and Extension	
5	Mr. Huqa Molu	Environmental Specialist	<ul style="list-style-type: none"> • MSC Occupational Safety and Health • Bachelor of Science in Agricultural Engineering 	Environmental Management Function
6	Ms. Roseline Tumpeyo	Communication Specialist	<ul style="list-style-type: none"> • Master of Business Administration, Strategic Management • Bachelor of Arts in Social Sciences, Political Science and Public Administration. 	Communication Management Function
7	CPA. Ann Lydia Wanjiku	Program Accountant	<ul style="list-style-type: none"> • Master of Business Administration, Finance • Bachelor of Business Administration • Certified Public Accountant • Member-Institute of certified Public Accountants of Kenya 	Program Accounting and Financial Management Support
8.	Mr. Moses Lusih	Monitoring and Environmental Specialist	<ul style="list-style-type: none"> • MA- Project Planning and Management • Bachelor of Science – Mathematics & Statistics 	Monitoring & Evaluation Function
9.	Ms. Rhoda Kima Nyambori	Procurement Specialist	<ul style="list-style-type: none"> • Master of Science- Procurement and Logistics • Bachelor of Science Agriculture 	Procurement Management
10.	Ms. Esther Kivuva	Senior Administrator	<ul style="list-style-type: none"> • Bachelor of Business, Purchasing and Supplies Management 	Office Administrative Support

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

1.7 Funding summary

The Program Preparatory Advance (PPA) commenced on 20th March, 2020 and is planned to run until 28th February, 2022. The main program is expected to commence in 2021 to run for a period of 5(five) years to 2026. The PPA approved budget is US\$. 3,181,500 equivalents to Ksh. 318,150,000 and the Government Counter Part Funds is Ksh. 40,000,000 as highlighted in the table below:

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to June 30, 2021		Undrawn balance to June 30, 2021	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
International Development Association (IDA)	3,181,500	318,150,000	1,270,218	136,984,314	1,911,282	181,165,686
(ii) Counterpart funds						
Government Counter Part Funds	-	40,000,000	-	40,000,000	-	-
Total	3,181,500	358,150,000	1,270,218	176,984,314	1,911,282	181,165,686

B. Application of Funds

Application of funds	Amounts received to date-(30 th June 2021)		Cumulative Amount paid to date -(30 th June 2021)		Unutilized balance to June 30, 2021	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
International Development Association (IDA)	1,270,218	136,984,314	1,052,453	105,245,278	217,765	31,739,036
(ii) Counterpart funds						
Government Counter Part Funds	-	40,000,000	-	5,939,745	-	34,060,255
Total	1,270,218	176,984,314	1,052,453	111,185,023	217,765	65,799,291

1.8 Summary of Overall Program Performance

i. Budget performance against actual amounts for current year and for cumulative to date

The PPA is for a duration of 1 year 4 months from 20th March, 2020 to 28th February, 2022. The approved budget of US\$ 3.181 Million equivalent to KSh. 318.15 Million on IDA (World Bank) funding and Ksh. 40,000,000 on Government Counter Part Funds.

Budget Utilization

During the year under review, the program received a transfer of Ksh. 128,399,414 however it incurred a cumulative expenditure of KSh. 93,687,314.

Receipts Utilization

During the year under review, the program received a transfer of Ksh. 128,399,414 against a budget of KSh. 140,150,000. This represented a utilization of 75%.

Payment Utilisation

The program paid Ksh. 93,687,314 during the year under review against a budget of Ksh. 140, 150,000. This represented utilization of 55%.

ii. Physical progress based on outputs, outcomes and impacts since project commencement

The Program is at Program Preparatory Advance Stage and there are no beneficiary activities being conducted on PFR that can create progress based on outputs, outcomes and impacts.

iii. Comment on value-for-money achievement

The Program is at Program Preparatory Advance Stage and there are no beneficiary activities being conducted on PforR that can create value for money progress.

iv. Indicate the absorption rate for each year since the commencement of the project

The program paid Ksh. 93,687,314 during the year under review against a budget of Ksh. 140,150,000. This represented utilization of 55%. During the three months 1st April to 30th June, 2020 the program paid Ksh. 17,497,709 against a budget of Ksh. 50,000,000, this represented a utilization of 35%.

v. List the implementation challenges and recommend way forward

The program paid KSh. 93,687,314 during the period against a budget of KSh. 140,150,000. This represented utilization of 55%. The under expenditure was due to slow procurement process including obtaining the requisite approvals for activities in the Procurement Plan including purchase of motor vehicles, office equipment, procurement of experts and delay in obtaining a no cost extension for the Program Operations Manual Contract. The cumulative financial value of these activities amounted to KSH. 24,676,430. The recommended way forward is to start the procurement process early, ensure cooperation amongst the supply chain staff and capacity building of the staff involved in supply chain to appreciate the World Bank and Government procurement process.

1.9 Summary of Program Compliance

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

2. STATEMENT OF PERFORMANCE AGAINST PROGRAM'S PREDETERMINED OBJECTIVES

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The Program is at the Preparatory Advance Stage from 20th March, 2020 to 28th February, 2022 during which the key development objectives of the program are to:

- a) Support operations and consultancies for the development of critical preliminary program documents among them: organizing consultative forums with Council of Governors (CoG), Governors, County Executive Committee Members, County Assemblies and other national level stakeholders;
- b) Training of county officials and staff to build capacity for achievement of the program's minimum conditions and performance measures;
- c) Development of the Program Operations Manual (POM);
- d) assessment of counties readiness actions and any other studies or activity that may be proposed by the program preparatory team.

These activities therefore form the eligible expenditure areas for the PPA program financing.

Progress on attainment of Strategic development objectives

The Program being in the Preparatory Advance stage has not developed attendant indicators to be identified for reasons of tracking progress and performance measurement for attaining the Program objectives. The Indicators will therefore be available during the main program.

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Program exists to enhance understanding of the global climate change regime through-active participation in the negotiation process, international agreements, policies and processes and most importantly to position Kenya's needs in order to maximize beneficial effects of climate change; assess the evidence and impacts of climate change in Kenya; recommend robust adaptation and mitigation measures needed to minimize risks associated with climate change while maximizing opportunities; enhance understanding of climate change and its impacts nationally and in local regions; undertake vulnerability assessments, impact monitoring and capacity building framework needs as a response to climate change; undertake research and technological needs to respond to climate change impacts, and avenues for transferring existing technologies; ensure a conducive and enabling policy, legal and institutional framework to combat climate change, and provide a concerted action plan coupled with resource mobilization plan and robust monitoring and evaluation plan to combat climate change. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

Program sustainability will be achievable through:

- Capacity building framework to strengthen sector wide capacity building focusing on the individual, institutions and systems that address climate change challenges. Addressing the needs at these different levels calls for a multi-pronged approach that enhances co-ordination, collaboration, coherence while at the same time address sustainability;
- Inculcate sustainability into all aspects of community level actions (planning, budgeting, implementation & monitoring).

2. Environmental performance

The National Climate Change Action Plan (NCCAP)2018-2022 aims to further Kenya's development goals by providing mechanisms and measures to achieve low carbon climate resilient development in a manner that prioritizes adaptation. This plan builds on the first Action Plan (2013-2017) and provides a framework for Kenya to deliver on its Nationally Determined Contribution (NDC) under the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC). NCCAP 2018-2022 guides the climate actions of the National and County Governments, the private sector, Civil Society, and other actors as Kenya transitions to a low carbon climate resilient development pathway.

The National Policy on Climate Finance aims to: enhance and streamline the implementation of public finance management in relation to climate financing; establish mechanisms to mobilise internal and external climate finance; track, monitor, account for, evaluate and report on sources, applications and impacts of climate finance; enhance the capacity of the country to mobilise climate change finance to support sustainable development; and encourage and facilitate private sector participation in climate relevant financing opportunities. The guiding principles of this policy are based on the Constitution of Kenya, Kenya Vision 2030 and its Medium Term Plans (MTPs), Climate Change Act 2016, Public Finance Management (PFM) Act 2012 as amended 2014), various sectoral policies and international treaties and obligations.

3. Employee welfare

The program staff are hired as per the GoK employment procedures that takes into account the gender ratio, and in close consultation with the World Bank. The Program is yet to train its staff or make any staff appraisal. The Program ensures the safety, health and welfare of all its employees at work working in his/her workplace in compliance with the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

Market place practices

During the year under review, the program maintained required practices on responsible competition practice; responsible supply chain and supplier relations; responsible marketing and advertisement.

4. Community Engagements

The program though is yet to engage with the communities including charitable activities whether in cash, material, community social investment or any other forms of community support. However, it will be financing locally- led climate actions at the community level and therefore will have direct community engagement in future.

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

4. STATEMENT OF PROGRAM MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program are responsible for the preparation and presentation of the Program’s financial statements, which give a true and fair view of the state of affairs of the Program for and as at the end of the financial year ended on June 30, 2021.

This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Program; (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 Program; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

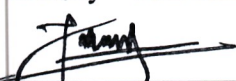
The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program accept responsibility for the Program’s financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program are of the opinion that the Program’s financial statements give a true and fair view of the state of Program’s transactions during the financial year ended June 30, 2021, and of the Program’s financial position as at that date. The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program financial statements as well as the adequacy of the systems of internal financial control.


The *Principal Secretary* for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program confirm that the Program has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Program funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Program financial statements

The Program financial statements were approved by the *Principal Secretary* for the for the National Treasury, the *Program Coordinator* and the *Program Manager-Finance & Strategy* for Financing Locally – Led Climate Action Program on 25th October, 2021 and signed by them.


Julius Muia, PhD, CBS


Peter Odhengo


Maurice Pedo, PhD
ICPAK NO. 4037

Principal Secretary/NT

Program Coordinator

Program Manager-Finance & Strategy

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM PREPARATION ADVANCE NO. IDA V319-KE (P173065) FOR THE YEAR ENDED 30 JUNE, 2021 - THE NATIONAL TREASURY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Financing Locally-Led Climate Action Program Preparation Advance No. IDA V319-KE (P173065) set out on pages 20 to 38, which comprise the statement of financial assets as at 30 June, 2021, and statement of receipts and payments, statement of cash flows and statement of comparative 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 Financing Locally-Led Climate Action Program as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and complies with the Public Finance Management Act, 2012 and the Financing Agreement No. IDA V319-KE (P173065) between the International Development Association (IDA) and the Republic of Kenya dated 20 March, 2020.

In addition, the special account statement presents fairly the special account transactions and the closing balance has been reconciled with the books of account.

Basis for Opinion

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

Emphasis of Matter

Amount Withdrawn but Not Claimed

Part B of the special (designated) account reconciliation statement for the Program reflects amounts withdrawn but unclaimed of USD 369,926 (Kshs.39,896,500, based on an exchange rate of Kshs.107.85), as at 30 June, 2021. This represents cumulative funds transferred to the Program bank account but whose expenditure returns had not been submitted to The National Treasury by the close of the financial year.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects actual receipts of Kshs.159,486,605 against budgeted receipts of Kshs.171,237,191, resulting in a shortfall of Kshs.11,750,586 or 17% of total budget. The shortfall arose under the IDA Loan where actual receipts amounted to Kshs.119,486,605 against the budgeted receipts of Kshs.131,237,191, resulting in a shortfall of Kshs.11,750,586 or 17% of the total budgeted receipts.

Further, the statement of comparative budget and actual amounts reflects budgeted payments of Kshs.171,237,191 and actual payments of Kshs.93,687,314, resulting to under-expenditure of Kshs.77,549,877 or 45% of total budget. Included in the under-expenditure of Kshs.77,549,877 is a closing bank balance of Kshs.58,511,086 reflected under Note 7 to the financial statements. Although these funds were withdrawn during the year under review, they were not utilized. Management has attributed the under-expenditure to slow procurement processes at The National Treasury and Planning.

In view of the above, the Program may not have implemented all its planned and approved programmes, resulting to delayed provision of services to the people of Kenya.

Other Information

The Management is responsible for the other information, which comprises Program information and overall performance, statement of performance against program's predetermined objectives, corporate social responsibility statement/sustainability reporting and statement of program management responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the program financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 International Development Association (IDA) and Credit Facility Agreement No. IDA V319-KE dated 20 March, 2020, I report based on my audit, that:

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Program's ability to continue sustaining its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Program or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters which may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2021

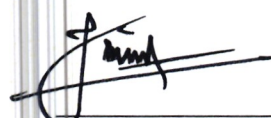
Report of the Auditor-General on Financing Locally-Led Climate Action Program Preparation Advance No. IDA V319-KE (P173065) for the year ended 30 June, 2021 - The National Treasury

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2021

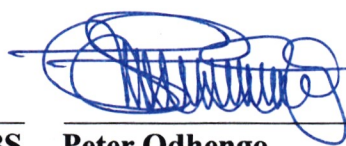
	Notes	12 Month Ended 30 June 2021			3 Months Ended 30 June,2020			Cumulative to date (from inception)
		Receipts and payments controlled by the entity KSh.	Payments made by third parties KSh.	Total KSh.	Receipts and payments controlled by the entity KSh.	Payments made by third parties KSh.	Total KSh.	
RECEIPTS								
Transfer from Government entities	1	40,000,000	-	40,000,000	-	-	-	40,000,000
Loan from external development partners	2	88,399,414	-	88,399,414	48,584,900	-	48,584,900	136,984,314
		-----	-----	-----	-----	-----	-----	-----
TOTAL RECEIPTS		128,399,414	-	128,399,414	48,584,900	-	48,584,900	176,984,314
		-----	-----	-----	-----	-----	-----	-----
PAYMENTS								
Compensation of employees	3	55,800,000	-	55,800,000	5,700,000	-	5,700,000	61,500,000
Purchase of goods and Services	4	30,755,535	-	30,755,535	11,791,229	-	11,791,229	42,546,764
Social security benefits	5	97,200	-	97,200	6,480	-	6,480	103,680
Acquisition of non-financial assets	6	7,034,579	-	7,034,579	-	-	-	7,034,579
		-----	-----	-----	-----	-----	-----	-----
TOTAL PAYMENTS		93,687,314	-	93,687,314	17,497,709	-	17,497,709	111,185,023
		-----	-----	-----	-----	-----	-----	-----
SURPLUS FOR THE YEAR		34,712,100	-	34,712,100	31,080,711	-	31,080,711	65,799,291
		-----	-----	-----	-----	-----	-----	-----

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



Julius Muia, PhD, CBS

Principal Secretary/NT



Peter Odhengo

Program Coordinator



**Maurice Pedo, PhD
ICPAK NO. 4037**

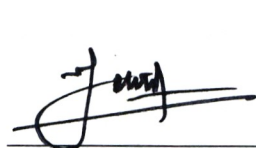
Program Manager-Finance & Strategy

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

7. STATEMENT OF FINANCIAL ASSETS AS AT JUNE 30, 2021

	Notes	12 Month Ended 30 June 2021 KSh.	3 Months Ended 30 June,2020 KSh.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7	58,511,086	31,087,191
Total cash and Cash Equivalents		58,511,086	31,087,191
Accounts Receivables	8	7,288,205	-
Total Financial Assets		65,799,291	31,087,191
REPRESENTED BY:			
Fund balance b/fwd	9	31,087,191	-
Surplus for the year		34,712,100	31,087,191
NET FINANCIAL POSITION		65,799,291	31,087,191

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25/10/2021 and signed by:

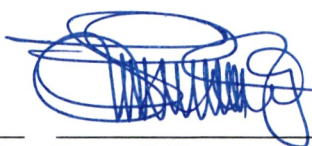


Julius Muia, PhD, CBS

Principal Secretary/NT

28/10/2021

Date



Peter Odhengo

Program Coordinator

26/10/2021

Date



**Maurice Pedro, PhD
ICPAK NO. 4037**

Program Manager-Finance & Strategy

25/10/2021

Date

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

8. STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2021

	Note	12 Month Ended 30 June 2021 KSh.	3 Months Ended 3 June, 2021 KSh.
Receipts for operating activities			
Transfer from Government entities	1	40,000,000	.
		40,000,000	
Payments from operating activities			
Compensation of employees	3	(55,800,000)	(5,700,000)
Purchase of goods and services	4	(30,755,535)	(11,791,229)
Social security benefits	5	(97,200)	(6,480)
		(86,652,735)	(17,497,709)
Adjusted for :			
Decrease/(Increase) in Accounts Receivable	11	(7,288,205)	
Net cash flow from operating activities		(53,940,940)	(17,497,709)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(7,034,579)	
Net cash flows from Investing Activities		(7,034,579)	
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from Foreign Borrowings	2	88,399,414	48,584,900
Net cashflow from financing activities		88,399,414	48,584,900
NET INCREASE IN CASH AND CASH EQUIVALENT			
		27,423,895	31,087,191
Cash and Cash Equivalent at the BEGINNING of the year		31,087,191	.
Cash and Cash Equivalent at the END of the year	7	58,511,086	31,087,191

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 25/10/2021 and signed by:



Julius Muia, PhD, CBS

Principal Secretary/NT

28/10/2021

Date



Peter Odhengo

Program Coordinator

26/10/2021

Date



**Maurice Pedo, PhD
ICPAK NO. 4037**

Program Manager-Finance & Strategy

25/10/2021

Date

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**


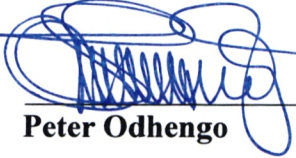

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Original Budget	Adjustment	2020/21		Budget utilization difference	% of utilization
			Final Budget	Actual on comparable basis		
	a	B	c=a+b	d	e=c-d	f=d/c%
	KSh.	KSh.	KSh.	KSh.	KSh.	%
RECEIPTS						
Transfer from Government Entities	40,000,000	-	40,000,000	40,000,000	-	100%
IDA Loan	100,150,000	31,087,191	131,237,191	119,486,605	11,750,586	91%
TOTAL RECEIPTS	140,150,000	31,087,191	171,237,191	159,486,605	11,750,586	93%
PAYMENTS						
Compensation of employees	55,800,000	-	55,800,000	55,800,000	-	100%
Purchase of goods & services	54,760,000	21,087,191	75,847,191	30,755,535	45,091,656	41%
Social Security Benefit	97,200	-	97,200	97,200	-	100%
Acquisition of non- financial assets	29,492,800	10,000,000	39,492,800	7,034,579	32,458,221	18%
TOTAL PAYMENTS	140,150,000	31,087,191	171,237,191	93,687,314	77,549,877	55%
SURPLUS FOR THE YEAR			-	65,799,291	(65,799,291)	

The under expenditure was due to delayed conclusion of procurement activities within the Procurement Plan including supply and delivery of motor vehicles, office equipment, experts and a no cost extension for the Program Operations Manual Contract as detailed in Annex 1 as part of the financial statements.

The total under utilization of KSh. 77,549,877 is equal to Cash & Cash Equivalents of KSh. 65,799,291 at the end of the year added to IDA Loan undrawn IDA Loan during the year amounting to KSh. 11,750,586.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The program's financial statements were approved on 25/10/2021 2021 and signed by:

		
Julius Muia, PhD, CBS	Peter Odhengo	Maurice Pedo, PhD ICPAK NO. 4037
Principal Secretary/NT	Program Coordinator	Program Manager-Finance & Strategy
<u>28/10/2021</u>	<u>26/10/2021</u>	<u>25/10/2021.</u>
Date	Date	Date

10. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.2 Statement of compliance and basis of preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

10.3 Reporting entity

The financial statements are for the National Treasury – Program Implementation Unit **Financing Locally –Led Climate Action Program** under the National Treasury and Planning. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.3.1 Reporting currency

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

10.4 Significant Accounting Policies

a) Recognition of receipts

The Program recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.

i. Transfers from the Exchequer

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

ii. External Assistance

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

iii. Other receipts

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

b) Donations and grants

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

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

e) Recognition of payments

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

i. Compensation of employees

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

ii. Use of goods and services

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

iii. Interest on borrowing

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

iv. Repayment of borrowing (principal amount)

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

v. Acquisition of fixed assets

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

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

f) In-kind donations

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

g) 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/period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year/period.

Restriction on cash

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

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

h) Accounts receivable

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

i) Contingent Liabilities

A contingent liability is:

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

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

The Program 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.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year/period, including payments made in respect of loan write-offs or waiver of interest on loans

j) Contingent Assets

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

k) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year/period arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Program at the end of the year. When the pending bills are finally

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

l) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Program's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Programs are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Program's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

m) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

n) Exchange rate differences

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

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the period ended June 30, 2021.

q) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

11. NOTES TO THE FINANCIAL STATEMENTS

1. Receipts from the Government of Kenya

These represent counterpart funding and other receipts from government as follows:

	2020/21	2019/20	Cummulative to date (from inception)(Ksh.)
	Kshs.	Kshs.	
11.05. 2021-Quarter 4 FY 2020/2021	40,000,000	-	40,000,000
	40,000,000	-	40,000,000

2. Loans from External Development Partners

During the 12 months to 30 June, 2021 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment	Total amount in KSh.	
					2020/21	2019/20
		USD	KSh.		KSh.	KSh.
Loans Received from Multilateral Donors (International Organizations)						
International Development Association (IDA)	11/08/2020	160,000	17,326,400		88,399,414	48,584,900
	9/2/2021	287,218	31,461,854			
	23/04/2021	190,000	20,445,900			
	7/6/2021	178,000	19,165,260			
		815,218	88,399,414		88,399,414	48,584,900

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

3. Compensation of Employees

	12 Months Ended 30 June, 2021			3 Months Ended 30 June 2020	
	Payments made by the project in cash KShs.	Payments made by third parties KShs.	Total Payments KShs.	KShs.	Cumulative to date KShs.
Basic Salary for Contracted Staff					
Staff PAYE	14,865,194		14,865,194	1,355,757	16,220,951
Staff NSSF	97,200		97,200	6,480	103,680
Staff NHIF	153,000		153,000	10,200	163,200
Staff Net Pays	40,684,606		40,684,606	4,327,563	45,012,169
Total	55,800,000	-	55,800,000	5,700,000	61,500,000

4. Purchase of Goods and Services

	12 Months Ended 30 June, 2021			3 Months Ended 30 June 2020	
	Payments made by the project in cash KShs.	Payments made by third parties KShs.	Total Payments KShs.	Total Payments KShs.	Cumulative to date KShs.
Boards, committees, conferences and seminars expenses	25,287,806	-	25,287,806	4,618,000	29,905,806
Other operating expenses	1,992,451	-	1,992,451	7,173,229	9,165,680
Consulting services	3,475,278	-	3,475,278	0	3,475,278
Total	30,755,535	-	30,755,535	11,791,229	42,546,764

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

5. Social Security Benefits

	2020/21		2019/20		Cumulative to- date Kshs
	Payments made by the Entity in Cash Kshs	Payments made by third parties Kshs	Total Payments Kshs	Total Payments Kshs	
Employer social benefits in cash and in kind	97,200	-	97,200	6,480	103,680
Total	97,200	-	97,200	6,480	103,680

6. Acquisition of Non- Financial Assets

	12 Months Ended 30 June, 2021			3 Months Ended 30 June 2020	
	Payments made by the project in cash KSh.	Payments made by third parties KSh.	Total Payments KSh.	KSh.	Cumulative to date Kshs.
Purchase of office furniture & general equipment	7,034,579	-	7,034,579	-	7,034,579
Total	7,034,579	-	7,034,579	-	7,034,579

7. Cash and cash equivalents

	12 Months Ended 30 June, 2021	3 Months Ended 30 June 2020
	KSh.	KSh.
Bank Account No. 1000447575	31,739,036	31,087,191
Bank Account No. 1000484675	26,772,050	-
Total	58,511,086	31,087,191

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

The project has two (2) project accounts spread within the project implementation area and one (1) of foreign currency designated account managed by the National Treasury as listed below:

7.A. Bank Accounts

	12 Months Ended 30 June, 2021	3 Months Ended 30 June 2020
Total Local currency balances	KSh.	KSh.
Central Bank of Kenya Account Nos.		
Account A 1000447575	31,739,036	31,087,191
Account B 1000484675	26,772,050	-
	58,511,086	31,087,191

	12 Months Ended 30 June, 2021	3 Months Ended 30 June 2020
7.B. Foreign Currency Accounts	USD.	USD.
Central Bank of Kenya(Account No.1000446706)	130,074	191,003
	130,074	191,003

7.C. Special Deposits Accounts

The balances in the Program's Special Deposit Account(s) as at 30th June, 2021 are not included in the Statement of Financial Assets since they are below the line items are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

	2020/21 USD.	2019/20 USD.
Foreign Currency Accounts		
A/C Name (FLLoCA DA - Ac No.1000446706)		-
Opening Balance	191,003	-
Total Amount deposited in the account	754,289	646,003
Total Amount withdrawn (as per Statement of Receipts & Payments)	(815,218)	(455,000)
Closing balance (as per SDA bank account reconciliation attached)	130,074	191,003

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

Note: The statement of Special Deposit Account (SDA) has been attached in Appendix iii.to the Financial Statements.

8. Accounts Receivables

Description	2020-2021	2019-2020
Recoverable and advances :UK Executive Consulting	7,288,205	-
Total	7,288,205	-

Note: The amount represents Swift transfer that was pending with Central Bank of Kenya as of June 30th, 2021 for a training provider for Government officers due to due to Covid-19 related restrictions. The Program had advised the Bank to suspend the transfer awaiting confirmation of travel restrictions both for United Kingdom (UK) and United Arabs Emirates (UAE) Governments. The amount has since been credited into Program Bank Account.

9. Fund balance brought forward

	2020/21 KSh.	2019/20 KSh.
Bank Accounts	31,087,191	-
Total	31,087,191	-

10. Prior Year Adjustment

There were no prior year adjustments resulting from last year which were made during the year ended June 30th, 2021.

11. Change in Receivables

	2020-2021	2019-2020
Opening Receivables as at 1st July, 2020	-	-
Closing account receivables as at 30 th June 2021	7,288,205	-
Change in Receivables	7,288,205	-

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

12. Expenditure Distribution Schedule

	International Development Association (IDA) Ksh.	Government of Kenya (GoK) Ksh.	Total Ksh.
Compensation of Employees	49,898,920	5,901,080	55,800,000
Purchase of goods and services	30,726,590	28,945	30,755,535
Social security benefits	87,480	9,720	97,200
Acquisition of Non-Financial Assets	7,034,579	-	7,034,579
TOTAL	87,747,569	5,939,745	93,687,314

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

12. OTHER IMPORTANT DISCLOSURES

There were no other important disclosures during the year ended June 30, 2021.

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS

There were no items for follow up on Auditor’s recommendations during the year ended June 30, 2021.

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

14. ANNEXES:

ANNEX 1. VARIANCE EXPLANATIONS-COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance(below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	40,000,000	40,000,000	-	100%	
Proceeds from borrowings	131,237,191	119,486,605	11,750,586	91%	
Total Receipts	171,237,191	159,486,605	11,750,586	93%	
Payments					
Compensation of employees	55,800,000	55,800,000	-	100%	
Purchase of goods and services	75,847,191	30,755,535	45,091,656	41%	Delayed hiring experts and contract extension
Social security benefits	97,200	97,200	-	100%	
Acquisition of non-financial assets	39,492,800	7,034,579	32,458,221	18%	Delayed conclusion of procurement activities within the Procurement Plan including supply and delivery vehicles and office equipment
Transfers to other government entities					
Other grants and transfers					
Total payments	171,237,191	93,687,314	77,549,877	55%	

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

**ANNEX 2. SUMMARY OF FIXED ASSETS
REGISTER**

Asset class	Opening Cost (KShs) 2020/21	Donations in form of assets (KShs) 2020/21	*Purchases/ Additions in the Year (KShs) 2020/21	**Disposals in the Year (KShs) 2020/21	Transfers in/(out) Kshs 2020/21	Closing Cost (KShs) 2021
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-d)
ICT Equipment	0	0	5,182,080	0	0	5,182,080
Office equipment, furniture and fittings	0	0	1,852,499	0	0	1,852,499
Total			7,034,579			7,034,579

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

APPENDICES

i. Bank Reconciliations statement as at 30th June 2021

BANK RECONCILIATION

AS AT 30TH JUNE 2021

CLIMATE CHANGE

A/C 1000447575

A/C 1000447575		Sh.	Sh.
Balance as per Bank Certificate			32,623,871.90
Less -----			
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)		880,516.00	
2. Receipts in Bank Statement not yet recorded in Cash book		4,320.00	884,836.00
Add -----			
3. Payment in Bank Statement not yet recorded in Cash Book			
4 Receipts in Cash Book not yet Recorded in Bank Statement			
Balance as per cash Book			31,739,035.90
<p>I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.</p> <p style="text-align: center;">HAU NATIONAL TREASURY</p>			
<i>Signature</i>		<i>Designation</i>	<i>Date</i>
			21/07/2021
prepared by	C.N.KARWENI		

COPY TO
1 INTERNAL AUDITOR
2 AUDITOR GENERAL
3 D G A & Q A

**FINANCING LOCALLY -LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

CLIMATE CHANGE LOCAL LED			
PAYMENT IN CASH BOOK NOT IN BANK AS AT 30TH JUNE 2021			
DATE	REF	PARTICULARS	AMOUNT
30/06/2021	467	WLTER MOTURI	4,500.00
30/06/2021	494	ESTHER KIVUVA	11,600.00
30/06/2021	495	ANNLYDIA MBUI WANJIKU	11,400.00
30/06/2021	496	TERESA SIMBA	13,000.00
30/06/2021	497	MOLU IBRAE	10,500.00
30/06/2021	498	DAVIS MUTHINI	10,000.00
30/06/2021	499	KENNETH MURAGURI	14,000.00
30/06/2021	500	LOISE MUTHONI	10,000.00
30/06/2021	501	EVANS MUIGAI	12,000.00
30/06/2021	502	MOSES LUSIH	5,400.00
30/06/2021	503	ANNLYDIA MBUI WANJIKU	98,118.00
30/06/2021	504	NANCY OMOLLO	668,273.90
	504	VAT	11,724.10
TOTALS			880,516.00

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

CLIMATE CHANGE LOCAL			
RECEIPTS IN BANK NOT IN CASHBOOK AS AT 30TH JUNE 2021			
DATE	REF.	PARTICULARS	AMOUNT
24/12/2020		ACCOUNT TRANSFER	2,160.00
24/12/2020		ACCOUNT TRANSFER	2,160.00
TOTALS			4,320.00

**FINANCING LOCALLY -LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

ACCOUNT NO.1000484675

F.O. 30

CLIMATE CHANGE B

**REPUBLIC OF KENYA
BANK RECONCILIATION AS AT JUNE- 2021**

	Sh.	Sh.
Balance as per Bank Certificate		38,320,960.00
Less -----		
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)	11,548,909.75	
2. Receipts in Bank Statement not yet recorded in Cash book	-	11,548,909.75
Add -----		
3. Payment in Bank Statement not yet recorded in Cash Book	-	
4 Receipts in Cash Book not yet Recorded in Bank Statement	-	-
Balance as per cash Book		26,772,050.25

I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.


**HAU
NATIONAL
TREASURY**

.....
Signature

Designation

Date

AS PER ATTACHED

PREPARED BY	
C KARWENI	
21/07/2021	

COPY TO
1 INTERNAL AUDITOR
2 AUDITOR GENERAL
3 DGA & QA

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

ACCOUNT NO.100484675			
PAYMENT IN CB NOT BANK AS AT JUNE 2021			
DATE	P/V NO	PARTICULARS	AMOUNT
30/06/2021	PV NO 1	NHIF	17,000.00
30/06/2021	PV NO 2	PETER ODHENGO	845,161.00
30/06/2021	PV NO 2	NSSF	2,160.00
30/06/2021	PV NO 3	ANNLYDIA MBUI	361,161.00
30/06/2021	PV NO 3	NSSF	2,160.00
30/06/2021	PV NO 4	RHODA A KIMA	355,161.00
30/06/2021	PV NO 4	NSSF	2,160.00
30/06/2021	PV NO 5	ROSELINE BAARI	355,161.00
30/06/2021	PV NO 5	NSSF	2,160.00
30/06/2021	PV NO 6	MOKU HUQA	355,161.00
30/06/2021	PV NO 6	NSSF	2,160.00
30/06/2021	PV NO 7	MAURICE PENDO	501,161.00
30/06/2021	PV NO 7	NSSF	2,160.00
30/06/2021	PV NO 8	PETER IBRAE	425,161.00
30/06/2021	PV NO 8	NSSF	2,160.00
30/06/2021	PV NO 9	ABDU MALIK	425,161.00
30/06/2021	PV NO 9	NSSF	2,160.00
30/06/2021	PV NO 10	ESTHER KIVIVA	215,161.00
30/06/2021	PV NO 10	NSSF	2,160.00
30/06/2021	PV NO 11	MOSES LUSIH	355,161.00
30/06/2021	PV NO 11	NSSF	2,160.00
30/06/2021	PV NO 12	UK-EXECUTIVE CONSULTIN	7,287,754.75
30/06/2021	pv no 13	FLYHIGH AGENCY LTD	28,945.00
TOTALS			11,548,909.75

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

ii. Special Deposit Account(s) reconciliation statement(s)

**KENYA FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2021**

Credit No.: IDA LOAN CREDIT NO.V3190-KE (DA-Q)

Bank Account No.: 1000446706 Held with Central Bank of Kenya

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		1,400,372.13
	Less:		
2	Total amount documented		900,372.13
3	Outstanding amount to be documented		500,000.00
	Represented by:		
4	Ending Special account Balance as at 30 June 2021		130,074.18
5	Amounts claimed but not credited as at 30 June 2021		-
6	Amounts withdrawn and not claimed		369,925.82
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2021		500,000.00


Discrepancy between total appearing on line 3 and 9

-

Notes:

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

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs


AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY

DATE: 30.07.2021

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

SPECIAL ACCOUNT STATEMENT

For period ending **30th JUNE, 2021** ✓
 Account No. **1000446706** ✓
 Depository Bank **CENTRAL BANK OF KENYA.**
 Address **CENTRAL BANK OF KENYA.**
 Related Loan **KENYA FINANCING CLIMATE ACTION PROG** ✓
 Credit Agreement
 Currency **USD**

Part A - Account Activity

Beginning balance of 1st July, 2020 ✓
 as per C.B.K. Ledger Account **191,003.09** ✓

Add:

Total Amount deposited by World Bank **754,289.04** ✓

Total Interest earnings if deposited in account _____

Total amount refunded to cover ineligible
 expenditure _____

Deduct:

Total amount withdrawn **815,217.95** ✓

Total service charges if not included above in
 amount withdrawn _____

Ending balance on 30th June, 2021 ✓ **130,074.18** ✓

**AUTHORISED REPRESENTATIVE
 CENTRAL BANK OF KENYA**

SIGNATURE: _____

[Handwritten Signature]

DATE _____

22.07.2021

**AUTHORISED REPRESENTATIVE
 EXTERNAL RESOURCES
 DEPARTMENT-TREASURY**

SIGNATURE: _____

[Handwritten Signature]

DATE _____

30.07.2021

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2021, have been reconciled and a copy of the supporting Reconciliation Statement is attached.

**FINANCING LOCALLY –LED CLIMATE ACTION PROGRAM
REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021**

