

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

**REPORT**

**OF**

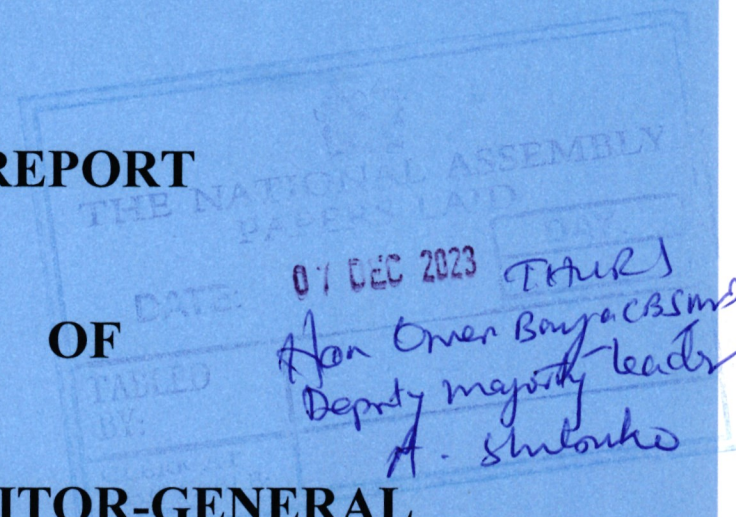
**THE AUDITOR-GENERAL**

**ON**

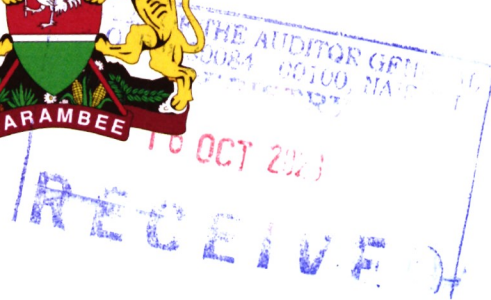
**AQUACULTURE BUSINESS DEVELOPMENT  
PROGRAMME (IFAD LOAN NO.2000002052  
& 2000002614)**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**STATE DEPARTMENT FOR BLUE  
ECONOMY AND FISHERIES**



*Revised Template 30/6/2023*



**PROGRAMME NAME:**

**AQUACULTURE BUSINESS DEVELOPMENT PROGRAMME**

**[ A B D P ]**

**IMPLEMENTING ENTITY:**

**MINISTRY OF MINING, BLUE ECONOMY, AND MARITIME AFFAIRS**

**STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES**

**PROGRAMME LOAN NUMBER: 2000002052 & 2000002614**

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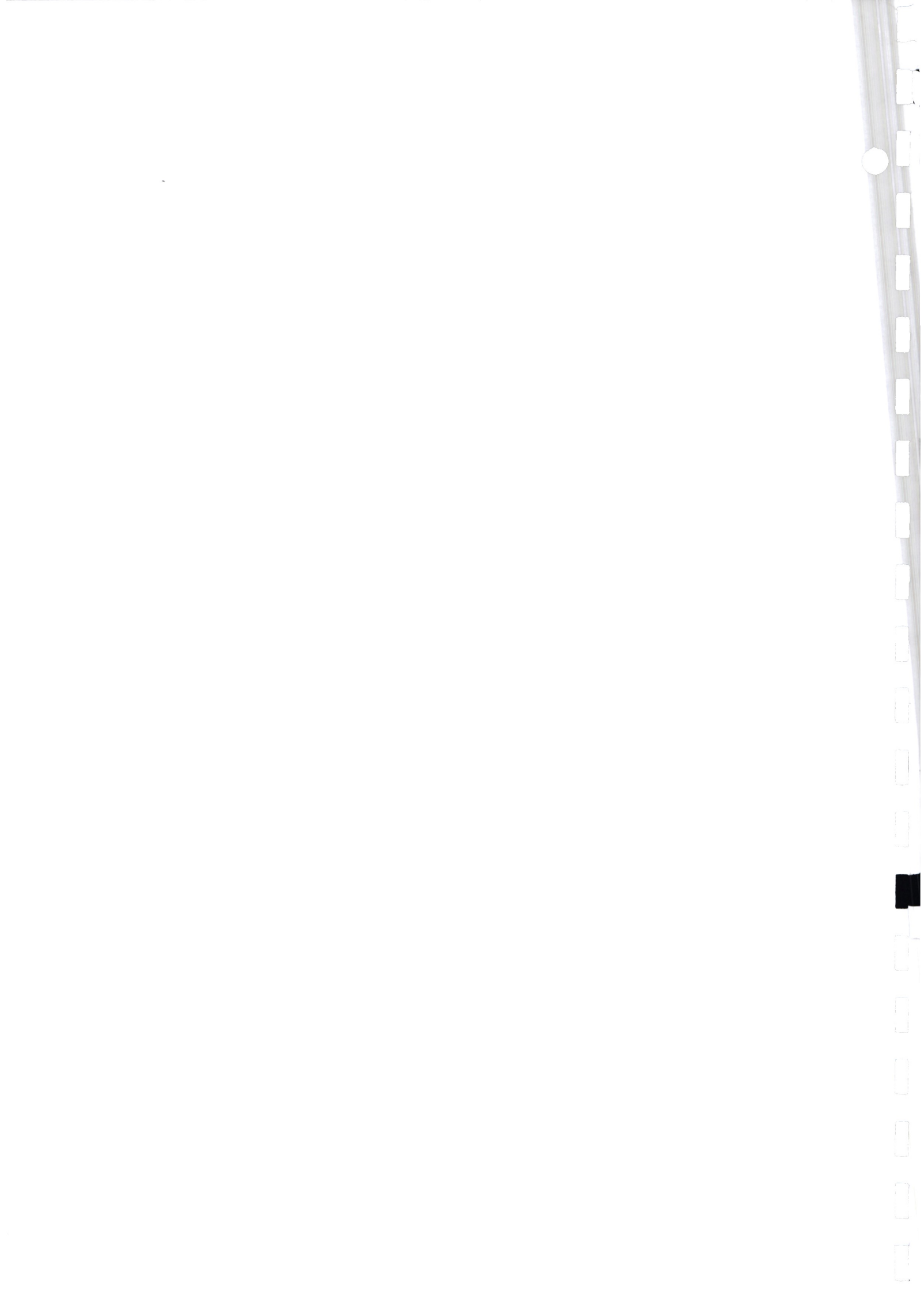
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

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



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## **1. ACRONOMY AND GLOSSARY OF TERMS**

ABDP	Aquaculture Business Development Programme
AGPO	Access to Government Procurement Opportunity
BBA	Bachelor in Business Administration
BSC	Bachelor's in Science
CAPs	Community Action Plans
CBK	Central Bank of Kenya
CIFA	Certified Investment and Financial Analyst
CPA(K)	Certified Public Accountant of Kenya
CPITs	County Programme Implementation Teams
CPS(K)	Certified Public Secretary of Kenya
ENRM)	Environment and Natural Resources Management
ESMP	Environment and Social Management Plan
EURO	European Union Currency
FAO	Food and Agriculture Organisation
GOK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communication Technology
IFAD	International Fund for Agriculture Development
ILO	International Labour Organisation
KeFS	Kenya Fisheries Service
KMFRI	Kenya Marine Fisheries Research Institute
KSHS	Kenya Shillings
MDAs	Ministerial Development Agenda
MOUs	Memorandum of Understanding
NGOs	Non-Governmental Organisations
PCU	Programme Coordination Unit
PIM	Programme Implementation Manual
PPPPs	Public Private Producer Partnerships
PSC	Programme Steering Committee
SDA	Special Deposit Account
SECAP	Social, Environmental and Climate Assessment Procedures
SYIB	Start Your Business
TEC	Technical Evaluation Committee
TOR	Terms of Reference
USD	United States Dollar

## 2. PROJECT INFORMATION AND OVERALL PERFORMANCE

### 2.1 Name and registered office

**Programme Name:** Aquaculture Business Development Programme (ABDP)

#### Objectives

The Programme Development Objective is to increase the incomes, food security and nutritional status of the wider communities of poor rural households involved in aquaculture in the targeted Counties.

**Address:** The programme headquarter office is in Nyeri, Nyeri County, Kenya.

**Physical Address:** IFAD Building

**Postal Address:** P.O. Box 904-10100, Nyeri, Kenya

#### Other Contacts:

**E-mail:** [info@abdpcu.org](mailto:info@abdpcu.org)

**Website:** [www.abdpcu.org](http://www.abdpcu.org)

**Telephone:** +254(0) 780-303-209 / 780-303-195 / 780-303-275

The programme has a Regional Coordination Office based in Kisumu:

**Telephone:** +254(0) 780-302-968 / 0781-005-151

### 2.2 Programme Information

Programme Start Date:	22 <sup>nd</sup> June 2018
Programme Closing Date:	March 2026
Programme Coordinator:	Mr. Sammy Macaria
Programme Donor/Sponsor:	Government of Kenya (GOK), International Fund For Agriculture Development (IFAD) and Beneficiaries
Programme Supervisor:	International Fund for Agricultural Development (IFAD)

### 2.3 Programme Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Mining, Blue Economy and Maritime Affairs while the Lead Implementing Agency under the Ministry is the State Department for Blue Economy and Fisheries.
Programme Financing Numbers	IFAD Loan No. 2000002052 and IFAD Loan No. 2000002614
Strategic goals of the Programme	<p>(i) To raise the efficiency, profitability, and sustainability of ongoing and new aquaculture activities in mixed smallholder farming systems, with associated nutrition activities to improve diet quality and food security of the wider rural communities.</p> <p>(ii) To improve the efficiency of the whole aquaculture value chain, with a concentration of Programme effort and resources on operations that either include smallholders directly or demonstrably benefit the mass of small-scale producers.</p>
Achievement of strategic goals	<p>The Programme management aims to achieve the goals through the following means:</p> <p>(i) Ensuring the Programme’s interventions move the country (especially the Programme Areas) towards achieving the “Big Four” Initiative through food and nutrition security.</p> <p>(ii) Creating conducive environment for investment in Aquaculture through sustainable Public Private Producer Partnerships (PPPPs);</p> <p>(iii) Enhance leadership and integrity in the management of resources for improved rural livelihoods of small holder aquaculture farmers and other value chain players; and</p> <p>(iv) Supporting smallholder aquaculture farmers to graduate from subsistence to commercially oriented aquaculture practices through improvements in productivity, post-harvest management and effective market linkages for the produce.</p>
Other important background information of the programme	<p>The Programme is national in scope but targets Counties with high concentrations of aquaculture activity, high production, existing sectoral infrastructure (processing, marketing and research), adequate water resources and marketing potential. The Programme started implementation in six (6) Counties in the first year and expanded from the second year to reach a maximum of fifteen (15) namely, Homa Bay, Migori, Kakamega, Kisii, Kisumu, Siaya and Busia (in Western Kenya Region) and Kirinyaga, Nyeri, Meru, Tharaka Nithi, Embu, Kiambu, Machakos and Kajiado (in Central/Eastern Region).</p>

**The Programme is structured around three components:**

**Component 1 - Smallholder Aquaculture Development**

Smallholder aquaculture development aims to raise the efficiency, profitability and sustainability of ongoing and new aquaculture activities in mixed smallholder farming systems, with associated nutrition activities to improve diet quality and food security of the wider rural communities. In doing so, the Programme is promoting viable business activities based on aquaculture through group and enterprise mobilization, training and support, investment in productive infrastructure, and the transfer of technical and business skills. This component is organised into three subcomponents, namely;

- ▶ Smallholder aquaculture production,
- ▶ Development of enterprises in support of smallholder aquaculture production, and
- ▶ Community nutrition initiatives.

The expected outcome for this component is to improve production, productivity as well as food security and diet quality of smallholder farmers.

**Component 2 - Aquaculture Value Chain Development**

Aquaculture value chain development is supporting the expansion of the subsector by promoting the establishment and scaling up of agribusiness enterprises of all sizes, including rural groups that “graduate” to a more advanced and stable business model. The Component complements the substantial strategic investments in primary producers (under component 1), through linking smallholders and beneficiaries’ groups to other successful emergent enterprises and larger businesses in the value chain to ensure that smallholders have access to quality inputs, technical expertise, post-harvest technologies and marketing channels. This is being achieved through creation of public private producer partnerships (PPPPs), including developing proper risk allocation measures, such as provision of matching grants to the private sector to alleviate the inherent risks in developing partnerships with smallholders. The component is also supporting policy engagement, public economic infrastructure, extension services, aquaculture research, quality assurance services, financial services and business development capacity.

This component is organised into two subcomponents, namely;

- ▶ Smallholder-based aquaculture value chain development, and
- ▶ Aquaculture sector enabling environment and support services.

**Component 3 - Programme Management, Monitoring and**

	<p><b>Evaluation</b>                  Programme Management, Monitoring and Evaluation facilitates the implementation support structure for Components’ activities and investments through providing physical and financial management; procurement; knowledge management; and monitoring and evaluation functions.</p> <p><b>Implementing arrangements</b></p> <p>The implementation arrangements for the Programme is set out in the Programme Implementation Manual (PIM). The Lead Agency coordinating the implementation of the Programme is the State Department for Blue Economy and Fisheries (SDBEF) in the Ministry of Mining, Blue Economy, and Maritime Affairs. The Programme Steering Committee (PSC) under the chairmanship of the PS, SDBEF is responsible for reviewing Programme progress against targets, assessing management effectiveness, deciding on corrective measures where appropriate while the Programme Coordination Unit (PCU) performs the day-to-day coordination and management of the Programme, and according to the financing agreement between the Government of Kenya (GoK) and the IFAD.</p> <p>At the County Level, the Programme implementation is being done using existing County structures and spearheaded by the County Programme Implementation Teams (CPITs) that were established in line with the signed Memorandum of Understanding (MoUs) with Counties.</p>
<p>Current situation that the programme was formed to intervene</p>	<p>The programme was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Improve food and nutritional security in line with the Government Big Four Agenda and Kenya’s Economic Blueprint – The Vision 2030, and</li> <li>(ii) Reduce poverty of majority rural poor involved in aquaculture farming through improvement of incomes and standards of living.</li> </ul>
<p>Programme duration</p>	<p>The Programme started on 22<sup>nd</sup> June 2018 and is expected to run until March 2026</p>

## **2.4 Bankers**

The following are the bankers for the current year:

### **2.4.1 Programme Designated Special Bank Accounts in Central Bank of Kenya**

ABDP IFAD Loan 1 USD Account No...1000391798-National  
ABDP IFAD Loan 2 EURO Account No...1000568968-National  
ABDP IFAD Loan USD Account No....1000395966-Counties

### **2.4.2 Programme Operational Bank Accounts**

ABDP National Bank - Nyeri branch Account No.**01071216470700**

ABDP National Bank - Nyeri branch Account No.**01071216470701**

ABDP National Bank - Nyeri branch Account No.**01071252835000**

## **2.5 Auditors**

The programme is audited by the Office of the Auditor General.

## **PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

### **2.6 Roles and Responsibilities of key programme staff**

The following is the list and roles of Key Programme staff.

<b>S/No</b>	<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
1	Sammy Macaria	Programme Coordinator	Master's Fisheries (Aquaculture), BSC Fisheries Management.	Programme Coordination
2	Dr. Isaac Wamalwa	Deputy Programme Coordinator	PHD Environmental Sc, Msc Environmental Studies, Bsc Fisheries	Programme Coordination
3	Ruth K. Ng'aarua	Finance and Administration Manager	Masters in finance, B. Com, Accounting, CPA(K), CPS(K)	Finance and Administration activities
4	Grace W Njagi	Aquaculture Specialist	Masters in Fisheries Science, BSC Biochemistry and Chemistry.	Aquaculture services and leader of Component 1
5	Michael Waweru	Senior Knowledge Management and M&E Officer	Master of Arts in Economics, BSc in Economics & Statistics, CPA(K), CIFA.	Knowledge management, Monitoring and Evaluation
6	Ruth Lewo Mwarabu	Aquaculture Specialist	Master in Tropical Aquatic Ecology, BSc Applied Aquatic Science.	Aquaculture services and leader of Component 2
7	Samuel M. Ikima	Procurement Specialist	Master's Purchasing and Supplies Mgt, Bachelor's in Business Administration-Human Resource, CIPS.	Procurement Services
8	Irene W. Machua	Programme Accountant	MBA-Finance and Accounting-Ongoing. BBA (Finance and Accounting), CPA(K),	Accounting services
9	Beryl A. Odhiambo	Regional Accountant	B.Com-Accounting, CPA(K), CIFA Part 2	Accounting Services
10	Veronica W. Chege	Procurement Assistant	MSC Procurement and Logistics, Bachelors Procurement and Logistic CPSP	Procurement Services
11	Esther N. Waweru	Programme Assistant	Master of Business Administration (MBA) - Strategic Management,	Administration activities

<b>S/No</b>	<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
			Bachelor of Commerce – HRM, CPS(K), Diploma in Business Management	
12	Kelly O. Owillah	Programme Assistant	Master of Arts in Project Planning, Bachelor of Arts Degree (Economics & Mathematics), Diploma in Community Development	Administration activities
13	Nimo Hussein Jamal	Monitoring and Evaluation and Knowledge Management Officer	MSC Development Studies- Ongoing BSC Development Studies Diploma in HRM Diploma in Project Management	Knowledge management, Monitoring and Evaluation
14	Lucy Mungai W.	Office Assistant	Diploma in Secretarial Studies Certificate in Public Relations and Customer Care Certificate in computer applications.	Administration activities

## **2.7 Funding summary**

The Project is for duration of eight years from 2018 to 2026 with an approved budget for ABDP Programme is USD 143.3 Million equivalent of approximately Kshs. 14.9 billion as highlighted in the table below:

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

Below is the funding summary:

**A. Source of Funds**

Sources of funds	Donor Commitment		Amount received to date (30.06.2023)		Undrawn Balance to date (30.06.2023)	
	Donor Currency -USD (A)	Kshs (A')	Donor Currency - USD (B)	Kshs (B')	Donor currency- USD (A)-(B)	Kshs (A')-(B')
<b>(i) Grant</b>						
IFAD-Grant to FAO	400,000	41,592,000	-	-	400,000.00	-
<b>(ii) Loan</b>						
IFAD-Loan 1	40,000,000	4,159,200,000	15,432,805.60	2,151,796,084.60	24,567,194.40	2,007,403,915.40
IFAD-Loan 2	27,900,000	2,901,042,000	4,344,710.13	585,212,995.15	23,555,289.87	2,315,829,004.85
<b>(iii) Counterpart funds</b>						
Government of Kenya	31,400,000	3,264,972,000	11,593,535.32	1,616,486,630.00	19,806,464.68	1,648,485,370.00
<b>Total</b>						
<b>(iv) Contribution in Kind</b>						
Beneficiary Contribution	43,600,000	4,533,528,000	11,422,214.72	1,592,599,398.00	32,177,785.28	2,940,928,602.00
<b>Total</b>	<b>143,300,000</b>	<b>14,900,334,000</b>	<b>42,793,266</b>	<b>5,946,095,108</b>	<b>100,506,734</b>	<b>8,912,646,892</b>

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30.06.2023)		Cumulative Amount paid to date – (30.06.2023)		Unutilised balance to date – (30.06.2023)	
	Donor Currency -USD (A)	Kshs (A')	Donor Currency -USD (B)	Kshs (B')	Donor currency-USD (A)-(B)	Kshs (A')-(B')
<b>(i) Grant</b>						
IFAD-Grant to FAO	-	-	-	-	-	-
<b>(ii) Loan</b>						
IFAD-Loan 1	15,432,806	2,151,796,085	17,503,284.49	2,440,482,956.93	2,070,478.89	288,686,872.33
IFAD-Loan 2	4,344,710	585,212,995	3,163,606.29	426,137,766.91	1,181,103.84	159,075,228.24
<b>(iii) Counterpart funds</b>						
Government of Kenya	11,593,535	1,616,486,630	10,746,816.66	1,498,428,646.54	846,718.66	118,057,983.46
<b>(iv) Contribution in Kind</b>						
Beneficiary Contribution	11,422,215	1,592,599,398	11,422,214.72	1,592,599,397.80	0.00	-
<b>Total</b>	<b>42,793,266</b>	<b>5,946,095,108</b>	<b>42,835,922</b>	<b>5,957,648,768</b>	<b>-</b>	<b>42,656 - 11,553,661</b>

## **PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

### **2.8 Summary of Overall Programme Performance:**

The budget performance against actual amounts for current year is at 61%.

1. The main activities and achievements attained during the period include: -

- 91 Smallholder Aquaculture Groups formed and/or revived in Programme Counties
- 161 Participatory Rural Appraisals conducted across 15 Programme Counties leading to development of Community Action Plans (CAPs) and reaching out to 7,263 community members where 4,545 (63%) are male, 2,720 (37%) Female. Out of the total outreach through PRAs, 1,549 youths (21% of all participants) and 83 (1%) were People living with disabilities.
- Participatory Needs assessment conducted leading to selection of 5,697 smallholder / level 1 farmers across 15 Programme Counties where 71% required pond liners to address water seepage; 24% required predator control kits to minimise incidents of predation and 5% required other interventions.
- 113 organisation skills training for groups conducted across 15 Counties.
- Distribution of canoes and fishing gears and canoes to facilitate harvesting in stocked and restocked dams. 10 out of 15 Counties implementing the Programme benefitted from this support.
- 593 youth champions trained on the ILO's SIYB Methodology training for entrepreneurs.
- 10 Annual Aquaculture Day (AAD) celebration conducted across 10 Counties.
- 44,676 Bags (1,116 tonnes) of fish feeds distributed in 15 Counties.
- 5,921,577 fingerings distributed to 5,920 beneficiaries in 15 Counties to support improved production.
- Two key contracts signed, and implementation kick started. These include: SIYB Training and Grants Management & Transaction Advisor
- 70 social and behaviour change and communication (SBCC) events held in 15 Counties and promoted marketing of 9.2 tonnes of fish.
- 1 Joint Government and IFAD Missions conducted.
- 1 PSC Supervision Missions in 15 Programme Counties

While conducting the above activities, the management endeavoured to adhere to the approved budget ceiling per activity. Efficiency in resource utilization was emphasized. The main challenge experienced during project implementation and proposed way forward include budget cuts both for the donor and government component; the programme revised the budget downwards and negotiated with the National Treasury so that in future such an occurrence is not experienced .

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.9 Summary of Programme Compliance:**

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

### **3 STATEMENT OF PERFORMANCE AGAINST PROJECT’S PREDETERMINED OBJECTIVES**

The key development objectives of the Aquaculture Business Development Programme 2018-2026 plan as per the programme design is to increase the incomes, food security and nutritional status of the wider communities of poor rural households involved in aquaculture in the Programme Implementing Counties.

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

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

Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Ministry of Mining Blue Economy and Maritime Affairs, State Department Blue Economy, and Fisheries-Aquaculture Business development Programme	To develop enterprises in support of smallholder aquaculture production.	Smallholder Aquaculture Production supported (addressing pressing challenges in aquaculture)	12,760 Smallholder Aquaculture Farmers supported with pond liners and predator control nets to address bedevilling challenges in aquaculture	12,760 smallholder aquaculture farmers supported (7,184 liners and 5,576 predator control kits)

#### **4 ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The overall goal of Aquaculture Business Development Programme (ABDP) is to “*contribute to the reduction of poverty and increased food security and nutrition in rural communities of Kenya*”. This goal is pursued via one development objective which reflect the poverty-food security and nutrition nexus: increased incomes, food security and nutritional status of the wider communities of poor rural households involved in aquaculture. The Programme’s mission towards achieving this goal and objective provides the building blocks on which to reflect corporate culture and direction. ABDP’s sustainability strategy incorporates economic, environmental, and social factors into the organization's policies, practices, and processes to create long-term benefits for the organization, its employees and all its stakeholders while being mindful of conserving and protecting resources including environment.

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

During the financial year 2022-2023, the Aquaculture Business Development Programme (ABDP) was implemented against a background of a contracting global and regional economies. World economic growth slowed to 3.5 percent in 2022 from a growth of 6.3 percent in 2021 as high global inflation, energy and value chain disruption, and impact of monetary policy tightening in most world economics weighed on economic activity. The sluggish global growth, high inflation rates and the challenging global and domestic financial conditions continue to weigh on the growth for sub-Saharan Africa region. The region economic growth is projected to slow down to 3.5 percent in 2023 from 3.9 percent in 2022, before picking up to 4.1 percent in 2024. The Kenyan economy in 2022 demonstrated resilience in the face of severe multiple shocks that included the adverse impact of climate change, lingering effects of COVID-19, global supply chain disruption and the impact of Russia-Ukraine conflict. As such, the economic growth slowed down to 4.8 percent in 2022 from 7.6 percent in 2021. With the continued recovery in the agriculture sector and sustained performance of the services sector, the Kenyan economic growth is projected at 5.5

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

percent in 2023 and 5.7 percent in 2024 supported by broad-based private sector growth and sustained government investment in the nine priority value chain areas. The Government focus is to provide an enabling environment for resilient and sustainable economic recovery through strengthening implementation of programmes and measures that ensure a more inclusive economic growth, foster macroeconomic stability and avail liquidity to the private sector. ABDP, being one of the Government Programmes is accountable to its stakeholders, the society, and the environment in achieving sustainable development for country as a whole. The Programme is embedded in evolving public service structures at both levels of Government: National and County. The strengthening and use of existing public services and community structures is expected to establish a strong institutional framework that would support sustainability.

To enhance sustainability, ABDP developed its exit strategy. Planned in a systematic and collaborative way well in advance of the programme end, the exit strategy will ensure better programme outcomes and encourage commitment to programme sustainability by implementing partners and beneficiaries. It provides clarity, focuses programming work and enables better planning of available human and financial resources by all implementors. This exit strategy includes a Legacy plan that denotes major outputs and outcomes that will continue to make significant contributions to the reduction of poverty and increased food security and nutrition in rural communities of Kenya.

### **2. Environmental performance**

In conformity with the National Environment Policy 2013, ABDP seeks to better quality of life for present and future generations through sustainable management and use of the environment and natural resources. In line with IFAD's Climate Change Strategy (2010) and the Environment and Natural Resources Policy (2010), Social, Environmental and Climate Assessment Procedures (SECAP), the Programme Design Report looked into environment and climate risks that were likely to be associated with

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

this project and proposed relevant mitigation measures. During its implementation, the Programme has conducted environmental and climate risks assessments and continues to put in place measures for mitigation. The climate change risks for the ABDP beneficiaries, and their livelihoods include droughts and floods. The main impacts are reduced water availability and destruction of infrastructure as well as loss of fish in some cases. Climate change adaptation measures implemented by ABDP at the farm level include a) use of pond liners to reduce water seepage; b) inclusion of dykes to protect fishponds (some ponds are located in wetlands); c) raised ponds and d) water harvesting techniques are being promoted in some ABDP locations. The application of these measures is informed by climate risk analyses, which are available at the county level. The good aquaculture practices, such as appropriate siting, pond design and construction, are also contributing to climate change resilience for the farmers. For the institutional level, climate smart aquaculture techniques have been identified and documented by KMFRI and will be disseminated to the ABDP actors, such as hatcheries and model farmers who will pass on the technology to other farmers. During the year 2023-2024, ABDP will further explore the potential of climate smart aquaculture approaches including wooden ponds and solar pumps in line with climate resilience and adaptation to land limitations as well as the desire by low-income earners and small landholders in peri-urban and rural settlements to grow fish.

In line with IFAD's commitment to advancing sustainable development as reflected in its Social, Environmental and Climate Assessment Procedures – SECAP (IFAD 2017), ABDP enhanced operationalisation of the SECAP through integration of the activities in the Annual Work Plan and Budget. An Environment and Social Management Plan (ESMP) has been developed for the Programme and has been stepped down to county level plans. County Implementation Teams include Environment and Natural Resources Management (ENRM) Officers who provide guidance on conservation, natural resources use efficiency and relevant environmental regulations to be adhered to in the ABDP.

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

To ensure environmental and socio - economical sustainability of aquaculture in small water body ecosystems, the framework on sustainable cage aquaculture practices developed by the Programme will guide it on specific aspects related to environment and climate matters and meet requirements and standards for aquaculture production in water reservoirs and cages. The effective engagement of the ENRM, KMFRI and KeFS officers will be important given the recommendation for ABDP to support cage aquaculture in the lake counties during the financial year 2023/24 moving forward. Targeted support will be essential for the ABDP beneficiaries to obtain relevant permits and ensure they follow good aquaculture practices.

As part of its green initiatives and to increase forest cover and enhance environmental resilience around small water bodies, ABDP has promoted and will continue promoting tree planting and development of kitchen gardens around ponds and other small water bodies.

The Programme will continue prioritizing use of energy from renewable sources in our offices and Programme investments, promote recycling across our offices, promote virtual engagements with stakeholders and invest in environmental and climate adaptation education and sensitization for farmers to enable them to have a better understanding of environmental management and climate change related impacts as well as required interventions to enable them to adapt.

### **3. Employee welfare**

In adherence to a range of Kenya Government policies, ABDP hiring process is guided by the Human Resource Policies and Procedures Manual for the Public Service of May 2016, which follows values and principles of public service as stipulated in Article 232 of the Constitution of Kenya 2010. At ABDP, we support diversity, fairness and equal opportunities and do not discriminate in employment on the basis of race, color, religion, sex, origin, political affiliation, sexual orientation, gender identity, marital status, disability and genetic information, age, membership in an employee organization, or other non-merit factors. Of the total ABDP Programme Coordination

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

Unit (PCU) staff including technical staff, support staff and drivers, 15 are male while 11 are female thus meeting the two third gender ratio.

ABDP seeks to create an environment in which each employee's ambitions and abilities can be developed, as well as a workplace where an individual's potential can be actively realized. Accordingly, since its inception, all the Programme staff have undergone trainings in various fields to improve their performance and career progression. During the financial year 202/23, the Programme undertook an internal staff professional skills training needs assessment, and budget will be allocated for all staff to be trained subject to approval by IFAD and the State Department. Similarly, all ABDP staff underwent through staff performance appraisal with recommendations for employee performance improvement to be implemented during the financial year 2023-2024.

As an organization, ABDP ensures the safety, health and welfare at work of all persons working in its workplace and customers/clients. The Programme aims to comply with all relevant legislation or regulations and best practice guidelines recommended by the national health and safety authorities/arms of government. All employees are accorded a safe and healthy working environment that meets or exceeds applicable standards for occupational safety and health. Since inception, ABDP has provided and will continue providing appropriate medical cover for all its employees. Additionally, the Programme has developed and will continue implementing alcohol and drug abuse prevention and management policy to address issues at the workplace, at risk population and the dependent population.

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

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

As a responsible organization, we seek information from our partner organisations and suppliers about their approach to social responsibility, we map our supply chain to better understand where risks to our environmental and human rights commitments may exist and identify areas for further review, and we make sure that

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

we have a commitment from every supplier we use that environmental standards are met and human rights policies adhered to and check compliance during contract periods. To support responsible sourcing of materials, ABDP will continue to conduct due diligence within our supply chain to understand the source of raw materials within our products and ensure responsible and ethical sourcing. Additionally, to enhance access to government procurement opportunities for women, youth and people with disabilities, the Programme will pre-qualify registered (AGPO) groups as an affirmative action, build their capacity through training on government procurement procedures, the requirements for accessing government procurement opportunities and the specific opportunities, and ensure that the three groups access procurement opportunities for quotations.

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

To combat and prevent corruption, unethical practices and promote standards and best practices in governance, ABDP will conduct a Corruption Risk Assessment, and implement measures emanating from its Corruption Risk Mitigation plan. ABDP has zero tolerance for all forms of bribery, corruption, extortion, or embezzlement.

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

To ensure financial responsibility, all ABDP dealings are transparently performed and accurately reflected on the Programme's financial reports and filings. Additionally, ABDP discloses financial and non-financial information in accordance with applicable Kenya Government regulations and standard accounting practices. As part of making risk management integral to its culture, strategic planning, decision making and resource allocation, ABDP developed a risk management policy that aims to ensure a coordinated and integrated approach to management of risks and is expected to increase ABDP risk management capacity by improving the ability to anticipate, prepare for, and handle a wide range of possible risks that could hinder the achievement of the Programme's objectives. During the financial year 2023-2024, ABDP will continue implementing the Risk Management Policy through providing a consistent risk assessment criterion by monitoring and

## **ENVIRONMENTAL AND SUSTAINABILITY REPORTING (Continued)**

reviewing risk levels to remain within the acceptable risk appetite; adopting risk treatment strategies that are effective and efficient in risk mitigation; enhancing compliance to public service ethics, values, and principles of good governance; and, promoting risk informed decisions across ABDP through foresight analysis and risk assessments.

### **5. Community Engagements**

ABDP community development approach is geared to real Kenyan conditions and cultural norms, including prevailing gender roles. The Programme has undertaken proactive community mobilisation and the generation of participatory modalities of community economic and social development in selection and engagement of its beneficiaries' ensuring inclusion of women, youth and people with disabilities. The Programme has successfully deployed the ABDP gender strategy which aims at equal involvement and benefits of women and men in the development of the aquaculture value chain resulting in increase in key gender empowerment indicators.

ABDP supports a number of programs aimed at advancing education and creating experiences for young people to achieve their dreams. During the financial year 2022-2023, the Programme offered 7 internships and 13 industrial attachments to Degree and Diploma students making a total of 20 which is 77% of the total staff strength of 26 staff. During the financial year 2023-2024, ABDP will continue engaging the youth on internships, industrial attachments, and mentorship programmes as per the Programmes objectives and in line with the Public Service guidelines.

As part of giving back to the society, ABDP supported staff fund raising event for needy children dubbed 'buckets of hope' where all staff individually made contributions in cash and items which were donated to a children's home during an event attended by all staff. During the financial year 2022-2023, ABDP will continue volunteering by all staff and encourage staff to take volunteering days to support community initiatives, identify potential charity event of interest and organise for informal fund-raising activity.

## **5 STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme are responsible for the preparation and presentation of the Programme's financial statements, which give a true and fair view of the situation of the Programme for and as at the end of the financial year ended on June 30, 2023. 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 Programme; (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 Programme; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme accept responsibility for the Programme'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 Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme are of the opinion that the Programme's financial statements give a true and fair view of the state of Programme's transactions during the financial year ended June 30, 2023, and of the Programme's financial position as at that date. The *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme further confirm the completeness of the accounting records maintained for the Programme, which have been relied upon in the preparation of the Programme financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme confirm that the Programme has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Programme funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Programme financial statements**

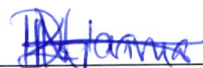
The Programme financial statements were approved by the *Principal Secretary* for the Ministry of Mining, Blue Economy and Maritime Affairs, State Department for Blue Economy and Fisheries, and the *Programme Coordinator* for Aquaculture Business Development Programme on 25<sup>th</sup> SEPT 2023 2023 and signed by them.



Principal Secretary  
Name: Betsy M. Njagi



Programme Coordinator  
Name: Sammy Macaria




Programme Fin.&Admin Manager:  
Name: Ruth Ng'arua  
ICPAK Member NO. 21799


*Aquaculture Business Development Programme (ABDP)  
Annual Report and Financial Statements for the financial year ended June 30, 2023*


**7 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2023.**

ABDP STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2023							Cumulative to Date (From inception)
Note	FY 2022/23		FY 2021/22		Total	Kshs	
	Receipts and payments controlled by the entity	Receipts and Payments made by third parties	Total	Receipts and payments controlled by the entity			Payments made by third parties
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>RECEIPTS</b>							
Receipts from Government of Kenya- Cash							
1(a)	282,500,000	-	282,500,000	537,000,000	-	537,000,000	
Receipts from Government of Kenya- In-kind Contribution							
1(b)	-	489,005,208	489,005,208	-	546,937,313	1,592,599,398	
Proceeds from Domestic and Foreign Grants							
2	-	-	-	-	-	-	
Loan from External Development Partners-IFAD Loan 1							
3(a)	452,776,664	-	452,776,664	396,333,245	837,145,247	2,151,796,085	
Loan from External Development Partners-IFAD Loan 2							
3(b)	585,212,995	-	585,212,995	-	-	585,212,995	
Miscellaneous Receipts-Account 01071252835000 Activation							
4	3,000	-	3,000	3,000	-	3,000	
<b>TOTAL REVENUES</b>	<b>1,320,492,659</b>	<b>489,005,208</b>	<b>1,809,497,867</b>	<b>933,336,245</b>	<b>1,384,082,560</b>	<b>2,317,418,804</b>	
<b>PAYMENTS</b>							
Compensation of Employees							
5	171,754,917	-	171,754,917	130,650,402	-	130,650,402	
Purchase of goods and services							
6	1,138,501,103	-	1,138,501,103	769,091,178	804,007,316	1,573,098,494	
Social Security Benefits							
7	-	-	-	-	-	-	
Acquisition of Non-financial Assets							
8	70,040,824	-	70,040,824	13,815,461	33,137,931	46,953,392	
Transfers to Other Government Entities							
9	-	-	-	-	-	-	
Other grants and transfers and payments-In-kind Contributions							
10	-	489,005,208	489,005,208	-	546,937,313	1,592,599,398	
Other payments							
<b>TOTAL PAYMENTS</b>	<b>1,380,296,844</b>	<b>489,005,208</b>	<b>1,869,302,052</b>	<b>913,557,042</b>	<b>1,384,082,560</b>	<b>2,297,639,601</b>	
<b>SURPLUS/DEFICIT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,779,203</b>	<b>-</b>	<b>11,436,183</b>	

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

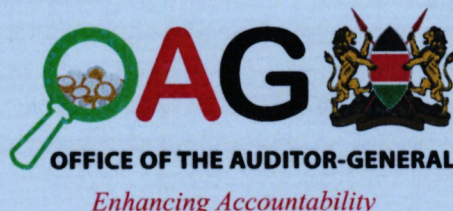
  
Principal Secretary  
Name: Betsy M. Njagi

  
Programme Coordinator  
Name: Sammy Macaria

  
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# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON AQUACULTURE BUSINESS DEVELOPMENT PROGRAMME (IFAD LOAN NO.2000002052 & 2000002614) FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the 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 Aquaculture Business Development Programme set out on pages 1 to 50, which comprise of the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments,

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*Report of the Auditor-General on Aquaculture Business Development Programme (IFAD LOAN NO.2000002052 & 2000002614) for the year ended 30 June, 2023 - State Department for Blue Economy and Fisheries*

statement of cash flows and the statement of comparative 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 Aquaculture Business Development Programme as at 30 June, 2023, 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 comply with the Article IX Section 9.03 of the General Conditions of Financing Agreement for Loan No. 2000002052 and 2000002614 dated 22 June, 2018 between the International Fund for Agricultural Development (IFAD) and the Republic of Kenya 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 Aquaculture Business Development Programme Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional 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.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Delay in Projects Implementation**

The Programme had undertaken the construction of Uhuru Business Park in Kisumu at contract price of Kshs.13,500,036. As per the project report dated 29 March, 2023 carried out by the State Department for Public Works Architectural Department indicated that the

project was complete. However, physical verification in the month of September, 2023 revealed that the facility was not in use.

Further, physical verification of a classroom and laboratory at Ramogi Institute of Advance Technology in Kisumu in the month of September, 2023 revealed that the facility was constructed at a contract sum of Kshs.9,699,035. Project Quantity Surveyor report dated 19 June, 2023 indicated that the project was 95% complete. Further, the contractor had been paid a total of Kshs.9,266,545 or 95% of the contract sum and the project was not in use.

In the circumstances, value for money on the above delayed projects could not be achieved.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of an Internal Audit Report**

Review of the internal controls of the Programme, revealed that no internal audit was conducted during the year under review and therefore no internal audit report was provided for audit review. This was contrary to Schedule 3, on Special covenants, Section 12.0(a) (xxiii) part 3 which states that the Ministry shall designate one of internal auditors on secondment from National Treasury to audit the Programme Coordinating Unit and periodically visit and review the internal audit processes performed by internal auditors at the Programme Counties.

In the circumstances, the Programme did not benefit from the assurance and advisory services from the internal audit function.

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 Financing Agreement for Loan No. 2000002052 and 2000002614 between International Fund for Agricultural Development (IFAD) and the Republic of Kenya dated 22 June, 2018, 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 these records; and,
- iii. The project's financial statements are in agreement with 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 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Programme's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Programme 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 Programme's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

- 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Programme's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Programme to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Programme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that 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 that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
 CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

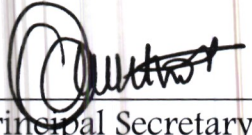
**Nairobi**


**03 November, 2023**

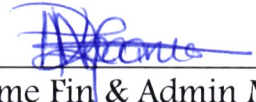
## 8 STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2023

ABDP STATEMENT OF FINANCIAL ASSETS AS AT JUNE 30, 2023				
Description	Note		FY 2022/23	FY 2021/22
			Kshs	Kshs
<b>Financial Assets</b>				
<b>Cash and Cash Equivalents</b>				
Bank Balances	11A	-	11,436,893.61	48,363,008.71
Cash Balances	11B		710.00	4,993.00
Cash Equivalents (Short term deposits)	11C		-	-
<b>Total Cash and Cash equivalents</b>		-	<b>11,436,183.61</b>	<b>48,368,001.71</b>
Imprests & Advances	12		-	-
<b>TOTAL FINANCIAL ASSETS</b>		-	<b>11,436,183.61</b>	<b>48,368,001.71</b>
<b>Financial Liabilities</b>				
Deposits and Retention Monies	13		-	-
<b>Net Assets</b>				
<b>Represented By</b>				
Fund balance B/fwd	14		48,368,001.71	28,588,798.73
Prior Year Adjustment	15		-	-
Surplus / (Deficit) for the year		-	59,804,185.32	19,779,202.98
<b>NET FINANCIAL POSITION</b>		-	<b>11,436,183.61</b>	<b>48,368,001.71</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25<sup>TH</sup> SEPT 2023 and signed by:

  
 Principal Secretary  
 Name: Betsy M. Njagi


  
 Programme Coordinator  
 Name: Sammy Macaria


  
 Programme Fin & Admin Manager:  
 Name: Ruth Ng'arua  
 ICPAK Member NO. 21799

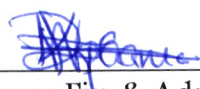
9 STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2023

ABDP STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH JUNE 2023			
Description	Note	2022/23	2021/22
		Kshs	Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Transfer from Government entities	1	282,500,000	537,000,000
Proceeds from Domestic and Foreign Grants	2		-
Miscellaneous Receipts	4	3,000	3,000
<b>Total Receipts</b>		<b>282,503,000</b>	<b>537,003,000</b>
<b>Payments</b>			
Compensation of Employees	5	171,754,917	130,650,402
Purchase of goods and services	6	1,138,501,103	769,091,178
Social Security benefits	7	-	-
Transfers to Other Government Entities	9	-	-
Other Grants and Other Payments	10	-	-
<b>Total Payments</b>		<b>1,310,256,020</b>	<b>899,741,580</b>
<b>Adjustments during the year</b>			
Prior Year Adjustment	15	-	-
Decrease/ (Increase) in accounts receivables	16	-	-
Decrease/ (Increase) in accounts Payables	17	-	-
<b>Net Cashflow from operating activities</b>		<b>1,027,753,020</b>	<b>362,738,580</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Non-financial Assets	8	70,040,824	13,815,461
<b>Net cash flows from Investing Activities</b>		<b>(70,040,824)</b>	<b>(13,815,461)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from foreign borrowings	3	1,037,989,659	396,333,245
<b>Net cash flow from financing activities</b>		<b>1,037,989,659</b>	<b>396,333,245</b>
<b>Net Increase in Cash and Cash equivalents</b>		<b>59,804,185</b>	<b>19,779,203</b>
<b>Cash and cash equivalent at beginning of the year</b>	11	<b>48,368,002</b>	<b>28,588,799</b>
<b>Cash and cash equivalent at end of the year</b>	11	<b>11,436,184</b>	<b>48,368,002</b>

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<sup>TH</sup> SEPT 2023 and signed by

  
Principal Secretary  
Name: Betsy M. Njagi

  
Programme Coordinator  
Name: Sammy Macaria

  
Programme Fin & Admin Manager:  
Name: Ruth Ng'arua  
ICPAK Member NO. 21799

10 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023

ABDP STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2023						
Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Utilisation Variance e=c-d	% of Utilisation f=d/c %
<b>Receipts</b>						
Receipts from Government of Kenya	565,000,000	282,500,000	282,500,000	282,500,000	-	100%
Proceeds from Domestic and Foreign Grants	-	-	-	-	-	0%
Proceeds from Borrowings	2,057,000,000	704,000,000	1,353,000,000	1,037,989,659	315,010,341	77%
Beneficiaries Contribution	1,431,365,833	-	1,431,365,833	489,005,208	942,360,625	34%
Miscellaneous receipts	-	-	-	3,000	3,000	0%
<b>Total Receipts</b>	<b>4,053,365,833</b>	<b>986,500,000</b>	<b>3,066,865,833</b>	<b>1,809,497,867</b>	<b>1,257,367,966</b>	<b>59%</b>
<b>Payments</b>						
Compensation of employees	171,992,992	-	171,992,992	171,754,917	238,075	100%
Purchase of goods and services	2,336,437,788	991,474,000	1,344,963,788	1,138,501,103	206,462,685	85%
Social Security Benefits	-	-	-	-	-	0%
Acquisition of Non-financial Assets	113,569,220	4,974,000	118,543,220	70,040,824	48,502,396	59%
Transfers to Other Government Entities	-	-	-	-	-	0%
Other Grants and Transfers	-	-	-	-	-	0%
Beneficiaries Contribution	1,431,365,833	-	1,431,365,833	489,005,208	942,360,625	34%
Other Payments	-	-	-	3,000	3,000	0%
<b>Total Payments</b>	<b>4,053,365,833</b>	<b>986,500,000</b>	<b>3,066,865,833</b>	<b>1,869,305,052</b>	<b>1,197,560,781</b>	<b>61%</b>

Note: The variance of 39% (100%-61%) is because of significant budget utilisation/performance differences in the last column which are explained in Annex 2 to these financial statements.



Principal Secretary

Name: Betsy M. Njagi



Programme Coordinator

Name: Sammy Macaria



Programme Fin.&amp;Admin Manager:

Name: Ruth Ng'arua

ICPAK Member NO. 21799

## **11 SIGNIFICANT ACCOUNTING POLICIES**

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

### **a) 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.

### **b) Reporting entity**

The financial statements are for ABDP Programme under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

### **c) Reporting currency**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **d) Recognition of receipts**

The Project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

#### **i) Transfers from the Exchequer**

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

#### **ii) External Assistance**

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

#### **iii) Other receipts**

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

#### **iv) 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.

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **v) Proceeds from borrowing**

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

### **vi) Undrawn external assistance**

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

### **e) Recognition of payment**

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

#### **i) Compensation to 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.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **f) In-kind donations**

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

### **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. 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.

### **h) 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.

## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **i) Imprest and advances**

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

### **j) 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 Entity 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.

### **k) 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.

## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

### **l) Pending bills**

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

### **m) 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 Programme's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but 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 Programme's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **n) Third party payments**

Included in the receipts and payments, are payments made on behalf of the entity 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 party's column in the statement of receipts and payments.

The Programme did not have any third-party payment.

### **o) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Programme 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.

### **p) 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.

### **q) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

### **r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year (s). The Programme did not have any prior period adjustments.

## 12. NOTES TO THE FINANCIAL STATEMENTS

### 1. RECEIPTS FROM GOVERNMENT OF KENYA

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

Description	KShs	KShs	Cumulative to Date (from inception)
	2022/23	2021/22	KShs
<b>a) Counterpart funding through State Department of Fisheries Aquaculture &amp; Blue Economy</b>			
Counterpart funds Quarter 1	141,250,000.00	268,500,000	679,250,000.00
Counterpart funds Quarter 2	141,250,000.00	-	244,236,630.00
Counterpart funds Quarter 3	-	-	424,500,000.00
Counterpart funds Quarter 4	-	268,500,000	268,500,000.00
<b>Sub-total</b>	<b>282,500,000.00</b>	<b>537,000,000</b>	<b>1,616,486,630.00</b>
<b>b) Counterpart funding as in-kind Contribution</b>			
	489,005,208.00	546,937,313	1,592,599,398
<b>Sub-total</b>	<b>489,005,208.00</b>	<b>546,937,313</b>	<b>1,592,599,398</b>
			-
<b>Other transfers from government entities</b>			-
			-
			-
Appropriations-in-Aid			-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>771,505,208</b>	<b>1,083,937,313</b>	<b>3,209,086,028</b>

*(The counterpart funding as in-kind contribution includes both the government in-kind contribution in terms of deployed staff, National, Regional and County Programme offices and purchase of feeds for the beneficiaries. The other in-kind is beneficiaries' contribution to the Programme in terms of labor and other items).*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the 12 months to 30 June 2023, the Programme did not receive any grants from donors.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 12 months period to 30<sup>th</sup> June 2023, we received **KES 1,037,989,659** from loan proceeds. Below find a table indicating the loan received. The Programme operates two donor accounts as per the revised letter to the borrower to cater for the financing gap. The second account is in EURO but has been converted to USD.

Description	Date received	2022/23			2021/22		Cumulative to date
		Amount in loan currency	Loans received Actual Amount	in Loans received as direct payment*	Total Amount	Total Amount	
Name of Donor		USD	KShs	KShs	KShs	KShs	KShs
Loans Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
Loans Received from Multilateral Donors (International Organisations)							
a) International Fund for Agricultural Development -Loan Revenue 1	30/08/2022	916,967.62	109,458,424.75	-			
	10/03/2023	1,805,104.79	228,363,807.40	-			
	14/04/2023	529,948.15	68,840,264.65	-			
	19/04/2023	148,058.12	18,730,832.80	-			
	30/06/2023	196,648.72	27,383,334.25	-	452,776,664	1,233,478,492	2,151,796,085
b) International Fund for Agricultural Development -Loan Revenue 2	29/12/2022	1,997,998.01	259,003,800				
	30/06/2023	2,346,712.12	326,209,195		585,212,995	-	585,212,995
<b>Total</b>		<b>7,941,437.53</b>	<b>1,037,989,659</b>	<b>-</b>	<b>1,037,989,659</b>	<b>1,233,478,492</b>	<b>2,737,009,080</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. MISCELLANEOUS RECEIPTS**

The miscellaneous receipts relate to cash paid out for account activation for PCU Counterpart funding account number 01071252835000 and paid out as other payments.

Description	FY 2022/23		FY 2021/22		Cumulative to-date (from inception) KShs
	Receipts controlled by the entity in Cash KShs	Receipts in controlled by third parties KShs	Total Receipts KShs	Total Receipts KShs	
Property income	-		-	-	-
Sales of Tender documents	-		-	-	-
Refund by UNOPS	-		-	-	-
Reversals & Adjustments	-		-	-	-
Voluntary transfers other than grants	-		-	-	-
Other receipts not classified elsewhere- Account Activation for PCU	3,000		3,000	3,000	18,420
	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>18,420</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. COMPENSATION OF EMPLOYEES**

Description	FY 2022/23			FY 2021/22	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	132,768,281	-	132,768,281	105,327,488	386,999,353
Basic wages of temporary employees	4,728,526	-	4,728,526	4,325,786	12,291,086
Personal allowances paid as part of salary	34,188,110	-	34,188,110	20,892,129	75,816,793
Personal allowances paid as reimbursements	70,000	-	70,000	105,000	1,090,000
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
<b>Total</b>	<b>171,754,917</b>	<b>-</b>	<b>171,754,917</b>	<b>130,650,402</b>	<b>476,197,232</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. PURCHASE OF GOODS AND SERVICES**

Description	FY 2022/23		FY 2021/22		Cumulative to- date KShs
	Payments made by the Entity in Cash	Payments made by third parties	Total Amount	Total Amount	
	KShs	KShs	KShs	KShs	
Utilities, supplies and services	1,240,900	-	1,240,900	1,290,236	24,342,247
Communication, supplies and services	5,997,758	-	5,997,758	4,673,215	17,833,604
Domestic travel and subsistence	164,630,967	-	164,630,967	159,904,420	590,591,569
Foreign travel and subsistence	2,000,653	-	2,000,653	-	2,000,653
Printing, advertising and information supplies & services	72,344,395	-	72,344,395	68,957,364	211,876,430.43
Rentals of produced assets	905,008	-	905,008	291,800	1,376,808.00
Training expenses	104,290,841	-	104,290,841	134,854,488	442,433,604.00
Hospitality supplies and services	180,090,078	-	180,090,078	157,098,690	407,886,261.38
Insurance costs	10,889,921	-	10,889,921	15,536,699	41,795,437.24
Specialised materials and services	509,969,446	-	509,969,446	863,487,130	1,461,974,312.20
Office and general supplies and services	12,154,444	-	12,154,444	11,890,084	45,087,329
Fuel And Lubricants	29,849,754	-	29,849,754	24,117,036	73,659,141
Other operating expenses	26,768,003	-	26,768,003	104,194,177	191,399,160
Routine maintenance – vehicles and other transport equipment	14,857,751	-	14,857,751	20,629,026	54,983,923
Routine maintenance -Others	2,508,183	-	2,508,183	6,174,129	10,196,906
Subsidies to Financial Institutions	-	-	-	-	-
Refunds and Adjustments	3,000	-	3,000	-	13,000
<b>Total</b>	<b>1,138,501,103</b>	<b>-</b>	<b>1,138,501,103</b>	<b>1,573,098,494</b>	<b>3,577,450,386</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. SOCIAL SECURITY BENEFITS**

Description	FY 2022/23			FY 2021/22		Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Totals Amount	Totals Amount		
	KShs	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits	-	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8. ACQUISITION OF NON-FINANCIAL ASSETS**

Description	FY 2022/23		FY 2021/22	Cumulative to-date	
	Payments made by the Entity in Cash	Payments made by third parties		Total Amount	Total Amount
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	43,634,099	-	43,634,099	-	43,634,099
Refurbishment of buildings	-	-	-	2,823,734	42,644,867
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	2,438,826	2,438,826
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	17,360,044	-	17,360,044	33,137,931	144,058,187
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	6,181,481	-	6,181,481	8,552,901	76,646,716
Purchase of specialised plant, equipment and machinery	2,865,200	-	2,865,200	-	4,745,200
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
<b>Total</b>	<b>70,040,824</b>	<b>-</b>	<b>70,040,824</b>	<b>46,953,392</b>	<b>314,167,896</b>

*(During the period under review, the Programme procured vehicle, constructed fresh fish markets, purchased boats for beneficiaries and purchased some equipment's for the office).*

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2023, the Programme did not transfer any funds to other Government entities.

### 10. OTHER GRANTS, TRANSFERS AND PAYMENTS

In the design of the Programme, part of the cost for the Programme is beneficiaries' contribution. This amounts to 30.4% of the total Programme Cost. The beneficiary Contribution is reported as in-kind contribution, and this refers to both the farmers and the Government contribution to the Programme other than financial contribution. The contribution is computed and given a value.

During the 12 months to 30 June 2023, the Programme incurred expenses as in-kind contribution amounting to KES 489,005,208. The computation is provided as an annex to the report.

Description	FY 2022/23			FY 2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total	Total	
	KShs	KShs	KShs	KShs	
Inkind Contribution	-	489,005,208	489,005,208	546,937,313	1,592,599,398
<b>Total</b>	<b>-</b>	<b>489,005,208</b>	<b>489,005,208</b>	<b>546,937,313</b>	<b>1,592,599,398</b>

### 11. CASH AND CASH EQUIVALENTS

Description	FY 2022/23	FY 2021/22
	KShs	KShs
Bank accounts (Note 11A)	- 11,436,893.61	48,363,008.71
Cash in hand (Note 11B)	710.00	4,993.00
Cash equivalents (short-term deposits) (Note 11C)	-	-
Outstanding imprests and advances (Note 11D)	-	-
Cash in transit (Note 11E)	-	-
<b>Total</b>	<b>- 11,436,183.61</b>	<b>48,368,001.71</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Programme has 3 Programme Account at the National Office and 15 Counties Accounts for the 15 Programme Implementing Counties. There are also 3 Foreign Currency designated accounts managed by the National Treasury. The Accounts and their balances as of 30<sup>th</sup> June 2023 are as listed below: -

### 11. A Bank Accounts

#### Programme Bank Accounts

<b>11 A Bank Accounts</b>	<b>FY 2022/23</b>	<b>FY 2021/22</b>
<b>Foreign Currency Accounts</b>	<b>USD</b>	<b>USD</b>
Central Bank -Ac. No.1000391798	1,203,829.64	-
Ac. No. 1000568968	-	-
Ac. No. 1000395966	1,000,000.00	1,000,000.00
<b>Total Foreign Currency balances</b>	<b>2,203,829.64</b>	<b>1,000,000.00</b>
<b>Local Currency Accounts</b>	<b>Kshs</b>	<b>Kshs</b>
PCU National Bank Account No. 01071216470700	2,427,855.60	41,986,324.27
PCU National Bank Account No. 01071216470701	- 14,567,497.23	3,073,794.32
PCU National Bank Account No. 01071252835000	579,949.60	-
Homabay County KCB Acc 1265492328	2,238.62	19,063.50
Migori County KCB Acc 1266907971	3,879.35	51,799.50
Kakamega County KCB Acc 1267506172	13,425.96	38,192.18
Kirinyaga County KCB Acc 1265975272	5,842.47	33,379.00
Nyeri County NBK Acc 01071221865200	39,552.11	351,971.20
Meru County KCB Acc 1266598448	24,702.23	2,953.70
Kiambu County KCB Acc. 1275488684	1,587.03	3,600.03
Machakos County Coop Acc 1141854436500	3,075.13	1,456.70
Kajiado County KCB Acc 1275100864	1,115.34	4,622.00
Tharaka Nithi County KCB Acc 1275217419	7,859.90	51,914.47
Siaya County COOP Acc 1141259442900	112.41	1,429,915.00
Kisumu County KCB Acc 1275614418	1,377.00	114.05
Embu County KCB Acc 1273839994	3,739.22	1,310,572.79
Busia County NBK Acc 1071227451400	9,808.50	356.00
Kisii County NBK Acc 1071224387600	4,483.15	2,980.00
<b>Total local currency balances</b>	<b>- 11,436,893.61</b>	<b>48,363,008.71</b>
<b>Total bank account balances</b>	<b>- 11,436,893.61</b>	<b>48,363,008.71</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Special Deposit Accounts**

The programme has withdrawals from the Designated Account amounting to USD 3,596,727.40 for Loan 1 and 4,175,897.15 for Loan 2.

The balances in the Programme's Special Deposit Accounts as of 30<sup>th</sup> June 2023 are not included in the Statement of Financial Assets since they are below the line item and are yet to be drawn into the Exchequer Account as a voted provision. Below is the movement schedule for the three (3) Designated Accounts.

**Special Deposit Accounts Movement Schedule**

Description	FY 2022/23	FY 2021/22
	USD	USD
<b>(i) A/C Name 1000391798</b>		
Opening balance	-	495,965.88
Total amount deposited in the account	4,800,557.04	2,971,667.17
Total amount withdrawn (as per Statement of Receipts & Payments)	3,596,727.40	3,467,633.05
Closing balance (as per SDA bank account reconciliation attached)	1,203,829.64	-
<b>(ii) A/C Name 1000568968</b>		
Opening balance	-	-
Total amount deposited in the account	4,175,897.15	-
Total amount withdrawn (as per Statement of Receipts & Payments)	4,175,897.15	-
Closing balance (as per SDA bank account reconciliation attached)	-	-
<b>(iii) A/C Name 1000395966</b>		
Opening balance	1,000,000.00	-
Total amount deposited in the account	-	1,000,000
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	1,000,000.00	1,000,000

The Special Deposit Account reconciliation statement has been attached as *Appendix IV* to support these closing balances.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11 B Cash In Hand**

Description	FY 2022/23	FY 2021/22
	KShs	KShs
PCU Nyeri	710.00	4,993.00
		-
<b>Total cash balances</b>	<b>710.00</b>	<b>4,993.00</b>

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

As at 30<sup>th</sup> June 2023, there were no short term deposits

11 C Cash equivalents (short-term deposits)	FY 2022/23	FY 2021/22
	KShs	KShs
	0	0
	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**12 IMPRESTS AND ADVANCES**

As at 30<sup>th</sup> June 2023, there were no account receivables.

**12B: BREAKDOWN OF IMPRESTS AND ADVANCES**

As at 30<sup>th</sup> June 2023, there were no outstanding imprest and advances

**13 DEPOSITS AND RETENTION MONIES**

As at 30<sup>th</sup> June 2023, the Programme did not have accounts payable.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14 FUND BALANCE BROUGHT FORWARD**

<b>Description</b>	<b>FY 2022/23</b>	<b>FY 2021/22</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	48,363,009	28,550,550
Cash in hand	4,993	38,249
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and Retention	-	-
<b>Total</b>	<b>48,368,002</b>	<b>28,588,799</b>

**15 PRIOR YEAR ADJUSTMENT**

There were no prior year's adjustments.

**16 CHANGES IN IMPREST AND ADVANCES**

There were no receivables in the year.

**17 CHANGES IN ACCOUNTS DEPOSITS AND RETENTION**

There were no payables in the year.

**Other Important Disclosures**

**1. PENDING ACCOUNTS PAYABLE**

The Programme did not have any pending bills.

**2. PENDING STAFF PAYABLES**

The Programme did not have any staff payables pending.

**3. OTHER PENDING PAYABLES**

	<b>Balance B/F FY 2021/22</b>	<b>Additions for the Year</b>	<b>Paid During the year</b>	<b>Balance C/F FY 2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	11,436,183.61	-	11,436,183.61
<b>Total</b>	-	<b>11,436,183.61</b>	-	<b>11,436,183.61</b>

**4. EXTERNAL ASSISTANCE**

	<b>FY 2022/23</b>	<b>FY2021/22</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received as grants	-	-
External assistance received as loans	1,037,989,659.00	1,233,478,491.55
External assistance received in kind-as payment by third parties	489,005,208.00	546,937,312.71
<b>Total</b>	<b>1,526,994,867.00</b>	<b>1,780,415,804.26</b>

*a). External assistance relating loans and grants*

	<b>FY 2022/23</b>	<b>FY2021/22</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received as loans	1,037,989,659.00	1,233,478,491.55
External assistance received as grants	-	-
<b>Total</b>	<b>1,037,989,659.00</b>	<b>1,233,478,491.55</b>

**b) Undrawn external assistance**

	<b>Purpose for which the undrawn external assistance may be used</b>	<b>FY 2022/23</b>	<b>FY2021/22</b>
<b>Description</b>		<b>Kshs</b>	<b>Kshs</b>
Undrawn External assistance-loans			
Undrawn External assistance-Grants			
<b>Total</b>			

**c) Classes of providers of external assistance**

	<b>FY 2022/23</b>	<b>FY2021/22</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral Donors	-	-
Bilateral Donors	-	-
International Assistance Organization	-	-
NGOs	-	-
National Assistance Organisation	-	-
<b>Total</b>	-	-

**d) Non-monetary external assistance**

	<b>FY 2022/23</b>	<b>FY2021/22</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Goods	-	-
Services	-	-
<b>Total</b>	-	-

**OTHER IMPORTANT DISCLOSURES (Continued)**

*e) Purpose and use of external assistance*

	<b>FY 2022/23</b>	<b>FY2021/22</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefit	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
<b>Total</b>	-	-

*f) External Assistance paid by Third Parties on behalf of the Entity by Source*

	<b>FY 2022/23</b>	<b>FY2021/22</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
National Government	-	-
Multilateral Donors	-	-
Bilateral Donors	-	-
International Assistance Organization	-	-
NGOs	-	-
National Assistance Organisation	-	-
Beneficiaries Inkind Contribution	489,005,208.00	546,937,312.71
<b>Total</b>	489,005,208.00	546,937,312.71

**5. PAYMENT BY THIRD PARTY ON BEHALF OF THE PROGRAMME.**

The Programme did not have any payments made by the third party on their behalf.

**6. RELATED PARTY DISCLOSURES**

There were no any related party disclosures during the period under review.

**7. CONTINGENT LIABILITIES**

There were no contingent liabilities to disclose during the period under review.

**13. ANNEXES.**

**ANNEX 1. PRIOR YEAR AUDITOR-GENERALS' RECOMMENDATIONS (See Appendix 1 attached)**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Irregular Recruitment of Monitoring and Evaluation Knowledge Management Officer	The Programme advertised for the position of a Programme coordination unit staff on 28 <sup>th</sup> September 2021, in the Daily Nation with the stated minimum requirements. However, the shortlisting scorecard had the following inconsistencies from the shortlisting team:	It is true there was recruitment process of a Monitoring, Evaluation, and Knowledge Management Officer.	Resolved through the Public Accounts Committee	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>i. The panel prepared a shortlisting criterion in which all the above requirements were included. However, the report of the shortlisting panel for the recruitment dated 17<sup>th</sup> February 2022 differed from the above requirements such that, there were no marks assigned for a Master's Degree in Economics, Statistics or in a related field in the</p>	<p>i. Please note that the first report of the shortlisting panel for the Monitoring &amp; Evaluation and Knowledge Management officer dated 25<sup>th</sup> November 2021 had assigned twenty (20) marks for Master's program. However, the committee reviewed the first report when IFAD insisted that the shortlisting criteria should be based on the approved TORs of which Master's degree was not considered as mandatory.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>shortlisting report.</p> <p>ii. The shortlisting scorecard was not well prepared, and the total marks assigned were 105 marks instead of 100 marks.</p> <p>iii. The shortlisting team did not append their signatures in each scorecard to the process.</p> <p>iv. There were a lot of cancellations which were not countersigned by the person</p>	<p>ii. The shortlisting score cards were working sheets for compilation.</p> <p>iii. It is true the scoresheets were not signed &amp; the shortlisting team did not countersign cancellations for they were working sheets for compilation. However, after the compilation of the report the team signed the final report copy attached.</p> <p>iv. It is true the cancellations had not been countersigned for this were worksheets and not the final copies. The final copy had been duly signed and had no cancellations.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>shortlisting.</p> <p>v. Original marks assigned for certificate of Good Conduct, clearance certificate from the Higher Education Loans Board, Tax Compliance Certificate, clearance from the Ethics and Anti-Corruption Commission and report from an approved Credit Reference Bureau were 5 marks each. However, the shortlisting panel changed the weighting to 2</p>	<p>v. It is true the committee reduced the weights assigned to chapter six from five to two marks, for the same committee members realized that the weights allocated to chapter six was the same as that of experience thus the committee adjusted the weights as per the attached scoresheets.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>marks each. No explanation was provided on what necessitated the change.</p> <p>vi. The shortlisting team in their scorecards left some cells blank without filling a mark. This left room for an alien to fill their own marks in favour of a candidate.</p> <p>vii. Further, the successful candidate's application did not have a valid certificate of good</p>	<p>vi. The scorecards were working sheets that were used for compilation.</p> <p>vii. The Employment Amendment Bill No. 79 of 2019 had just been passed. The Bill amended Section 9 of the Employment Act by introducing a provision to stop employers from requiring the provision of mandatory</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>conduct and clearance certificate from the Higher Education Loans Board as both documents had expired on 31<sup>st</sup> January 2021 eight (8) months prior to the job advertisement. Valid Tax Compliance Certificate and report from an approved Credit Reference Bureau were not attached. However, all 5 members of the shortlisting team awarded the</p>	<p>clearance certificates from job applicants during recruitment. The amendment provided that an employer shall not require a job applicant to clearance certificates for which the applicant must pay unless the employer intends to employ the applicant. The team thus did not penalize any officer at the shortlisting stage however all candidates produced the clearance certificates during the interview.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>candidate with full marks for the above.</p> <p>The above observations were in contravention of section B.5 of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that recruitment will be undertaken on the basis of fair competition and merit, representation of Kenya's diverse communities, adequate and equal opportunities to all gender, youth,</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>members of all ethnic groups, persons with disabilities and minorities.</p> <p>In the circumstances, the regularity of the recruitment process could not be confirmed. In addition, Management was in breach of the Human Resource Policies and Procedures Manual for the Public Service, 2016.</p>			
2. Irregular Evaluation and Award of Tender	<p>Review of procurement documents provided for audit revealed that individual scoresheets</p>	<p><b>Procurement of Fishpond Materials</b></p> <p>Procurement of pond materials, namely Pond liners, Predator Nets and bird nets was carried out under</p>	Resolved through the Public Accounts Committee	

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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)
for Pond Materials	<p>had inconsistencies, while some evaluators would give a negative score in certain criteria others would give a positive on the same. In addition, changes in preliminary evaluation and other changes were being made in the scoresheets without countersigning for the same, hence adherence to evaluation criteria stipulated in the bid documents could not be verified.</p> <p>Further, Management</p>	<p>framework contract. This meant that, the first phase was to procurement of framework contracts with several vendors. Thereafter, a mini competition normally through a request for quotation. The respective request for quotation therefore becomes a stand-alone procurement. To date there has been more than 33 such procurements.</p> <p><b>Framework Contract Procurement</b></p> <ol style="list-style-type: none"> <li>1. Purchase Requisition was written by the component 1 lead and approved by the PC</li> <li>2. Bidding document: Written and No Objection obtained from IFAD on 2nd December 2020.</li> <li>3. Advertisement made on the Standard Newspaper of 8th</li> </ol>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>did not provide for audit proof of appointment and report of inspection and acceptance committee. This was contrary to section 48. (1) of the Public Procurement and Assets Disposal Act which requires an Accounting Officer of a procuring entity to establish an ad hoc committee known as the inspection and acceptance committee to ensure that the correct quantity of the goods have been received.</p>	<p>December 2020 and on the Programme website.</p> <p>4. Appointment of bid opening and evaluation committees: the Opening committee was appointed via Programme Coordinator memo Ref MOALFI/SDF&amp;BE/ABDP/PRO C2020/SM/11-01 Dated 29th December 2020 and evaluation committee appointed via letter dated 11th January 2021 Ref MOALFI/SDF&amp;BE/ABDP/PRO C2020/SM/11-01</p> <p>5. Tender Opening: Tenders were opened on 4th January 2021 and minutes written and signed by committee members and shared with all the bidders via email.</p> <p>6. Evaluation: Evaluation was carried out from 12th January</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>In the circumstances, the Management was in breach of the law. In addition, value for money on procurement of specialized materials and services amounting to Ksh.863,487,130 could not be confirmed.</p>	<p>2021, minutes signed on 26th January 2021. where the same recommended shortlisting of 16 vendors under category 1 and 6 vendors under category 2. The evaluation report received IFAD No objection on 1st March 2021.</p> <p>7. Notice of Intent to Award was forwarded to all bidders on 4th March 2021. There was no request for debrief or protest received within the 10 stand still period.</p> <p>8. Draft contract received IFAD No objection on 31st March 2021.and same signed on various dates in April 2021. Contracts are valid for three years from the date of signing.</p> <p>The issues here are:</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>1. Inconsistencies in scoring: Not that the evaluation was done on a pass or fail basis and there was no scoring at any stage. There was no possibility of any evaluator giving any score whether negative or positive. Evaluation report and individual score sheets are attached.</p> <p>2. Appointment of Inspection and acceptance committee: Under this procurement there is delivery, therefore Inspection and Acceptance is not relevant. This was a procurement for an open contract without any deliveries. Deliveries were to be made in a different procurement. Under the subsequent procurement,</p>		

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		<p>deliveries were to be made to the counties directly and the counties were to make receiving and inspection arrangements. Committees were appointed at that level. Although the committees were not formally appointed in the counties, there was formal inspection and acceptance committees and the same was done for each delivery. The programme notes that section 48(1) recited as follows (48. (1) An accounting officer of a procuring entity may establish an ad hoc committee known as the inspection and acceptance) the PPAD Act 2015 therefore does not make appointment of this committee mandatory but rather as a good practice.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>However, the Programme has since reminded the counties in all subsequent deliveries that the committee needs to be appointed formally.</p>		
<p>3. Purchase of Motorcycles 3.1 Lack of Individual Scoresheets for the Members of Procurement Evaluation Committee</p>	<p>The statement of receipts and payments as disclosed in Note 8 to the financial statements reflects acquisition of non-financial assets balance of Kshs.46,953,392 which includes purchase of vehicles and other transport equipment of Kshs.33,137,93 relating to purchase of motorcycles. Review of the contract</p>	<p>Procurement of Motorcycles was carried out under the IFAD regulations. The procurement method was ICB. In IFAD regulation, the evaluation for goods under ICB does not require individual evaluation therefore the need for individual scoresheet does not arise. The process is described in Module K2 Page 119 of the IFAD Procurement Handbook. The manual can be found at <a href="http://www.ifad.org/project-procurement">www.ifad.org/project-procurement</a>.</p>	<p>Resolved through the Public Accounts Committee</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>details revealed the supplier was to deliver the 124 motorcycles within three (3) months upon signing the contract on 12<sup>th</sup> May 2021. However, sixty-five (65) motorcycles were delivered on 17<sup>th</sup> February 2022 five (5) months after the lapse of contract date of 13 August 2021 and expiry of performance guarantee. Management did not provide explanation for the delays in delivery, and it could not be confirmed that</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>there were changes to the contract, hence part deliveries were made without a valid contract in place.</p> <p>In the circumstances, Management was in breach of the law.</p>			
3.2 Delay in Delivery of Motorcycles	<p>Review of contract records revealed that the supplier was to deliver the 124 motorcycles, within three (3) months upon signing the contract on 12 May 2021. However, sixty-five (65) motorcycles were delivered on 17</p>	<p>Procurement of motorcycles</p> <p>The Motorcycles were procured under IFAD regulations using the International competitive bidding. The process adopted was as follows.</p> <ol style="list-style-type: none"> <li>1. Purchase Requisition was written by the component 1 lead and approved by the PC</li> <li>2. Bidding document: Written and No Objection obtained from IFAD on</li> </ol>	Resolved through the Public Accounts Committee	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>February, 2022 five (5) months after the contract lapsed on 13 August, 2021 and expiry of performance guarantee. Management did not provide an explanation for the delays in delivery and it could not be confirmed whether there were changes to the contract, hence part deliveries were made without a valid contract in place.</p>	<p>3. Advertisement made on the Standard Newspaper of December 8,2020 .and also on the IFAD and UNOP portal.</p> <p>4. Appointment of bid opening and evaluation committees: the Opening committee was appointed via Programme Coordinator memo Ref MOALFI/SDFA&amp;BE/ABDP/PRO C2021/SM/11-01 Dated 19th January 2021 and evaluation committee appointed via letter dated 26th January 2021 Ref MOALFI /SDFA&amp;BE /ABDP /PROC2021/SM/11-01</p> <p>5. Tender Opening: Tenders were opened on 26th January 2021 and minutes written and signed by committee members and shared with all the bidders via email.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>6. Evaluation: Evaluation was carried out from February 3, 2021, minutes signed on 5th May 2021. where the same recommended award to Kibo Africa for a total value of 33,137,931.10. The evaluation report received IFAD No objection on 20th April 2021.</p> <p>7. Notice of Intent to Award was forwarded to all bidders on 21st April 2021. There was no request for debrief or protest received within the 10 stand still period.</p> <p>8. Notice of award was issued to the recommended bidder, M/S Kibo Africa on 11th May 2021 .and performance bond received on 15th May 2021 valid till 12th September 2021.</p> <p>9. Draft contract received IFAD</p>		

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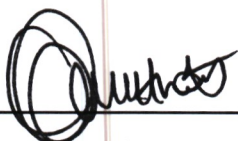
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>No objection on 11th May 2021 and same signed on 21st May 2021 valid until 20th August 2021</p> <p>10. The contract was extended on 21st August 2021 valid until 11th December 2021.</p> <p>11. Delivery: All motorcycles were delivered by 3rd December 2021</p> <p>The initial contract period was at the height of COVID -19 Lockdown. This affected both the production and the shipping line. The vendor vide the attached letter requested for contract extension which was accepted by the Programme and contract was extended. The Performance bond was also renewed. See Performance bond dated October 1, 2021. By the time the last delivery was made, the performance bond was valid and the</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>same was within the revised contract period which was signed on 20th August 2021. None of the motorcycles were delivered in 2022. There was an issue with one motorcycle where the number plate was that of a vehicle. This took time to resolve until 2022 but the motorcycle itself had been delivered within the contract period.</p>		

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



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**Betsy M. Njagi**  
**Principal Secretary**

25<sup>TH</sup> SEPT 2023

**Date**



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**Sammy Macaria**  
**Project Coordinator**

25<sup>TH</sup> SEPT 2023

**Date**

**ANNEX 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR 2022/2023**

	<b>Final Budget</b>	<b>Actual on Comparable</b>	<b>Utilisation Variance</b>	<b>% of Utilisation</b>	<b>Comments on Variance (Below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Transfer from Government of Kenya	282,500,000	282,500,000	-	100%	The programme received only first half of the original budget before the supplementary budget was released.
Proceeds from Domestic and Foreign Grants	-	-	-	0%	There were no proceeds from Domestic and Foreign grants
Proceeds from borrowings	1,353,000,000	1,037,989,659	315,010,341	77%	Funding is drawn based on cash forecast for two subsequent quarters.
Miscellaneous receipts	-	3,000	- 3,000	0%	These were receipts for account activation which were not part of the budget.
Beneficiary	1,431,365,833	489,005,208	942,360,625	34%	This is inclusive of Government and Beneficiary In-kind Contribution in terms of offices, seconded staff, farmers contribution through programme activities. The under-absorption was due to the fact that the delivery of the inputs was not synchronized with the start of the production cycle and therefore the in-kind contribution captured is for only five months.
<b>Total Receipts</b>	<b>3,066,865,833</b>	<b>1,809,497,867</b>	<b>1,257,367,966</b>	<b>59%</b>	
<b>Payments</b>					
Compensation of employees	171,992,992	171,754,917	238,075	100%	
Purchase of goods and services	1,344,963,788	1,138,501,103	206,462,685	85%	The under-absorption was due to austerity measures on budget cuts by the National Treasury.
Social Security Benefits	-	-	-	0%	There were no payments from Social Security Benefits
Acquisition of Non-financial Transfers to Other Government Entities	118,543,220	70,040,824	48,502,396	59%	The budget was for upgrading, rehabilitation and fabrication of fresh fish market. However there was a challenge in the identification of land/markets in some counties and therefore the funds were not utilized.
Other Grants and transfer	-	-	-	0%	There were no payments from Domestic and Foreign grant
Other payments	-	3,000	- 3,000	0%	There were no payments from other grants and transfer
Beneficiary	1,431,365,833	489,005,208	942,360,625	34%	This is inclusive of Government and Beneficiary In-kind Contribution in terms of offices, seconded staff, farmers contribution through programme activities. The under-absorption was due to the fact that the delivery of the inputs was not synchronized with the start of the production cycle and therefore the in-kind contribution captured is for only five months.
<b>Total Payments</b>	<b>3,066,865,833</b>	<b>1,869,305,052</b>	<b>1,197,560,781</b>	<b>61%</b>	<b>The low utilization has been as a result of the beneficiary budget</b>

**ANNEX 3: RECONCILIATION OF INTER-ENTITY TRANSFERS**

AQUACULTURE BUSINESS DEVELOPMENT PROGRAMME				
Break down of Transfers from the State Department for Blue Economy and Fisheries				
a.	Government Counterpart Funding	Bank Statement Date	Amount (KShs)	FY
		14/09/2022	141,250,000.00	For FY 2022/2023
		20/12/2022	141,250,000.00	For FY 2022/2023
	<b>Total</b>		<b>282,500,000.00</b>	
b.	Direct Payments	Bank Statement Date	Amount (KShs)	FY
		-	-	-
	<b>Total</b>		-	-
c.	Others- IFAD Loan Revenue	Bank Statement Date	Amount (KShs)	FY
	IFAD LOAN 1	30/08/2022	109,458,424.75	For FY 2022/2023
	IFAD LOAN 1	10/03/2023	228,363,807.40	For FY 2022/2023
	IFAD LOAN 1	14/04/2023	68,840,264.65	For FY 2022/2023
	IFAD LOAN 1	19/04/2023	18,730,832.80	For FY 2022/2023
	IFAD LOAN 1	30/06/2023	27,383,334.25	For FY 2022/2023
	IFAD LOAN 2	29/12/2022	259,003,800.00	For FY 2022/2023
	IFAD LOAN 2	30/06/2023	326,209,195.15	For FY 2022/2023
	<b>Total</b>		<b>1,037,989,659.00</b>	
	<b>TOTAL(a+b+c)</b>		<b>1,320,489,659.00</b>	

The above amounts have been communicated to and reconciled with the Ministry of Mining, Blue Economy and Maritime Affairs, State Department For Blue Economy and Fisheries.

**Programme Coordinator**  
**Aquaculture Business Development Programme**

**Head of Accounting Unit**  
**State Department for Blue Economy and Fisheries**



Sign: .....



Sign: .....

**ANNEX 4A- ANALYSIS OF PENDING BILLS**

The Programme did not have any pending bills.

**ANNEX 4B - ANALYSIS OF PENDING STAFF BILLS**

The Programme did not have any pending staff bills.

**ANNEX 4C - ANALYSIS OF OTHER PENDING PAYABLES**

The Programme did not have any other pending payables.

*Aquaculture Business Development Programme  
Reports and Financial Statements  
For the financial year ended June 30, 2023*

**ANNEX 5 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Opening Cost (Kshs) 2022/23	Donations in form of assets (Kshs) 2022/23	Purchases/Additions in the Year (Kshs) 2022/23	Disposals in the Year (Kshs) 2022/23	Transfers in/(out) (Kshs)	Closing Cost (Kshs) 2022/23
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+(c)-(d)
Land		-	-	-		-
Buildings and structures	45,083,693	-	43,634,099	-	-	88,717,792
Transport equipment	126,698,143	-	17,360,044	-	-	144,058,187
Office equipment, furniture, and fittings	42,706,340	-	3,081,180	-	-	45,787,520
ICT Equipment, Software and Other ICT Assets	26,493,915	-	3,100,301	-	-	29,594,216
Other Machinery and Equipment	3,144,980	-	-	-	-	3,144,980
Heritage and cultural assets	-	-	-	-	-	-
Biological Assets	-	-	-	-	-	-
Infrastructure assets roads, rails	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Work in Progress	-	-	-	-	-	-
<b>Total</b>	<b>244,127,071</b>	<b>0</b>	<b>67,175,624</b>	<b>0</b>	<b>0</b>	<b>311,302,696</b>

**ANNEX 6 – CONTINGENT LIABILITIES REGISTER**

There were no contingent liabilities to be reported on.

**ANNEX 7 – REPORTING OF CLIMATE RELEVANT EXPENDITURES**

There were no climate related expenditures for the Programme to report on.

**ANNEX 8 – REPORTING DISASTER MANAGEMENT EXPENDITURE**

There was no disaster management expenditure for the Programme to report on.