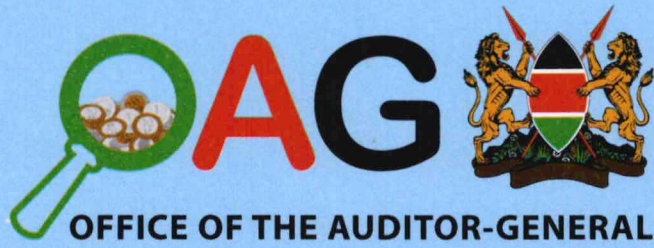


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

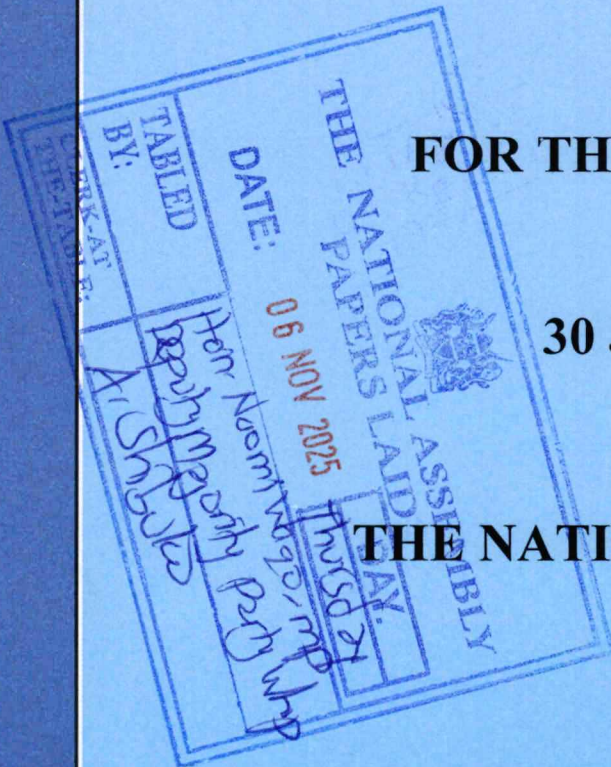
**ON**

**ADB AFRICA CLIMATE SUMMIT PROJECT**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

**THE NATIONAL TREASURY**





**PROJECT NAME: ADB AFRICA CLIMATE SUMMIT PROJECT**  
**IMPLEMENTING PROJECT: THE NATIONAL TREASURY**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

***ADB Africa Climate Summit Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**1. Acronyms and Definition of Terms**

CBK	Central Bank of Kenya
CF&GEU	Climate Finance & Green Economy Unit
GCF	Green Climate Fund
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IMTC	Inter-Ministerial Technical Committee
NEMA	National Environment Management Authority
IPSAS	International Public Sector Accounting Standards
NDA	National Designated Authority
NDC	Nationally Determined Contribution
NDE	National Designated Project
NCCAP	National Climate Change Action Plan
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

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

### **2.1 Name and registered office**

#### **Name**

The project's official name is ADB Africa Climate Summit Project.

#### **Objective**

The key objective of the project is to unlock the mobilization of more diverse resources of funding, especially from the private sector, for the implementation of impactful Adaptation and Resilience projects in Kenya.

#### **Address**

The project headquarters offices are in Nairobi, Nairobi County, Kenya. The address of its registered office is The National Treasury (Climate Finance & Green Economy Unit) situated in 7th Floor Reinsurance Plaza, Taifa Road, Nairobi

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

The National Treasury

P.O. Box: 30007-00100 NAIROBI

Telephone: +254 20 2252299

E-mail: [pstnt@treasury.go.ke](mailto:pstnt@treasury.go.ke); [odhengo@gmail.com](mailto:odhengo@gmail.com)

Website: <https://www.treasury.go.ke/>

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

**2.2 Project Information**

Project Start Date:	4.01.2024
Project End Date:	3-01-2025. No Cost Extension requested
Project Coordinator:	Mr. Peter Odhengo
Project Development Partner:	African Development Bank (ADB)

**2.3 Project Overview**

Line Ministry or State departments/ County Department	The National Treasury
Strategic goals of the project	The main objective of the project is to unlock the mobilization of more diverse resources of funding, especially from the private sector, for the implementation of impactful adaptation and resilience projects in Kenya.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goal through the following means: (i) Establish Climate Adaptation Country Compacts to enable African countries to strengthen their climate change adaptation agenda, allow them to meet their financial needs, and fill their adaptation funding gaps. (ii) Support green investments
Other important background information of the project	The project was established to enable African countries to strengthen their climate change adaptation agenda, allow them to meet their financial needs, and fill their adaptation funding gaps.  In this regard, the Project will provide a pathway for enhancing investments in adaptation in Africa as a critical aspect to accelerate the implementation of NDCs and NAPs and provide an opportunity for coordination of adaptation

**ADB Africa Climate Summit Project**

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

	<p>efforts at all levels while scaling up resources dedicated to adaptation finance in Africa.</p> <p>The Compact will provide Kenya with a solid foundation for decision making, resource allocation, and greater investments in their adaptation projects and programs.</p>
Areas that the project was formed to intervene	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"><li>(i) Support adaptation and.</li><li>(ii) Resilience actions</li></ul>
Project duration	<p>1 Year (12 months). A twelve (12) month No cost Extension requested.</p>

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the project:

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

**2.5 Independent Auditor**

The project is audited by the:

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

## 2.6 Roles and Responsibilities

The following officers from the Climate Finance and Green Economy Unit, The National Treasury were responsible for the project implementation during the period under review. The project has not recruited a dedicated project officer.

No	Names	Title designation	Key qualification	Responsibilities
1.	Mr. Peter Odhengo	Head, Climate Finance & Green Economy Unit	Master of Science in Environmental Protection and Sustainable Development	Project Coordinator
2.	Mr. Hillary Korir	Assistant Director/ Financial & Sectoral Affairs	Master's degree in Agricultural and Applied Economics	Project Technical Officer
3.	Dr. Walter Moturi	Snr. Climate Finance Policy Analyst	PhD in Agricultural Economics	Support project implementation
4.	Mr. David Siololo	Economist I	Master's degree in Economics	Support project implementation
5.	Ms. Janet Chelangat	Economist I	Bachelor's degree	Support project implementation

## 2.7 Funding summary

The Project is for a duration of 1 year from 2024 to 2025 with an approved budget of US\$ 3,000,000 equivalent to Kshs 393,972,900 of which US\$ 2,500,000 was transferred to the ministry of environment as per the attached special account bank statement in annex iii as highlighted in the table below:

*ADB Africa Climate Summit Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

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

Below is the funding summary:

**A. Source of Funds**

Source of funds	Development Partner Commitment		Amount received to date – (30 <sup>th</sup> June 2025)		Undrawn balance to date	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
<b>(i) Grant</b>						
Grant – Africa Development Bank Fund	3,000,000	393,972,900	2,537,500	333,235,411	462,500	60,737,489
<b>(ii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>3,000,000</b>	<b>393,972,900</b>	<b>2,537,500</b>	<b>333,235,411</b>	<b>462,500</b>	<b>60,737,489</b>

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2025)		Cumulative amount paid to date – (30 <sup>th</sup> June 2025)		Unutilised balance to date (30th June 2025)	
	Development Partner currency	<i>Kshs</i>	Development Partner currency	<i>Kshs</i>	Development Partner currency	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
Africa Development Bank Fund	2,537,500	333,235,411	2,521,057	331,076,046	16,443	2,159,365
<b>(i) Counterpart funds</b>					<b>C</b>	
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>2,537,500</b>	<b>333,235,411</b>	<b>2,521,057</b>	<b>331,076,046</b>	<b>16,443</b>	<b>2,159,365</b>

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

**2.8 Summary of Overall Project Performance:**

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

During the year under review, the project utilized the balance from the previous year of **Kshs. Kshs 4,917,765**. The project incurred in FY 2024/25 a total expenditure of **Kshs 2,758,400** against a budget of **Kshs 2,758,400** resulting to 100%. Utilization.

**ii) The following are some of the project achievements as of the reporting period:**

- a) Inception workshop for the ACS Climate Adaptation and Resilience Project 9th – 13<sup>th</sup> September ,2024 in Naivasha.

**iii) There was no absorption for ADB Africa Climate Summit Project for FY 2023/24.**

- FY 2024/2025 -3.7%
- FY2023/2024 -0%

**iv) Implementation challenges and recommendations.**

The project did not commence and this was occasioned by delayed disbursement (disbursement done on May,2024). The Unit was not able to implement activities in FY 2023/2024, while in FY 2024/2025, the Workplan was not approved. The Climate Finance and Green Economy Unit organized an inception meeting for the project in September, 2024 which proposed the restructuring of the activities under the project as the Country Compacts Reports were already developed.

**2.9 Summary of Project Compliance:**

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

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **Introduction**

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

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

- a) Establish Climate Adaptation Country Compacts to enable African countries to strengthen their climate change adaptation agenda, allow them to meet their financial needs, and fill their adaptation funding gaps. Support green investments

#### **Progress on the attainment of strategic development objectives**

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

***ADB Africa Climate Summit Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025***

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

Project	Objective	Outcome	Indicator	Performance
ADB Africa Climate Summit Project	To unlock the mobilization of more diverse resources of funding, especially from the private sector, for the implementation of impactful adaptation and resilience projects in Kenya.	Increased investments in adaptation projects and programs in Kenya.	% of adaptation investments in Kenya	In FY 2024/25 the Climate Finance and Green Economy Unit organized an inception meeting for the project in September 2024 which proposed the restructuring of the activities under the project as the Country Compacts Reports were already developed)

#### **4. Environmental and Sustainability Reporting**

The Project exists to enable Kenya to take advantage of the opportunities to address climate change. The project focuses on taking conscious steps aimed at building capacities and developing clear coordination mechanisms for climate financing including ADB Africa Climate Summit Project access in Kenya. The most immediate actions include leveraging private sector financing through creating awareness and removing fiscal barriers to green technology proliferation. In this regard, the project has supported the development of the Kenya's Green Fiscal Incentives Policy and will facilitate the development of the ADB Africa Climate Summit Project aligned with the national development strategies and goals to boost Kenya's ability to access financing from ADB. The project will enhance understanding of climate change and its impacts nationally and at the county level, tracking and reporting of climate finance flows, and ensure a conducive and enabling policy, legal and institutional framework to address climate change. Below is a brief highlight of our activities that drive towards sustainability.

##### **i. Sustainability strategy and profile**

Program sustainability will be achievable through:

- Capacity building to strengthen sector wide capacity building focusing on ADB Africa Climate Summit Project and climate finance access modalities. Addressing the needs at these different levels calls for a multi-pronged approach that enhances co-ordination, collaboration, coherence while at the same time address sustainability;
- Stakeholder engagement is a key component of the project that applies to all activities. In line with the Government of Kenya's laws and ADB Africa Climate Summit Project's procedures, meaningful consultation and engagement processes is embedded in the project implementation.
- Inculcate sustainability into all aspects of the project (planning, budgeting, implementation & monitoring).

##### **ii. Environmental performance**

The Climate Change Act, 2016 aims to promote low-carbon economic development that is resilient to climate change. The Act provides for mobilization and reporting of climate finance flows in the country. The National Climate Change Action Plan (NCCAP) 2023-2027 aims to further Kenya's " development goals by providing mechanisms and measures to achieve low carbon climate resilient development in a manner that prioritizes adaptation. The Action Plan emphasizes sustainability, while prioritizing adaptation and enhanced climate resilience for vulnerable groups, including women, youth, persons with disabilities. The National Policy on Climate Finance on the other hand aims to enhance and streamline the implementation of public finance management in relation to climate financing. The Policy enhances mobilization of resources for adaptation and mitigation actions.

In implementing the project, a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development is being adhered to. The project, in line with Government's Environmental Policies and the ADB Africa Climate Summit Project's Environmental and Social Safeguards Policy is effectively and equitably

managing environmental and social risks and impacts, and improve outcomes of project deliverables.

**iii. Employee welfare**

The Project is yet to finalize on the hiring of the project officer. The Project staff is being hired as per the GoK employment procedures that takes into account the gender balance, and in close consultation with the ADB Africa Climate Summit Project officers. The staff have been trained in a number of areas. The Project ensures the safety, health and welfare of all employees at work working in his/her workplace in compliance with the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

**iv. Marketplace practices-**

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

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

**b) Responsible ethical practices**

The Project commits to observe all laws governing Fraud and Corruption through the contracts signed under the ADB Africa Climate Summit Project. The Project actively engages suppliers through a Grievance Redress Mechanism to promptly address any complaint arising out of a procurement process. Suppliers are sensitized on the process of submitting procurement related complaints through the Intention to award letters. Further, prior to contract signing, successful suppliers disclose information on their Beneficial Ownership.

**c) Regulatory impact assessment**

To safeguard and stakeholder rights, some contracts require the contractor/consultant to submit a Sexual Exploitation and Abuse (SEA) and/or Sexual Harassment (SH) Performance Declaration, Environmental Impact Assessment certificate.

**v. Community Engagements**

Extensive stakeholder engagements have been employed in the project implementation. Ministries, Departments, Agencies, Counties, Civil Society Organizations and the Private Sector have been engaged and trained through the support of the Readiness project. Project supported the re-establishment of the Inter-Ministerial Technical Committee (IMTC) on Climate Finance including the development of the rules of procedure. The IMTC is composed of technical officers from MDAs, private sector as well as the representatives of the civil society.

## **5. Statement of Project Management Responsibilities**

The Principal Secretary for the National Treasury and the Project Coordinator for the ADB Africa Climate Summit Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

This responsibility includes;

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

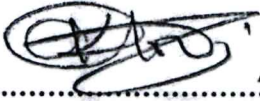
The Principal Secretary for the National Treasury and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector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

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

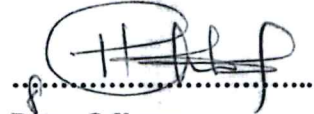
The Principal Secretary for the National Treasury and the Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the Principal Secretary for the National Treasury and the Project Coordinator on 29<sup>th</sup> August 2025 and signed by:



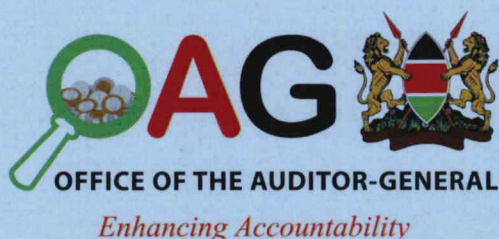
.....  
**Dr. Chris K. Kiptoo, CBS**  
**Principal Secretary**



.....  
**Peter Odhengo**  
**Project Coordinator**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON ADB AFRICA CLIMATE SUMMIT PROJECT FOR THE YEAR ENDED 30 JUNE, 2025 - THE NATIONAL TREASURY**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Opinion**

I have audited the accompanying financial statements of ADB Africa Climate Summit Project-The National Treasury set out on pages 1 to 25, which comprise of the statement

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*Report of the Auditor-General on ADB Africa Climate Summit Project for the year ended 30 June, 2025-  
The National Treasury*

of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of ADB Africa Climate Summit Project as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Transitional International Public Sector Accounting Standards and comply with the grant agreement for funding eligible activities of the Africa Climate Summit and the Africa Climate Week and the Public Finance Management Act, 2012.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the report of the previous year, two issues were raised under Report on the Financial Statements which remained unresolved as at 30 June, 2025.

### **Other Information**

Management is responsible for the other information set out on page (iii) to (xv) which comprise of Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Low Absorption of Project Funds**

The Republic of Kenya entered into a grant agreement with the African Development Bank for an amount of USD 3,000,000 (Kshs.450,000,000) on 15 November, 2023. The grant was to be used for meeting the cost of eligible activities of the African Climate Summit held between 4 and 8 September, 2023 as detailed in annex 2 and development of adaptation compacts as detailed in annex 3 and 4 to the grant agreement. According to the agreement, USD 2,500,000 was to be utilized in funding the summit activities while USD.500,000 was to be spend on the development of the adaptation compacts, which was to be done within one year, in 2024. Further, the agreement provided under covenants clause and paragraph 5.3 on accountability of funds that, any unutilized amount shall be reimbursed to the Bank.

As at 30 June, 2025, USD37,500 of the USD.500,000 meant for development of the compact had been drawn, representing 7.5% of the funding. During the financial year under review, Kshs.2,758,400 was spent on inception workshop for the compact. The grant agreement lapsed on 03 January, 2025, before the compact had been developed. Although management indicated that it was committed to following up on a no cost extension of the grant as well as repurposing of the unutilized balance of Kshs.71,534,365 (undrawn balance Kshs.69,375,000; bank balance Kshs.2,159,365), the same had not been realized as at the time of audit in October, 2025.

In the circumstances, value for money for the Kshs.2,758,400 spent on the adaptation compacts, the effectiveness and impact of the grant from the African Development Bank and compliance with the grant agreement could not be confirmed.

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

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

### Conclusion

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

### Basis for Conclusion

#### Weak Internal Controls Over Imprest Management

The statement of financial performance reflects expenditure on use of goods and services of Kshs.2,758,400 as disclosed in Note 7 to the financial statements. The amount relates to domestic travel and subsistence allowance. Review of imprest records revealed that nine (9) staff did not surrender imprests issued to them within seven (7) days of the completion of the official activity as required by Regulation 93 (5) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the effectiveness of management over issuance and surrender of imprests could not be confirmed.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Conclusion

As required by Grant Agreement between the Republic of Kenya and African

Development Bank dated 15 November, 2023, 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. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

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

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**


**15 October, 2025**

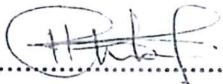
**ADB – Africa Climate Summit Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**


**7. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025.**

	Notes	2024-2025
		Kshs
<b>Revenue</b>		
Revenue Transfers	6	-
Miscellaneous Revenue		-
<b>Total revenue</b>		-
<b>Expenses</b>		
Use of goods and services	7	2,758,400
<b>Total expenses</b>		2,758,400
<b>Other gains/(losses)</b>		
Gain/Loss on foreign exchange transactions		
<b>Surplus/ (deficit)</b>		<b>(2,758,400)</b>

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

  
 .....  
**Dr. Chris K. Kiptoo, CBS**  
 Principal Secretary

  
 .....  
**Peter Odhengo**  
 Project Coordinator

  
 .....  
**CPA Moses Ogega**  
 Project Accountant  
 ICPAK Member No: 32871

**ADB – Africa Climate Summit Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

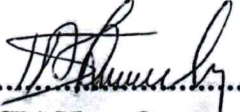
**8. Statement of Financial Position as at 30<sup>th</sup> June 2025**

	Note	2024-2025	1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	8	2,159,365	4,917,765
Receivables		-	-
<b>Total Current Assets</b>		<b>2,159,365</b>	<b>4,917,765</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment		-	-
<b>Total Non- Current Assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets (a)</b>		<b>2,159,365</b>	<b>4,917,765</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables			-
Retention		-	-
Deferred Income		-	-
<b>Total Current Liabilities</b>			<b>-</b>
<b>Total Liabilities (b)</b>			
<b>Net Assets (a-b)</b>		<b>2,159,365</b>	<b>4,917,765</b>
<b>Represented By:</b>			
Accumulated Surplus		2,159,365	4,917,765
<b>Total Net Assets</b>		<b>2,159,365</b>	<b>4,917,765</b>

The financial statements were approved on 29<sup>th</sup> August 2025 and signed by:

  
 .....  
**Dr. Chris K. Kiptoo, CBS**  
**Principal Secretary**

  
 .....  
**Peter Odhengo**  
**Project Coordinator**

  
 .....  
**CPA Moses Ogega**  
**Project Accountant**  
**ICPAK Member No: 32871**

**ADB – Africa Climate Summit Project**  
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**9. Statement of Changes in Net Assets**


Description	Accumulated Surplus
	Kshs
As at 30 <sup>th</sup> June 2024 (Cash Basis)	4,917,765
Adjustments:	
Asset Recognition	-
Liabilities recognition	-
As at 1 <sup>st</sup> July 2024	4,917,765
Deficit for the year	-2,758,400
As at 30 <sup>th</sup> June 2025	2,159,365

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

The financial statements were approved on 29<sup>th</sup> August 2025 and signed by:

  
 .....  
**Dr. Chris K. Kiptoo, CBS**  
**Principal Secretary / NT**

  
 .....  
**Peter Odhengo**  
**Project Coordinator**

  
 .....  
**CPA Moses Ogega**  
**Project Accountant**  
**ICPAK Member No: 32871**

**ADB – Africa Climate Summit Project**  
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**10. Statement of Cashflow for the year ended 30<sup>th</sup> June 2025**

Description	Note	2024-2025
		Ks.Us
<b>Cashflow from operating activities</b>		
Receipts		-
<b>Total receipts</b>		-
Payments		
use of goods and services		2,758,400
<b>Total payments</b>		<b>2,758,400</b>
<b>Net cash flow from operating activities</b>	9	<b>(2,758,400)</b>
Net Decrease in cash and cash equivalents		<b>(2,758,400)</b>
<b>Cash and cash equivalent at 1<sup>st</sup> July 2024</b>		<b>4,917,765</b>
<b>Cash and cash equivalent at end June 2025</b>		<b>2,159,365</b>

*ADB – Africa Climate Summit Project*

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

**11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30<sup>th</sup> June 2025**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Budget Carry Overs from previous periods</b>		-	4,917,765	-	-	0%
<b>Receipts</b>						
Proceeds from domestic and foreign grants	-		-	-	-	
Transfer from Government entities		-	-	-	-	
<b>Total Revenue</b>	-	-	-	-	-	
<b>Payments</b>						
Use of goods and services	2,758,400	-	2,758,400	2,758,400	-	100%
<b>Total Payments</b>	2,758,400	-	2,758,400	2,758,400	-	
<b>Capital works in progress</b>	-	-	-	-	-	
<b>Surplus</b>	-	-	2,159,365	-	-	0%

**Budget notes**

1. The project utilized the balances carried forward in the previous financial year FY 2023/24.

***ADB – Africa Climate Summit Project***

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

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	2,159,365
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,159,365

**12. Notes to the Financial Statements**

**1. General Information**

The National Treasury is established by and derives its authority and accountability from the PFM Act, 2012. The Project is wholly owned by the Government of Kenya and is domiciled in Kenya. The Project’s principal activity is to provide Leadership in Economic and Public Finance Management, and development planning through formulation, implementation and monitoring of economic, financial and development policies.

**2. Statement of Compliance and Basis of Preparation**

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

**Guiding note during the transition period:**

*The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the Project has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1<sup>st</sup> year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the Project has taken advantage of the transition provisions outlined in IPSAS 33. (Project to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).*

These financial statements were authorized for issue by the accounting officer on 29<sup>th</sup> August 2025

**3. Adoption of New and Revised Standards**

- i) *New and amended standards and interpretations in issue effective in the year ended 30<sup>th</sup> June 2025.*

Standard	Effective date and impact
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the Project.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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Standard	Effective date and impact:
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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

**ADB – Africa Climate Summit Project**

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 47- Revenue	<b>Applicable 1<sup>st</sup> January 2026</b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that a Project shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<b>Applicable 1<sup>st</sup> January 2026</b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<b>Applicable 1<sup>st</sup> January 2026</b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<b>Applicable 1<sup>st</sup> January 2027</b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ol style="list-style-type: none"><li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li><li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li><li>iii. Disclosures that identify and explain the amounts in the Project's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li></ol>

**iii) Early adoption of standards**

The Project did not early – adopt any new or amended standards in the financial under review

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Interest income**

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

**b) Budget information**

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

**c) Property, plant and equipment**

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

**d) Leases**

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

**e) Intangible assets**

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

**f) Research and development costs**

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.

- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

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

**g) Financial instruments**

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

***Financial assets***

***Classification***

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

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the Project classifies its financial

***ADB – Africa Climate Summit Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2025***

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assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The Project assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Project recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL)

***Financial liabilities***

***Classification***

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

**h) Inventories**

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

**Notes to the financial statements**

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

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

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

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

**i) Provisions**

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

***Contingent liabilities***

***ADB – Africa Climate Summit Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025***

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

***Contingent assets***

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

**j) Nature and purpose of reserves**

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

**Changes in accounting policies and estimates**

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

**k) Employee benefits**

**Retirement benefit plans**

The Project does not operate the retirement benefit plans.

**l) Foreign currency transactions**

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

**m) Borrowing costs**

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

**n) Related parties**

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

**Notes to the financial statements**

**o) Service concession arrangements**

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

**p) 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.

**q) Subsequent events**

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

## **5. Significant Judgments and Sources of Estimation Uncertainty**

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

**Notes to the financial statements**

**6. Revenue Transfers**

Description	2024-2025
	KShs
<b>Unconditional Transfers</b>	
GoK Counter Part funding	-
Proceeds from domestic and foreign grants	
	-
<b>Total Unconditional Transfers (a)</b>	-
<b>Conditional Transfers</b>	
GoK Counter Part funding	-
Transfers from Development partner 2	-
	-
<b>Total Conditional Transfers (b)</b>	-
<b>Total Transfers for the Year (a + b)</b>	-

**a) Details to Revenue Transfers**

During the year ending 30<sup>th</sup> June 2025 there were no revenue transfers

**7. Use of Goods and Services**

Description	FY 2024/25
C	Kshs
WHT & interest	-
Bank charges	-
Foreign travel and subsistence	0
Domestic travel and subsistence	2,758,400
Stationery, Printing, advertising, and information supplies	-
<b>Total</b>	<b>2,758,400</b>

### 8. Cash and Cash Equivalents

Description	2024-2025	1st July
	Kshs	Kshs
Cash in Bank	2,159,365	4,917,765
Cash on hand	-	-
<b>Total Cash and Cash Equivalents</b>	<b>2,159,365</b>	<b>4,917,765</b>

### Project Bank Accounts

Details	2024-2025	1st July 2024
	Kshs	Kshs
Central Bank of Kenya [A/c No. 1000740159]		
Total local currency balances	2,159,365	4,917,765
<b>Total bank account balances</b>	<b>2,159,365</b>	<b>4,917,765</b>

### 9. Cash Generated from Operations

Description	2024-2025
	Kshs
<b>Surplus/Deficit for the year</b>	<b>(2,758,400)</b>
<b>Adjusted for:</b>	
Non-cash grants received	-
Impairment	-
Gains and losses on disposal of assets	-
<b>Working capital adjustments</b>	
Increase/ in inventory	-
Increase in receivables	-
Increase in deferred income	-
Decrease in payables	
Increase in payments received in advance	-
<b>Net cash flow from operating activities</b>	<b>(2,758,400)</b>

**10. Special Deposit Accounts**

The balances in the Project’s Special Deposit Account(s) as of 30<sup>th</sup> June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

Description	FY 2024/25	1 <sup>st</sup> July 2024
	USD	USD
<b>(i) A/C Name: ADB Africa Climate Summit Project [A/c No. 1000741236]</b>		
Opening balance	462,500	500,000
Total amount deposited in the account		
Total amount withdrawn	-	37,500
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>462,500</u></b>	<b><u>462,500</u></b>

**11. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**12. Events after the Reporting Period**

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

**13. Ultimate And Holding Project**

The *Project* is under the National Treasury. Its ultimate parent is the Government of Kenya.

**14. Currency**

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

**13. Annexes**

**Annex 1: Prior Year Auditor-General’s Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	Unsupported Balance	The management had confirmed with the account’s unit at the National Treasury which have clarified that the project did not have any transactions in FY 2023/24, therefore, there was no cashbook for the project. Since there was no cashbook, there was no bank reconciliation, board of survey report and trial balance and ledgers. The operations have started in 2024/25	Not Resolved	-
2.	Accuracy and Completeness of Financial Statements	<p>This is due to the fact that the preparations of the project’s financial statements are dependent on the Ministry. In addition, the project did not have an accountant or sufficient personnel to make follow up with the Ministry. In this regard the management has amended the financial statements based on the comments and recommendations raised by the audit team.</p> <p>The Project’s Total funding as per the Grant Agreement was USD 3 Million. Out of this USD 2.5 Million was transferred to the Ministry of Environment to support the hosting of the Africa Climate Summit and has been audited</p>	Not Resolved	-

**ADB – Africa Climate Summit Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p>from the same Ministry while USD 500,000 is being managed by the National Treasury to develop adaptation compacts of which the entire amount had not been utilized and the Climate Finance and Green Economy unit had written a request for the extension of validity of the grant up to the end of FY 2024/25.</p> <ul style="list-style-type: none"> <li>▪ Regarding the observation of inaccuracies and missing information in some pages e.g. headers, approved exchequer release, among others, the management has amended and addressed the audit queries in (i, ii, iv, v, vi, vii, x, xi, xii, xiii).</li> <li>▪ The management notes the audit findings regarding the error on the Special Account Statement which read that the total amount deposited by the World Bank as USD. 3,000,000 contrary to the grant agreement which was signed with the African Development Bank. This has been amended.</li> <li>▪ On Note 11 in the financial statements which has Special Deposit Accounts Movement Schedule which</li> </ul>		

**ADB – Africa Climate Summit Project**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame:
		<p>read account No.1000741236, the management has amended to read account No. 1000740159 in (viii).</p> <ul style="list-style-type: none"> <li>▪ Regarding the observation in iii, the project amounts are shared by the Ministry of environment and the National Treasury. In addition, the project has one special account and two operating project accounts, out of which one is being operated by the National Treasury. As per the grant agreement, the Unit is only responsible for opening the operations account for the USD 500,000 (i.e. Bank Acc. 1000741236).</li> <li>▪ Regarding the observation in (ix) on signing the financial statements on behalf of the project coordinator the management notes that the Project Coordinator was away on official duties at the time of submitting the Financial Statements. As such the assistant director, Financial Affairs and Sectoral Department signed the financial statements on his behalf.</li> <li>▪ Regarding the error in (xv) above the management notes the error and clarifies that it was an editorial one.</li> </ul>		

**ADB – Africa Climate Summit Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframes
3	Unconfirmed Eligibility of Expenditure Incurred by the Project	<p>The Africa Development Bank (AfDB) provided financial support of USD 3 Million for hosting the Africa Climate Summit and Africa Climate week that were held in September, 2023. The Ministry of Environment, Climate Change and Forestry was responsible for the USD 2.5 Million to support the organization of the summit and therefore responsible for auditing from their end.</p> <p>The AfDBs climate team and the National Treasury agreed that USD 500,000 of total support would be managed by the National Treasury to implement a climate Adaptation &amp; resilience (A &amp; R) compacts to unlock the mobilization of impactful A &amp; R projects in Kenya. The grant agreement was signed on November 15, 2023 and was to run for a period of one year.</p> <p>The Project account was opened on February 8, 2024 and disbursement was processed on May 22, 2024. Implementation of the project was however not feasible in the period between November 15, 2023 and June 30, 2024.</p>		

**ADB – Africa Climate Summit Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
		A request had been made seeking the Bank to extend the grant agreement's validity for an additional twelve (12) months to enable execution of the planned activities.		



.....  
**Dr. Chris K. Kiptoo, CBS**  
**Principal Secretary**



.....  
**Peter Odhengo**  
**Project Coordinator**

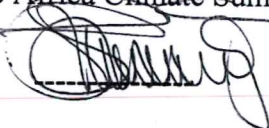
**Annex 2: Reconciliation of inter-Project transfers**

They were no inter-Project transfers during the financial year under review

Project Name:		ADB Africa Climate Summit Project		
Break down of transfers from the National Treasury				
<b>a.</b>	<b>Government Counterpart funding</b>			
		Bank Statement Date	Amount (Kshs)	FY 2024/25
			-	
			-	
		<b>Total</b>	<b>0</b>	
<b>B.</b>	<b>Direct payments</b>			
		Bank Statement Date	Amount (Kshs)	FY 2024/25
			-	
		<b>Total</b>	<b>0</b>	
<b>C.</b>	<b>Others</b>			
		Bank Statement Date	Amount (Kshs)	FY 2024/2025
	Transfer from the National Treasury Development Account	-	-	
		<b>Total</b>	<b>0</b>	
		<b>Total (A+B+C)</b>	<b>0</b>	

Project Coordinator  
ADB Africa Climate Summit Project

Sign



Head of Accounting Unit  
The National Treasury

Sign



**Annex 4: Other Support Documents**

i. Bank Reconciliations statement as at 30<sup>th</sup> June 2025

ii. Board of Survey Report

iii. Special Deposit Account reconciliation statement

26 24

**AFRICA CLIMATE SUMMIT  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30TH JUNE 2025  
PART B: ACCOUNT RECONCILIATION STATEMENT**

Bank Account No.1000740159 Held with Central Bank of Kenya

	NOTES	AMOUNT USD	AMOUNT USD
1 Amount advanced by ADB			3,000,000.00
Less			
2 Total amount justified to ADB			-
3 Outstanding amount advanced to Designated Account			3,000,000.00
Represented by:			
4 Ending Designated Account Balance at 30.06.2025			462,500.00
5 Amount claimed but not credited at 30.06.2025			
6 Amount withdrawn and not claimed as at 30.06.2025			2,537,500.00
7 Service charges (if not included in 5 & 6 above)			
Less			
8 Interest earning (if included in Designated Account)			
9 Total advance to Designated Account year ended 30.06.2025			3,000,000.00

Discrepancy between total appearing on lines 3 and 9

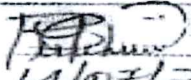

**Notes:**

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

The amount appearing on line 6 is eligible for financing by ADB and shall be documented in subsequent IFRs/SOEs

  
AUTHORIZED REPRESENTATIVE  
RESOURCES MOBILIZATION DEPARTMENT - TREASURY DATE:

01-08-2025

SPECIAL ACCOUNT STATEMENT		
For period ending	30th JUNE, 2025	
Account No.	1000740159	
Depository Bank	CENTRAL BANK OF KENYA	
Address	CBK	
Related Loan	ADB-AFRICA CLIMATE SUMMIT	
Credit Agreement		
Currency	USD	
<b>Part A - Account Activity</b>		
Beginning balance of 1st July, 2024 as per C. B. K. Ledger Account		452,500
<b>Add:</b>		
Total Amount deposited by <del>World Bank</del> <sup>ADB</sup>		0.00
Total Interest earnings if deposited in account		
Total amount refunded to cover ineligible expenditure		
<b>Deduct:</b>		
Total amount withdrawn		0.00
Total service charges if not included above in amount withdrawn		
Ending balance on 30th June, 2025		452,500.00
<b>AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA</b>	SIGNATURE:	
	DATE	14/07/2025
<b>AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY</b>	SIGNATURE:	
	DATE	01/08/2025

NOTE: The ending balance as per Central Bank of Kenya Ledger Account as at 30th June, 2025 is attached.

Results 1 - 1 of 1

Run Date: Run Time:  
CENTRAL BANK OF KENYA  
BANKI KUU YA KENYA  
P.O. BOX 60008-0200  
NAIROBI

STATEMENT OF ACCOUNT  
ACCOUNT NUMBER:

PAGE NO: 3

STATEMENT PERIOD: From 01/07/2024 To 30/09/2025  
ACCOUNT TITLE: ADB AFRICA CLIMATE SUMMIT

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
			46250008		

OPENSING BAL: 46250008  
 Value Date Reference No Details Debit Credit Balance  
 0.00 0.00 462500

CLOSING BALANCE: 462500

END OF ACCOUNT STATEMENT

Expression	TAM E STMT OF ACCT EPRM	Match Previous	Find
Account	equals	1000740159	
Statement From	equals	20240701	
Statement To	equals	20250630	

1 1 1 1 1 1 1 1

1 1 1 1 1 1 1 1