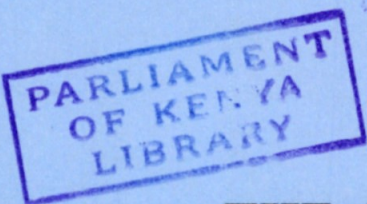


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

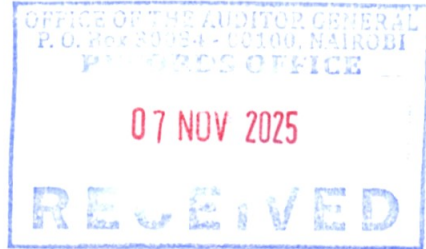
ON

**MULTI-NATIONAL PROGRAM TO BUILD
RESILIENCE FOR FOOD AND NUTRITION
SECURITY IN THE HORN OF AFRICA
(BREFONS) PROJECT CREDIT
NUMBER: 2100150042746**

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

STATE DEPARTMENT FOR AGRICULTURE

 THE NATIONAL ASSEMBLY PAPERS LAID		
DATE:	24 FEB 2026	DAY: Tuesday
TABLED BY:	Deputy Leader Majority Party Hon. Owen Baya, MP	
CLERK-AT-THE-TABLE:	Mr. Benson Inzofu	



**PROJECT NAME: MULTI-NATIONAL PROGRAM TO BUILD RESILIENCE FOR
FOOD AND NUTRITION SECURITY IN THE HORN OF AFRICA (BREFONS)**

IMPLEMENTING ENTITY: STATE DEPARTMENT FOR AGRICULTURE

PROJECT CREDIT NUMBER: 2100150042746

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

(Leave this page blank)



Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Report and Financial Statements for the financial year ended June 30, 2025

Table Contents	Page
1. Acronyms and Definition of Terms.....	ii
2. Project Information and Overall Performance.....	iii
3. Statement of Performance against Project's Predetermined Objectives.....	xvi
4. Environmental and Sustainability Reporting.....	xxv
5. Statement of Project Management Responsibilities.....	xxvii
6. Report of the Independent Auditor on Financial Statements for Multi-National Program to Build Resilience in the Horn of Africa (BREFONS).....	xxix
7. Statement of Financial Performance for the Year Ended 30th June 2025.....	1
8. Statement of Financial Position as at 30 th June 2025.....	2
9. Statement of Changes in Net Assets.....	3
10. Statement of Cashflow for the year ended 30 th June 2025.....	4
11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 th June 2025.....	5
12. Notes to the Financial Statements.....	7
13. Annexes.....	32

Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.
UA	Unit of Account
ADF	African Development Fund
ADF-PBA	African Development Fund - Performance Based Allocation
M/F	Male/Female
ESMP	Environmental and Social Management Plan

1. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is **MULTI-NATIONAL PROGRAM TO BUILD RESILIENCE FOR FOOD AND NUTRITION SECURITY IN THE HORN OF AFRICA (BREFONS)**.

Objective

The key objective of the project is **To contribute to improving living conditions and food and nutrition security in Kenya and the horn of Africa region.**

Address

The project headquarters offices are at **HILL PLAZA BUILDING, 9TH FLOOR, OPPOSITE MILIMANI LAW COURTS, NGONG ROAD, NAIROBI County, Kenya**

The project also has offices/branches as follows:

- County Headquarters, Turkana County
- County Headquarters, West Pokot County
- County Headquarters, Baringo County
- County Headquarters, Samburu County
- County Headquarters, Marsabit County
- County Headquarters, Garissa County
- County Headquarters, Isiolo County

Contacts: The following are the project contacts

P.O. Box: 30028-00100, NAIROBI, KENYA

Telephone: (254) 722 827 425/0722 886 584

E-mail: npchoal@gmail.com

Website: www.kilimo.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	May,2022
Project End Date:	DECEMBER,2027
Project Coordinator:	ENG. KENNEDY W. MAKUDIUH, CE, FIEK
Project Development Partner:	GOVERNMENT OF KENYA (Gok) AND AFRICAN DEVELOPMENT BANK (AfDB)

2.3 Project Overview

Line Ministry or State departments/ County Department	The project is being implemented and supervised by the state department for Agriculture in the Ministry of Agriculture and Livestock Development.
Project number	P-ZI-AAZ-081
Strategic goals of the project	The strategic goals of the project are as follows: <i>(i) Increase sustainable productivity and agropastoral production systems.</i> <i>(ii) Increase incomes from agropastoral value chains.</i> <i>(iii) Enhance adaptive capacity of the people to prepare for and manage climate change risks and variation. The project will be implemented in counties of Baringo, Garissa, Isiolo, Marsabit, Samburu, Turkana and West Pokot.</i>
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Strengthening the Resilience of Pastoral and Production Systems to Climate Change. (ii) Supporting Agribusiness Development in Pastoral Communities. (iii) Strengthening the Adaptive Capacity to Climate Change. (iv) Project Management and Coordination.

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

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

Other important background information of the project	The total project cost is estimated at UA 34.5 million, including contingencies. The foreign exchange component would amount to UA 24.20 million, representing 70% of the total cost, while local cost would be UA 10.30 million or 30% of total cost. The project will be financed by the AfDB and the Government of Kenya (Gok). An AfDB loan amounting to UA 30.0 million or 87% (of which UA 15.0 million from the Regional Operations envelope and the UA 15 million from Kenya's AfDB -PBA country allocation) will be utilized to finance 100% of the investment costs, as well as some of the recurrent costs. The Gok contributions amounting to UA 3.0 million or 10.0% of total cost will finance all incremental salaries and allowances.
Areas that the project was formed to intervene	The overall goal of the program is to contribute to build resilience including for women and the youth, to food and nutrition insecurity and climate change, as well as peace and security in the Horn of Africa. The specific objective of the Kenya project is to; <ul style="list-style-type: none">(i) Increase on a sustainable basis, productivity, and agropastoral production systems.(ii) Increase incomes from agropastoral value chains.(iii) Enhance the adaptive capacity of the people to better prepare for and manage climate change risks and variations.
Project duration	5 Years

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

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

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

- (i) **Central Bank of Kenya (C.B.K) A/C No.1000608064-Operation Account**
- (ii) **Central Bank of Kenya (C.B.K) A/C No. 1000591412-Special Account**

2.5 Independent Auditor

The project is audited by the **Office of the Auditor-General (OAG) 3rd Floor, Anniversary Towers, University Way, P.O BOX 30028-00100 Nairobi. Email : info@oagkenya.go.ke Hotline: +254 708 000555.**

2.6 Roles and Responsibilities

No	Names	Title designation	Key qualification	Responsibilities	Contacts
1	Eng. Kennedy Makudih	Chief Engineer	Msc. Agricultural Engineering	Project Co-ordinator	072 827 425
2	Jonah Kebeney	Chief Superintendent Engineer	Bsc. Agricultural Engineering	Deputy Project Co-ordinator/Component Manager	0720 837 775
3	Gerald K. Kurema	Assistant Accountant General	C.P. A (K), B. Com	Project Accountant	0716 891 735
4	Hillary Ngeno	Assistant Director of Agriculture	Msc Agribusiness Management	Monitoring & Evaluation	0725 805 810
5	Jackson Magembe	Assistant Director Supply Chain Management Services	B. Com-Procurement and Supply Chain Management	Project Procurement Specialist	0724 455 525
6	Elizabeth Mwanza	Procurement Assistant	Diploma in Supply Chain Management	Project Procurement Assistant	0724 013 674
7	Josphat Omari	Agriculture Engineer	Bsc. Agricultural Engineer	Project Engineer	0720 349 322
8	William Ndeka	Assistant Director of Agriculture	Bsc. Horticulture	Horticulture Specialist	0722 212 235
9	Janet Oyuke	Assistant Director of Agriculture	Msc. Environmental Science	Environmental Specialist	0726 657 238

2.7 Funding summary

The Project is for a duration of 5 years from 2022 to 2027 with an approved budget of US\$ 49,128,000 equivalent to Kshs 5,398,767,000 as highlighted in the table below: UAI= KES 156.486 UAI=USD 1.424 (As at September 2021).

**Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
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 th 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')
(i) Loan						
African Development Bank (AfDB)	30,000,000	4,694,580,000	5,497,781	860,325,819	24,502,219	3,834,254,181
(ii) Counterpart funds						
Government of Kenya	3,000,000	469,458,000	1,124,617	175,986,824	1,875,383	293,471,176
(iii) Recipient Communities						
	1,500,000	234,729,000	0	0	1,500,000	234,729,000
Total	34,500,000	5,398,767,000	6,622,398	1,036,312,643	27,877,602	4,362,454,357

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date (30 th June 2025)	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
African Development Bank (AfDB)	5,497,781	860,325,819	5,495,483	859,966,260	2,298	359,559
(ii) Counterpart funds						
Government of Kenya	1,124,617	175,986,824	1,124,617	175,986,824	0	0
(iii) Recipient Communities						
	0	0	0	0	0	0
Total	6,622,398	1,036,312,643	6,620,100	1,035,953,084	2,298	359,559

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

i) Budget performance against actual amounts for the current year

Budget Category	Printed Estimates	Revised Estimates	Actual Expenditures	% Absorption
Counterpart Fund	95,054,000	165,054,000	135,069,264	82%
Loan Revenue	170,712,062	168,000,000	167,509,835	99%
Loan AIA	785,287,938	800,000,000	497,532,357	62%

Cumulative to-date

Budget Category	Printed Estimates	Revised Estimates	Actual Expenditures	% Absorption
Counterpart Fund	144,054,000	214,054,000	175,986,824	82%
Loan Revenue	519,424,124	516,712,062	315,138,638	61%
Loan AIA	2,632,575,876	1,407,000,000	497,532,357	35%

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

Output Indicators (as specified in the RLF. add/delete rows as needed)	Most recent value	Annual Target (expected value at project completion)	End Target (expected cumulative value at completion)	Progress towards annual target (% realized)	Progress towards end target (% realized)	Assessment (on whether output indicator is on track to reach annual and end targets. If not on track, please justify)
Component 1 : Strengthening The Resilience of Agro-Pastoral Production Systems						
Subcomponent 1.2: Development of Climate Resilient Infrastructures for Agro-Pastoral Production Systems						
Output 1: Number of water pans constructed/rehabilitated by Dec 2027	1	2	28	50%	3.6%	1 no. water pan complete at 100%, 20 Water pan and 10 dams awaiting No Objection to advertise

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

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

Output 2: No of boreholes constructed/rehabilitated by Dec 2027	75	10	28	750%	268%	75 No Contracts currently ongoing at 45% overall completion.
Output 3: No of shallow wells constructed/ rehabilitated by Dec 2027	0	10	28	0	0	May not be achieved as counties prefer BHs and water pans for construction
Output 4: No of sub-surface dams constructed/ rehabilitated by Dec 2027	0	-	28	0	0	Most may not be done as counties prefer boreholes and water pans
Output 5: No of Water Users Association formed/strengthened by Dec 2027	75	20	112	375%	67%	Committees for 75 BHs currently ongoing formed and strengthened
Output 6: No of Irrigation Water Users Association (WUAs) trained by Dec 2027	1	1	7	100%	14%	To be fast tracked. Konoo II committee in place.
Output 7: Area of the 7 irrigation schemes rehabilitated and expanded (Ha) by Dec 2027	0	0	800	0	0	To be rolled out in the next FY starting with Konoo.
Output 8: No of Irrigation water Users Associations (IWUAs) Office blocks & Grading sheds constructed by Dec 2027	0	1	0	0	0	To be fast tracked
Output 9: No of IWUAs formed/strengthened by Dec 2027	1	1	7	100	14	Konoo II IWUA mobilized
Output 10 : No of livestock markets constructed by Dec 2027	14	4	21	350%	67%	Construction of 14 No. Livestock markets ongoing at average 85% completion
Output 11: Length of access road constructed or rehabilitated (Km) by Dec 2027	0	0	100	0	0	Next FY
Output 12: No of hay sheds/fodder banks constructed by Dec 2027	16	2	28	800%	57%	Construction of 16 No. Hay sheds ongoing at average 85% completion
Output 13: Area of the 7 demonstration plots of communal pastures rehabilitated (350Ha) by Dec 2027	300	0	350	0	86%	Construction of 18 No. Commercial pasture plots ongoing at average 80% completion
Output 14: No of diagnostic veterinary laboratories equipped by Dec 2027	0	0	7	100	100	Next FY

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

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

Sub-component 1: Subcomponent 1.1: Support for Sustainable Management of Agro-pastoral land						
Output 15: Pastoral and Agropastoral lands under sustainable land management	500	500	5000	100	10	Farmer mobilization and sensitization ongoing. County Teams have encouraged the communities to reclaim degraded lands through reseeding and 500 hectares reclaimed with suitable browse seeds.
Output 16: Access to TAAT innovative technologies and practices by farmers and Agro-pastoralist	0	0	5000	0	0	Farmer mobilization and sensitization ongoing. To be substantially achieved next FY
Subcomponent 1.3: Promotion of Climate smart innovations and technologies						
Output 18: No of Pastoralists and agro-pastoralist sensitized on nutrition to enhance food and nutrition security at the household level	1350	1500	2500	90%	54	1350 Farmer and agro pastoralist mobilized and sensitized at the household level across 7 project counties. Its ongoing
Component 2: Supporting Agribusiness Development						
Subcomponent 2.1: Supporting the Development of SMEs and Entrepreneurship						
Output 19: No of community-based livelihood initiatives Supported (IGAS)	0	0	35	0	0	Farmer mobilization and sensitization ongoing. To be substantially achieved next FY
Output 20: No. of community on youths Sensitized on agribusiness plans for loan applications in collaboration with PFIs (M,F)	180	150	500	120	36	Farmer mobilization and sensitization ongoing. 180 achieved so far. To be substantially achieved next FY
Output 21: No of personnel trained and developed in areas of crop production, marketing	860	1200	2500	72	34	Farmer mobilization and sensitization ongoing. So far reached 860 farmers. 50 personnel targeted next FY.
Output 22: No of personnel trained and developed in areas of livestock production, animal health	1240	1500	2500	83	60	To be fast tracked next FY
OUTPUT 23: Farmers and pastoralists benefiting from extension on using digital advisory services	1150	1500	5000	77	23	To be fast tracked next FY

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Report and Financial Statements for the financial year ended June 30, 2025

OUTPUT 24: Number of people benefitting from enhanced entrepreneurship skills development and access to finance.	1680	1500	3000	112	56	To be fast tracked next FY
Subcomponent 2.2: Facilitating access to advisory services and markets through digitalization						
Output 25: No of Youth reached with Digital agribusiness upskilling for young farmers and pastoralists for improved management of their businesses	180	150	500	120	36	Farmer mobilization and sensitization ongoing. 180 achieved so far. To be substantially achieved next FY
OUTPUT 26: Number of people with access to renewable energy for households	430	500	2000	86	22	To be fast tracked next FY
Component 3: Strengthening Adaptive capacity to Climate Change						
Subcomponent 3.1: Development and improvement of weather and climate services						
OUTPUT INDICATOR 27: - Climate products and services for agriculture and livestock developed.	2	4	10	50	20	To be fast tracked next FY
OUTPUT 28: Uptake of climate risk financing and insurance solutions	1	2	Increase by 30%	50	50	To be fast tracked next FY
Component 4: Project Coordination and Management						
Output 29: Project website developed by Dec 2027	0	1	1	0	0	To be completed next FY. Development ongoing.
Output 30: Supervision by the AfDB Bank	1	2	10	50%	50%	1 AfDB supervision visit achieved in November -December 2024.
Output 31: Project Steering Committee Meetings	1	2	10	50%	10%	1 PSC meeting held
Output 32: Project Steering Committee Semi-annual Monitoring/Supervision Visits	2	2	10	100	20	2 no. M&E visit is carried out with the support of Kilimo teams.
Output 33: Annual Work Planning Session	2	2	10	100%	20%	2 work planning sessions achieved with Counties with CECS, Cos , CC and district accountants attending
Output 34: Operational coordination units activities	8	8	8	100%	100%	On track. 1 PCU operational and 7 CCUs .

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

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

Output 35: Number of environmental Assessment and audit (ESMP,ESMF,EA)	125	50	200	250%	125%	ESIAs developed for 49 no. Livestock structures and 1 water pan No. and 75 No. Boreholes.
Output 36: A functional M&E system	1	0	1	0	100%	Development ongoing using internal capacities
Output 37: Number and cost of analytical reports/manuals published	0	0	5	0	0	To be fast tracked next FY
Output 38: Operational coordination units activities	8	8	8	100%	100%	On track. 1 PCU operational and 7 CCUs .

OUTCOME REPORTING

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

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

Outcome Indicators (as specified in the RLF add/delete rows as needed)	Baseline Value	Most recent value	End Target (expected value at project completion)	Progress towards end target (% realized)	Assessment (on whether outcome indicator is on track to reach annual and end targets. If not on track, please justify)
Outcome 1: Increased Agricultural productivity (crops and livestock),	Baseline Production data for major crops () and Livestock to be established by 30 th June 2025 (Baseline data collection currently ongoing thru rapid appraisal awaiting validation)	-	Increase by 30% by Dec 2027	Interventions have just started being rolled out to support the increased agricultural production values	To be fast tracked
Outcome 2: Increased annual income per capita (M/F).	Baseline data for the annual per Capita income to be established by the baseline by 30 th June 2025. (Baseline data collection currently ongoing thru rapid appraisal awaiting validation)		Increase by 30% by Dec 2027	Interventions have just started being rolled out to support the increased agricultural production values	To be fast tracked
Outcome 3: No. of Direct jobs created for youth and women	Baseline data on no. of jobs to be established by 30 th June 2025 (Baseline data collection currently ongoing thru rapid appraisal awaiting validation)		Increase by 10% by Dec 2027	Interventions have just started being rolled out to support the increased agricultural production values	To be fast tracked
Outcome 4: Number of farmers and pastoralists in the project area using climate services e.g., index insurance with a gender focus.	Baseline data on no. of jobs to be established by 30 th June 2025 (Baseline data collection currently ongoing thru rapid appraisal awaiting validation)		Increase by 10% by Dec 2027	Interventions have just started being rolled out to support the increased agricultural production values	To be fast tracked

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Report and Financial Statements for the financial year ended June 30, 2025

iii) *Indicate the absorption rate for each year since the commencement of the project.*

Financing Source	Total Approved (KSH)	Absorption as at 30th June 2023	Absorption as at 30th June 2024	Absorption as at 30th June 2025
Loan	4,694,580,000	0.0067%	0.031%	22.63%
GoK	469,458,000	0%	0.08%	37.48%
Total	5,164,038,000	0.006%	0.029%	23.98%

iv) *List the implementation challenges and recommend the next steps.*

Implementation Challenge	Way Forward
Feasibility studies, survey and designs of structures take long to conclude.	Use of internal government specialist personnel rather than go for consultancies.
Inadequate Counterpart Funding to the Project	Lobbying the Finance office for improved counterpart funding going forward.

2.9 Summary of Project Compliance:

i. The project has complied with existing and applicable laws of Government of Kenya and the Financial statement has been prepared in accordance with IPSAS (International Public Sector Accounting Standards). The Project thus far has had no cases of non-Compliance to applicable laws and regulations during project implementation.

ii. Therefore, has not suffered consequences on account of non-compliance or likely to be suffered.

iii. The Measures the Project has taken to mitigate or plan to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance is by always sticking to the laid down applicable laws and regulations like the PFM Act and procurement laws and regulations.

i. The Project thus far has had no cases of Non-Compliance to applicable laws and regulations during project implementation.

ii. Therefore, has not suffered consequences on account of non-compliance or likely to be suffered.

- iii. The Measures the Project has taken to mitigate or plan to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance is by always sticking to the laid down applicable laws and regulations like the PFM Act and procurement laws and regulations.

2. Statement of Performance against Project's Pre-determined Objectives

Introduction

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

The Program to Build Resilience in Food and Nutrition Security in the Horn of Africa is a - is part of a multinational program that covers Djibouti, Ethiopia, Kenya, Somalia, South Sudan and Sudan. The project will be implemented in BARINGO, GARISSA, ISIOLO, MARSABIT, SAMBURU, TURKANA AND WEST POKOT counties of Kenya. The total cost of the Kenya Component loan is UA 30.0 million (UA 15.0 million from ADF-PBA allocation and UA 15.0 million from the ADF XV Regional Operations Window). The overall objective of the Program is to contribute to improving Living conditions and food and nutrition security in Kenya and the Horn of Africa Region. The project will be implemented over a **period of 5 years (2022-2026)**. Total program cost for Kenya component is estimated at UA 34.5 million with Bank share of UA 30.0 million from ADF (87%) and government and beneficiary contribution of UA. 4.5 million (13%). The project will be housed in the Ministry of Agriculture and Livestock, Development (MoA&LD). The MoA&LD is currently the executing agency for the Bank-funded on-going SIVAP project (Closing on 30th October 2025).

The Program area is covering seven (7) counties in Kenya namely: BARINGO, GARISSA, ISOLO, MARSABIT, SAMBURU, TURKANA AND WEST POKOT. These counties were among those most affected by the drought according to various drought assessment reports. Concentrating on the seven counties is also important in order not to spread the resources and efforts too thin, for there to be discernible project impacts. The project target is 4.1 million people, over 3.8 million head of cattle and 5 million heads of sheep and goats.

The overall goal of the Program is to contribute to build resilience including for women and the youth. to food and nutrition insecurity and climate change, as well as peace and security in the Horn of Africa.

The specific objectives of the BREFONS Kenya Project is:

- (i) To increase, on a sustainable basis, productivity, and agro-pastoral production systems.
- (ii) To increase incomes from agro-pastoral value chains and
- (iii) To enhance the adaptive capacity of the people to better prepare for and manage climate change risks and variations

The project focuses on four components (i) Strengthening the resilience of Agro-Pastoral production systems, (ii) Supporting Agribusiness Development in Pastoral Communities, (iii) Strengthening the Adaptive Capacity to Climate Change and (iv) Project management and coordination. Gender, climate change, fragility and environmental requirements will be mainstreamed and integrated across all components.

Progress on the attainment of strategic development objectives

The project has four main components which include: (i) Strengthening the Resilience of Pastoral and Production Systems to Climate Change; (ii) Supporting Agribusiness Development in Pastoral Communities; (iii) Strengthening the adaptive capacity to climate change; and (iv) project management and Coordination.

The achievements under each component are as below:

Component I: Strengthening the Resilience of Pastoral and Production Systems to Climate Change:

Under this component, communities are supported to increase crops and livestock productivity through development/rehabilitation of irrigation schemes, Rangelands/Pasture, hay stores, Water infrastructure sensitive to gender such as small earth dams, boreholes, water pans, shallow wells, water distribution systems, market access infrastructure, promotion of Sustainable Management of Agropastoral Lands and Climate-smart innovations and technologies as well as support to Income generating Activities in vetted groups through provision of assorted equipment and tools for production and value addition

Component 1 Achievements: Strengthening the Resilience of Pastoral and Production Systems to Climate Change

S/NO	Description	Target	Achieved	Remarks
1	Construction of Irrigation Schemes	7	0	- 1 No. (Konoo 2-Turkana) awaiting No objection to advertise from AfDB -6 No. to be advertised by March 2026
2	Construction of Water Harvesting Infrastructure (Water Pans, Earth dams, Sub surface dams)	56	1	- 1 No water pan (Koiser Water Pan-Baringo) completed and handed over- -30 No. advertised on 7.10.2025, awaiting evaluation and award
3	Ground Water development structures (Bore holes and Shallow Wells)	56	75	-Construction of 75 No. bore holes on-going at average 40% completion -15 No. bore holes advertised on 7.10.2025, awaiting evaluation and award
	Hay sheds/Stores	28	16	-Construction of 16 No. bore holes on-going at average 85% completion -1 No. hay shed advertised on 7.10.2025, awaiting evaluation and award
	Commercial Pasture plots	7	18	-Construction of 18 No. bore holes on-going at average 65% completion -1 No. Pasture plot advertised on 7.10.2025, awaiting evaluation and award
	Livestock markets	21	14	-Construction of 14 No. bore holes on-going at average 86% completion -3 No. livestock sale yards advertised on 7.10.2025, awaiting evaluation and award

Component 2: Supporting Agribusiness Development in Pastoral Communities:

Under component 2, the aim is to support capacity building of communities on Agribusiness development which includes uptake of new genetics and accompanying technologies for small livestock; promotion of sorghum, millet and other drought tolerant crops technologies to small scale farmers, sensitization on youth agribusiness plans for loan applications; setting up e-registry infrastructure, promotion of digital platforms, bio-digesters and solar energy systems. Other interventions include development of a system of reliable information on the baseline and future status of sustainable energy access and capacity building of National Agricultural Research and Extension Systems (NARES) officers, extension workers and farmer organizations on Technologies for African Agricultural Transformation (TAAT).

Component 2 Achievements: Supporting Agribusiness Development in Pastoral Communities: Plans are underway to actualize this component

Component 3: Strengthening the adaptive capacity to climate change:

Interventions under this component are tailored to strengthen adaptive capacity of communities and stakeholders to climate change through initiatives such as support to dissemination of climate information and services; development of frameworks for partnership, financing, and cooperation on climate risk insurance between National and County Governments; strengthening National climate monitoring and reporting systems; and capacity building for Government officials to cascade early warning systems and forecasting information to communities for pastoral livelihood security and farmer food security.

Component 3 Achievements: Strengthening the adaptive capacity to climate change: Plans are underway to actualize this component

Component 4: Project Management and Coordination:

This component involves human and institutional capacity building to strengthen operational capabilities in the region, and activities include: capacity building of relevant national institutions; enhancing community participation in management of water, pasture and livestock marketing; mainstreaming cross-cutting issues of environmental and social safeguards (ESS), gender and fragility.

Component 4 Achievements: Project Management and Coordination

- 7 County Coordination Units comprising of County Coordinator, County Project Engineer, County M&E and County Livestock officer have been Constituted, capacity built and are operational

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

Project	Objective	Outcome	Indicator (s)	Performance
Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)	To Contribute to build resilient including for women and youth, to food and nutrition insecurity and climate change, as well as peace and security in the Horn of Africa.	Increased Resilience of Agropastoral Production Systems	Volume of farm crops produced.	The volume of farm crops produced is to increase by 30% by December 2027
			Volume of Livestock farm produce	The volume of farm Livestock produced is to increase by 30% by December 2027
		Increased Income from Agropastoral Value Chains	Annual income per capita (M/F)	The Annual Income per capita is to be increased by 30% by December 2027
			No. of People benefitting from improved access to cross-border structures for trade	Target is to be increased by 10% by December 2027
			No. of People benefitting from improved access to cross-border pastoral natural resources (pasture, water, and transhumance routes, structures)	Target is to be increased by 10% by December 2027
No. of Direct Jobs created (Disaggregated	Target is to be increased by 10% by December 2027			

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Report and Financial Statements for the financial year ended June 30, 2025

			for Males, Females and Youth)	
			Value/Volume of crop farm produce traded	Target is to be increased by 30% by December 2027
			Value/Volume of Livestock farm produce traded	Target is to be increased by 30% by December 2027
		Improved Populations' Capacity to Manage and Adapt to Climate Change Risks	No. of Pastoralists and farmers in the program target area who use climate services (e.g., seasonal climate forecasting)	Target is to be increased by 10% by December 2027

3. Environmental and Sustainability Reporting

BREFONS exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

From the inception of the project community participation was given prominence, where communities participated in joint site identification. This was done with the communities for success in the project, ownership and sustainability.

2. Environmental performance

The project has continuously conducted ESMP monitoring for all its projects during the site management meetings till completion of the projects.

3. Employee welfare

The Ministry has in place Human Resource Management and Human Resource Development policies that require gender parity in employment, work plan activity implementation trainings etc. The State Department of Agriculture also fully complies with the National Policy on Occupational Safety and Health Act of 2007 (OSHA) which guides employee safety measures within the Organisation.

Marketplace practices-

The BREFONS project outlines its efforts to:

a) Responsible Supply chain and supplier relations-

The project treats its suppliers well by paying them within the contract's periods and in the agreed contracts amounts.

b) Responsible ethical practices

The project maintains ethical practises throughout its project cycle.

c) Regulatory impact assessment

The project systematically and critically assesses the positive and negative effects of proposed and existing regulations and non-regulatory alternatives.

4. Community Engagements

From the inception of the project community participation was given prominence, where communities participated in joint site identification. This was done with the communities for success in the project, ownership and sustainability.

4. Statement of Project Management Responsibilities

The *Principal Secretary* for the *State Department for Agriculture* and the *Project Coordinator for Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

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

The *Principal Secretary* for the *State Department for Agriculture* and the *Project Coordinator for Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)* 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.

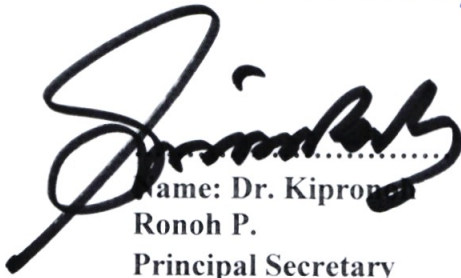
The *Principal Secretary* for the *State Department for Agriculture* and the *Project Coordinator for Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)* are of the opinion that the Project's financial statements give a true and fair view of the 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 *State Department for Agriculture* and the *Project Coordinator for Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)* 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.

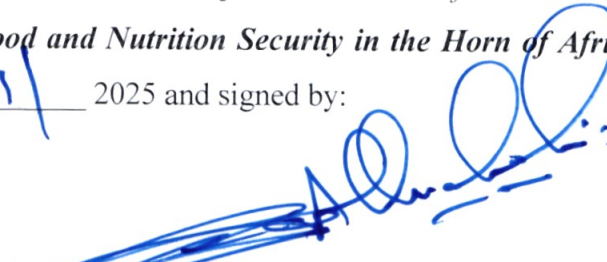
Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Report and Financial Statements for the financial year ended June 30, 2025

The *Principal Secretary* for the *State Department for Agriculture* and the *Project Coordinator for Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)* 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 *State Department for Agriculture* and the *Project Coordinator for Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)* on 5/11/ 2025 and signed by:


.....
Name: Dr. Kiprono
Ronoh P.
Principal Secretary


.....
Name: Eng. Kennedy W.
Makudih
Project Coordinator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MULTI-NATIONAL PROGRAM TO BUILD RESILIENCE FOR FOOD AND NUTRITION SECURITY IN THE HORN OF AFRICA (BREFONS) PROJECT CREDIT NUMBER: 2100150042746 FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR AGRICULTURE

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 transitional IPSAS financial statements of Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS) Project No. 2100150042746 set out on pages 1 to 33, which comprise of the statement of financial assets and liabilities as at 30 June, 2025 and

the statement of financial performance, statement of 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 transitional IPSAS financial statements present fairly, in all material respects, the financial position of Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS) Project No. 2100150042746 as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with Loan Agreement No. 2100150042746 dated 23 February, 2022 between the Republic of Kenya and the African Development Fund (ADF), the Public Finance Management Act 2012 and the National Treasury and Economic Planning circular No. 3 of 14 April, 2025.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS) Project No. 2100150042746 Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue of Kshs.1,133,054,000 and total payments of Kshs.800,111,456 resulting to an under funding of Kshs.332,942,544 which represents 29% of the budget. Further, the Project budgeted to spend a total of Kshs.1,133,054,000 and spent a total of Kshs.799,860,681 thus leading to under absorption of Kshs.333,193,319 which represents 30% of the total budget.

In the circumstances, the Program objectives and the timelines might not be achieved due to late release of funds.

2. Undisclosed Special Deposit Account Balance

The Project's special deposit account maintained at the Central Bank of Kenya reflects a closing account balance of Kshs.202,040 (EUR 1,324.87). However, the Project did not disclose this balance in the financial statements as at 30 June, 2025 contrary to

the requirement of International Public Sector Accounting Standard (IPSAS) No.23 – revenue from non-exchange transactions. In addition, amount withdrawn and expenditure not claimed totalled EUR 1,224,293 (Kshs.184,868,243) at Designated Account No.1000591412 held with the Central Bank of Kenya as at 30 June, 2025.

Delays in the submission of expenditure returns distorts the reported Projects expenditures for the year.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under Emphasis of Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved some of the issues or given any explanation for failure to resolve them as at 30 June, 2025 as shown below:

1. Budgetary Control and Performance
2. Project Performance on Predetermined Objectives
3. Construction of Lesirikani Hay Shed in Samburu
4. Construction of Tum Hay Shed in Samburu.
5. Other Construction of Kimose Hay shed in Baringo County
6. Construction of Lobokat Commercial Pasture Plot in Turkana County
7. Construction of Runo livestock sale yard in West Pokot County
8. Delay in Disbursement of the Authority to Incur expenditure (AIE)
9. Discriminatory Specifications in the Bill of Quantities

Other Information

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

In connection with my audit on the Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa Project 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, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Construction of Kamechwa Hayshed in West Pokot County

The statement of financial performance reflects Kshs.497,532,357 for certified works and as disclosed in Note 13 to the financial statements, include Kshs.7,709,250 for the construction of Kamechwa Hayshed, West Pokot at a contract sum of Kshs.14,818,793. The project was to start on 13 June, 2024 and the completion date was scheduled for 13 October, 2024. However, physical verification and review of documents, revealed that provisional sum of Kshs.3,045,000 used for various activities including project supervision, site accessibility and attendance were not supported by relevant documents even though the project has been completed but not yet been operationalized as the Hay in Kamechwa pasture plot was not yet ready for harvest.

In the circumstances, the value for money from the resources already spent on this project could not be confirmed.

2. Drilling and Equipping of Chepnyirit Bore Hole in Kacheliba

The statement of financial performance reflects Kshs.497,532,357 for certified works and as disclosed in Note 13 to the financial statements, includes Kshs.7,709,250 for drilling and equipping of Chepnyirit bore hole at a contract sum of Kshs.12,053,460 signed on 28 January, 2025 and the site was handed over to the contractor on 18 February, 2025 with commencement date of 4 March, 2025 and completion date of 4 July, 2025

Review of records on 4 June, 2025, revealed that the contractor communicated on the delay in approval of bore hole equipping design, including pump and motor and also delay in site instruction seeking for extension of completion time or for compensation for associated costs as per terms of the contract.

Physical verification carried out on 3 July, 2025 revealed that the project was abandoned and the contractor was not on site.

In the circumstances, stakeholders have not obtained value for money.

3. Drilling and Equipping of Katukumuok Bore Hole

The statement of financial performance reflects Kshs.497,532,357 for certified works and as disclosed in Note 13 to the financial statements, includes Kshs.3,316,000 for drilling and equipping of Katukumuok bore hole at a contract sum of Kshs.11,527,267.

The contract agreement was signed on 28 January, 2025 and the site was handed over to the contractor with commencement date of 4 March, 2025 and completion date of 4 July, 2025. Physical verification carried out on 3 July, 2025 revealed that the project had been abandoned and the contractor was not on site.

In the circumstances, the value for money could not be confirmed.

4. Irregularities in the Receiving and Taking Charge of Procured Goods

The statement of financial performance reflects use of goods and services of Kshs.302,328,324 which include Kshs.21,518,400 for supplies of production as disclosed in Note 9 to the financial statements which further include Kshs.6,513,600 worth of goods that were received and taken on charge in the stores before they were actually delivered by 30 June, 2025 contrary to the Section 166 (4a) of the Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, the propriety of the expenditure could not be confirmed and the Management was in breach of the law.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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 governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy

During the year under review, the Project under the State Department did not have an approved Risk Management Policy and a Risk Register to document risks emanating from the users and the mitigation factors in place to minimize the risks as required by Regulation 165 (1) of the Public Finance Management (National Government) Regulations, 2015 which requires the accounting officers to ensure that National Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the risk management strategies 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 the African Development Fund, I report, based on my audit, that except for the matters described in the report on financial statements:

- 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.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Build Resilience for Food and Nutrition for the Horn of Africa compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 November, 2025

Multi-National Program to Build Resilience and Nutrition Security in the Horn of Africa (BREFONS)

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

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

	Notes	2024/2025
		Kshs
Revenue		
Revenue Transfers	6	800,111,456
Miscellaneous Revenue	7	0
Total revenue		800,111,456
Expenses		
Employee costs	8	0
Use of goods and services	9	302,328,324
Depreciation and amortization expense	10	0
Transfer to other Government Entities	11	0
Other Transfers/Subsidies/Grants	12	0
Certified Works	13	497,532,357
Total expenses		799,860,681
Other gains/(losses)		
Gain/Loss on sale of assets	14	0
Gain/Loss on foreign exchange transactions	15	0
Impairment loss	16	0
Surplus/ (deficit)		250,775

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

.....
 Name: **Dr. Kipronoh Ronoh**
 Principal Secretary

.....
 Name: **Eng. Kennedy W. Makudih**
 Project Coordinator

.....
 Name: **Gerald K. Kurema**
 Project Accountant
 ICPAK Member No:8980

7. Statement of Financial Position as at 30th June 2025

	Note	2024/2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	359,559	108,784
Receivables	18	0	0
Inventories	19	0	0
Prepayment	20	0	0
Total Current Assets		359,559	108,784
Non-Current Assets			
Property, Plant and Equipment	20	0	0
Intangible Assets	21	0	0
Total Non- Current Assets		0	0
Total Assets (a)		359,559	108,784
Liabilities			
Current Liabilities			
Trade and Other Payables	22	0	0
Third Party Deposits	23	0	0
Deferred Income	24	0	0
Total Current Liabilities		0	0
Total Liabilities (b)		0	0
Net Assets (a-b)		359,559	108,784.05
Represented By:			
Fund Balance B/f		108,784	1,923,474
Surplus		250,775	(1,814,690)
Total Net Assets		359,559	108,784

The financial statements were approved on 5/11/2025 and signed by:

Name: Dr. Kipronoh Ronoh
P.
Principal Secretary

Name: Eng Kennedy W.
Makudih
Project Coordinator

Name: Gerald K. Kurema
Project Accountant
ICPAK Member No.8980

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).

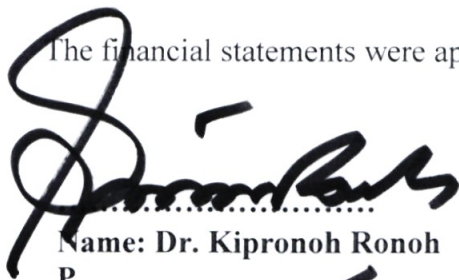
Annual Report and Financial Statements for the financial year ended June 30, 2025

8. Statement of Changes in Net Assets

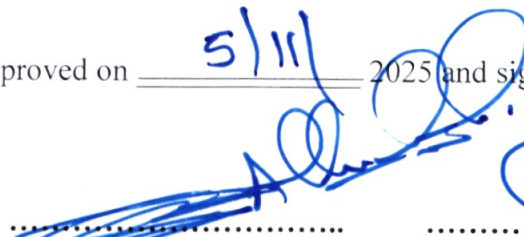
Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	108,784
Adjustments:	
Asset Recognition	0
Liabilities recognition	(0)
As at 1st July 2024	108,784
Surplus/(Deficit) for the year	250,775
As at 30th June 2025	359,559

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

The financial statements were approved on 5/11/2025 and signed by:



Name: Dr. Kipronoh Ronoh
P.
Principal Secretary



Name: Eng. Kennedy W.
Makudih
Project Coordinator



Name: Gerald K. Kurema
Project Accountant
ICPAK Member No.8980

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).

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

9. Statement of Cashflow for the year ended 30th June 2025

Description	Note	2024/2025 Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		800,111,456
Miscellaneous Revenue		0
Total receipts		800,111,456
Payments		
Employee costs		0
Use of goods and services		302,328,324
Transfer to other Government Entities		0
Other Transfers/Subsidies/Grants		0
Certified Works		497,532,357
Total payments		799,860,681
Net cash flow from operating activities	26	250,775
Cashflow from investing activities		
Acquisition of non-financial assets		(0)
Proceeds from sale of Assets		0
Acquisition of Intangible assets		(0)
Net cash flows from investing activities		0
Cash flow from financing activities		
<i>Specify the activity</i>		0
Net cash flow from financing activities		0
Net increase/Decrease in cash and cash equivalents		250,775
Cash and cash equivalent at 1st July 2024	17	108,784
Cash and cash equivalent at end June 2025	17	359,559

Multi-National Program to Build Resilience and Nutrition Security in the Horn of Africa (BREFONS)
Annual Report and Financial Statements for the financial year ended June 30, 2025

10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th 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	
Budget Carry Overs from previous periods						
Receipts						
Revenue Transfers	1,051,054,000	82,000,000	1,133,054,000	800,111,456	332,942,544	71
Miscellaneous Revenue	0	0	0	0	0	0
Total Revenue	1,051,054,000	82,000,000	1,133,054,000	800,111,456	332,942,544	71
Payments						
Employee costs	0	0	0	0	0	0
Use of goods and services	265,766,062	67,287,938	333,054,000	302,328,324	30,725,676	91
Transfer to other Government Entities	0	0	0	0	0	0
Other Transfers/Subsidies/Grants	0	0	0	0	0	0
Certified Works	785,287,938	14,712,062	800,000,000	497,532,357	302,467,643	62
Total Payments	1,051,054,000	82,000,000	1,133,054,000	799,860,681		
Surplus	0	0	0	250,775		

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).
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	250,775
1	Opening Fund Balance	108,784
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	359,559

11. Notes to the Financial Statements

1. General Information

BREFONS entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is increase sustainable productivity and agropastoral production systems.

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 entity has taken advantage of the transitional provisions under IPSAS 33, and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33.

These financial statements were authorized for issue by the accounting officer on 28 August 2025.

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Reports and Financial Statements for the year ended June 30, 2025.

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

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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	<i>Applicable 1st January 2026</i> 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	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year ended June 2025.

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 entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on **xxx**. 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 entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of **0** on the FY 2024/2025 budget following the Council/ Board's approval. The entity'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 entity 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

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the financial statements

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 Entity 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 Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

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

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

Notes to the financial statements

g) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity 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 entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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 entity 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 entity'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 entity 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 entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

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 entity 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 entity 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 entity 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) are set out in *Note 0*.

Financial liabilities

Classification

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

h) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labor 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.

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

Inventories (Continued)

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

i) Provisions

Provisions are recognized when the *Entity* 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 *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The *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.

Contingent assets

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

j) Nature and purpose of reserves

The *Entity* has no reserves in terms of specific requirements.

k) Changes in accounting policies and estimates

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

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

l) Employee benefits

Retirement benefit plans

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

m) Foreign currency transactions

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

n) Borrowing costs

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

o) Related parties

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

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

p) Service concession arrangements

The *Entity* 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 *Entity* 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 *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

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

r) Subsequent events

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

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Entity'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 Entity 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 Entity. 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 *Entity*.
- 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

Provisions

Provisions were not raised and management did not determine an estimate based on the information available.

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

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

6. Revenue Transfers

Description	2024/2025
	KShs
Unconditional Transfers	
GoK Counter Part funding	135,069,264
Transfers from Development partners	167,509,835
<i>Other unconditional transfers (Specify) – Civil Works</i>	497,532,357
Total Unconditional Transfers (a)	800,111,456
Conditional Transfers	
Transfers from Development partners 1	0
Transfers from Development partner 2	0
<i>Other conditional transfers (specify)</i>	0
Total Conditional Transfers (b)	0
Total Transfers for the Year (a + b)	800,111,456

(Explain the purpose of funding)

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (2024/2025)
	Kshs	Kshs	Kshs	Kshs
GOK Funding	135,069,264	0	0	135,069,264
Development Partner 1	665,042,192	0	0	665,042,192
Development Partner 2	0	0	0	0
Subtotal	800,111,456	0	0	800,111,456
Deferred Income realized	0		0	0
Transfers in Kind	0			0
Total	800,111,456	0	0	800,111,456

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	0
<i>Others (specify)</i>	0
Total	0

8. Employees Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	0
Basic wages of temporary employees	0
Personal allowances paid as part of salary	0
Personal allowances paid as reimbursements	0
Pension and other social security contributions	0
Compulsory national health insurance schemes	0
Other specify*	0
Total	0

9. Use of Goods and Services

Description	FY 2024/25
	Kshs
Communication, supplies and services – Telephone and Mobile Expenses	2,950,000
Internet Connections	1,748,040
Courier and Postal Services	33,600
Domestic travel and subsistence – Travel Costs	9,513,000
Printing, Advertising & Information – Publishing & Printing Services	700,000
Advertising, Awareness	4,207,280
Rentals of Produced Assets – Hire of Transport, Equipment	2,103,740
Training Expenses – Travel Allowance	28,479,195
Production and Printing of Training Materials	9,563,010
Hire of Training Facilities and Equipment	5,246,480
Specialized Materials and Supplies – Agricultural Materials, Supplies	57,244,982
Supplies for Production	21,518,400
Office and General Supplies & Services – General Office Supplies	7,382,207
Supplies & Accessories	12,781,890
Fuel Oil and Lubricants – Refined Fuels and Lubricants for Transport	25,018,358
Other Operating Expenses – Bank Service Commission and Charges	52,500
Routine Maintenance – Maintenance Expenses, Motor Vehicles	21,221,100
Routine Maintenance – Other Assets – Maintenance of Computers	1,239,995
Purchase of Certified Crop Seed	2,100,000
Research, Feasibility Studies – Pre-feasibility, Feasibility & Appraisal	62,630,447
Research, Feasibility Studies	26,594,100
Total	302,328,324

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

10. Depreciation and Amortization expense

Description	FY 2024/25 Kshs
Property, Plant and Equipment	0
Intangible Assets	0
Total	0

11. Transfer to Other Government Entities

Description	FY 2024/25 Kshs
Ministry	0
Project	0
Department	0
County	0
Total	0

12. Other Transfers/Subsidies/Grants

Description	FY 2024/25 Kshs
Transfers to Non-Government Organizations	0
Subsidies	0
<i>Others Specify</i>	0
Total	0

13. Certified Works

Description	FY 2024/25 Kshs
Road Works	0
Water Works	0
Energy Infrastructure	0
<i>Others Specify – Civil Works</i>	497,532,357
Total	497,532,357

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

14. Gain/Loss on Sale of Assets

Description	FY 2024/25	
	Kshs	
Property, plant and equipment		0
Intangible assets		0
Other assets not capitalised		0
Total gain/loss on sale of assets		0

15. Gain/Loss on foreign exchange transactions

Description	FY 2024/25	
	Kshs	
Gain on foreign exchange transactions		0
Loss on foreign exchange transactions		(0)
Total Gain/Loss		0

16. Impairment Loss

Description	FY 2024/25	
	Kshs	
Property, Plant and Equipment		0
Intangible Assets		0
<i>Others specify</i>		0
Total Impairment Loss		0

17. Cash and Cash Equivalents

Description	2024/2025	1 st July
	Kshs	Kshs
Cash in Bank	359,558.85	108,784.05
Cash on hand	0	0
<i>Others (Specify)</i>	0	0
Total Cash and Cash Equivalents	359,558.85	108,784.05

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the financial statements

Project Bank Accounts

Details	2024/2025	1st July 2024
	Kshs	Kshs
Local Currency Accounts		
Central Bank of Kenya [A/c No...1000608064...]	359,558.85	108,784.05
Others (<i>specify</i>)	0	0
Total local currency balances	<u>359,558.85</u>	<u>108,784.05</u>
Total bank account balances	<u>359,558.85</u>	<u>108,784.05</u>

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

18. Receivables

Description	2024/2025	1 st July 2024
	Kshs	Kshs
Counter Part Funding	0	0
Contractor's Advance payments	0	0
<i>Other Receivables (specify)</i>	0	0
Total Receivables	0	0

(Provide brief explanation on current receivables)

Ageing analysis for Receivables

Description	2024/2025		1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

19. Inventories

Description	2024/2025	1 st July 2024
	Kshs	Kshs
Consumable stores	0	0
Construction stores	0	0
<i>Others consumables (specify)</i>	0	0
Less: allowance for impairment	(0)	(0)
Total inventories	0	0

(Provide brief explanation on inventories)

20. Prepayments

Description	2024/2025	1 st July 2024
	Kshs	Kshs
Insurance	0	0
Rent	0	0
<i>Others specify</i>	0	0
Total inventories	0	0

**Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Reports and Financial Statements for the year ended June 30, 2025.**

Notes to the financial statements

21. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	10%	12.5%	30%	10%		
As At 1 July 2024 (opening balances)	0	0	0	0	0	0
Additions	0	0	-	0	0	0
Disposals	(0)	-	-	(0)	(0)	(0)
Transfers/Adjustments	(0)	0	(0)	(0)	0	(0)
As at 30th June 2025	0	0	0	0	0	0
Depreciation And Impairment						
As at 1 July 2025	(0)	(0)	(0)	(0)		(0)
Depreciation charge for the year	(0)	(0)	(0)	(0)		(0)
Impairment loss	(0)	(0)	(0)	(0)		(0)
Transfers/ Adjustments	(0)	0	(0)	(0)		(0)
As At 30th June 2025	0	0	0	(0)		0
Net Book Values						
As at 1st July 2024	0	0	0	0	0	0
As at 30th June 2025	0	0	0	0	0	0

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).

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

Notes to the financial statements

22. Intangible Assets

Description	1 st July 2024
	Kshs
Cost	
As at 1 st July 2024	0
Additions	0
As At 30th June 2025	0
Amortization and impairment	
As at 1 st July 2024	0
Amortization	0
Impairment loss	0
As At 30th June 2025	0
NBV as at 1st July 2024	0
NBV as at 30th June 2025	0

23. Trade and Other Payables

Description	2024/2025		1 st July 2024	
	Kshs		Kshs	
Trade payables	0		0	
Employee payables	0		0	
<i>Other payables (specify)</i>	0		0	
Total trade and other payables	0		0	
Ageing analysis: (Trade and other payables)	2024/25	% of the Total	2023/24	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	0		0	

(Provide brief explanation)

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).

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

Notes to the financial statements

24. Third-Party Deposits

Description	2024/25		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention	0		0	
Gratuity	0		0	
<i>Other deposits (specify)</i>	0		0	
Total deposits	0		0	
Ageing analysis: (Refundable deposits)	2024/25	% of the Total	2023/24	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0		0	

(Provide brief explanation)

25. Deferred Income

Description	2024/25		1 st July 2024	
	Kshs		Kshs	
Development partner 1	0		0	
Development partner 2	0		0	
<i>Others specify</i>	0		0	
Total Deferred Income	0		0	

(Provide brief explanation)

Deferred Income Movement Schedule

	Development Partner 1	Development Partner 2	Others specify	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 1 st July 2024	0	0	0	0
Additions	0	0	0	0
Transfers To Performance Statement as Revenue	(0)	(0)	(0)	(0)
Balance as at 30 th June 2025	0	0	0	0

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).

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

Notes to the financial statements

26. Cash Generated from Operations

Description	2024/2025
	Kshs
Surplus/Deficit for the year	250,775
Adjusted for:	
Depreciation	0
Non-cash grants received	(0)
Impairment	0
Gains and losses on disposal of assets	0
Working capital adjustments	
Increase in inventory	(0)
Increase in receivables	(0)
Increase in deferred income	0
Increase in payables	0
Increase in payments received in advance	0
Net cash flow from operating activities	250,775

27. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as of 30th 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 loans/grants received in the year under the Statement of Receipts and Payments.

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).

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

Notes to the financial statements

Special Deposit Accounts Movement Schedule

Description	2024/2025	1 st July 2024
	EUR	EUR
(i) A/C Name [A/c No...1000591412...]		
Opening balance	0	0
Total amount deposited in the account	1,219,324.87	975,993
Total amount withdrawn	<u>1,218,000.00</u>	<u>975,993</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>1,324.87</u>	<u>0</u>

The Special Deposit Account reconciliation statement has been attached as **Appendix 7** to support these closing balances.

28.Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* 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 *Entity*, holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Entity*, both domestic and external.

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).

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

Notes to the financial statements

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.

Description	2024/2025
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	0
Rent income from govt. Agencies	0
Others (specify) e.g. interest and bank charges	0
Total	0
B) purchases from related parties	
Purchases of electricity from KPLC	0
Purchase of water from govt service providers	0
Rent expenses paid to govt agencies	0
Others (specify)	0
Total	0
b) Grants /transfers from the government	
Grants from national govt	0
Grants from county government	0
Donations in kind	0
Total	0
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	0
Payments for goods and services	0
Total	
d) Key management compensation	
Directors' emoluments	0
Compensation to key management	0
Total	0

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).

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

Notes to the financial statements

29.Events after the Reporting Period

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

30.Ultimate And Holding Entity

The Entity is a Project under the State Department for Agriculture. Its ultimate parent is the Government of Kenya.

31.Currency

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

**Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Annexes

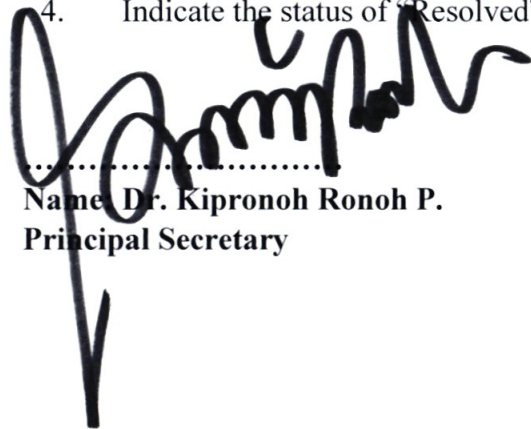
Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/AWS/AUD/BREFONS/2023-2024/(23)	The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 719,712,062 and Kshs. 202,948,990 respectively resulting to underfunding of Kshs. 516,763,072 or 72% of the budget	The project was at its initial phase resulting low absorption. But going forward the project's absorption rate will improve considering the lined-up activities.	Resolved	F/Y 2024/2025
	Failure to operationalize the GOK Account	Management is in constant communication with the Head of Accounting Unit to resolve the issue by getting authorization from National Treasury to open the account.	Resolved	National Treasury has granted authority to open the GoK Operation Account
	Lack of an Internal Audit Function	State Department for Agriculture has a department of internal audit. The project will engage the office going forward	Resolved	F/Y 2024/2025

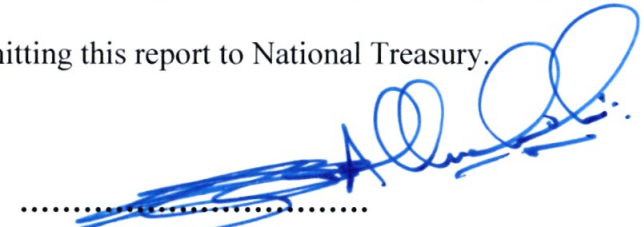
Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS).
Annual Report and Financial Statements for the financial year ended June 30, 2025

Guidance Notes:

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



.....
Name: Dr. Kipronoh Ronoh P.
Principal Secretary



.....
Name: Eng. Kennedy W. Makudih
Project Coordinator

Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Report and Financial Statements for the financial year ended June 30, 2025

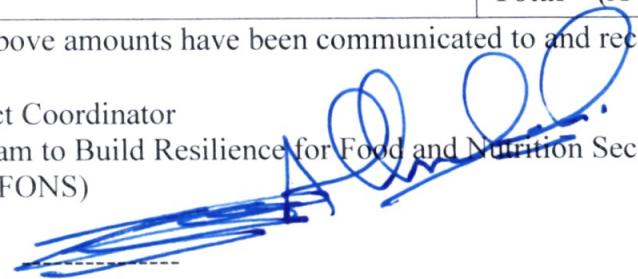
Annex 2: Reconciliation of inter-entity transfers

Project Name:				
Break down of transfers from the State Department for Agriculture				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	2024/2025
			135,069,264	
		Total	135,069,264	
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	2024/2025
			0	
		Total	0	
C.	Others			
		Bank Statement Date	Amount (Kshs)	2024/2025
			0	
		Total	0	
		Total (A+B+C)	135,069,264	

The above amounts have been communicated to and reconciled with the State Department for Agriculture

Project Coordinator
 Program to Build Resilience for Food and Nutrition Security
 (BREFONS)

Sign



Head of Accounting Unit
 State Department of Agriculture

Sign



Multi-National Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)
Annual Report and Financial Statements for the financial year ended June 30, 2025

Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost e/f (Kshs) Current Year
Land	0	0	0	0	0
Buildings and structures	0	0	0	0	0
Transport equipment	0	0	0	0	0
Office equipment, furniture and fittings	0	0	0	0	0
ICT Equipment	1,000,000	0	0	0	1,000,000
Machinery and Equipment	0	0	0	0	0
Biological assets	0	0	0	0	0
Infrastructure Assets- Roads, Rails	0	0	0	0	0
Heritage and cultural assets	0	0	0	0	0
Intangible assets	0	0	0	0	0
Work in Progress	0	0	0	0	0
Total	1,000,000	0	0	0	1,000,000

Annex 4: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)

MINISTRY OF AGRICULTURE ,LIVESTOCK , FISHERIES AND COOPERATIVES
SMALL SCALE IRRIGATION AND VALUE ADDITON PROJECT
AfDB LOAN NO. 2000130014530
BANK RECONCILIATION AS AT 30 TH JUNE 2025

- | | |
|-------|--|
| | Balance as per Bank Statement |
| Less- | 1. Payments in the cash book not appearing on bank statement |
| | 2. Receipts in Bank statement not posted in Cash Book |
| Add- | 3. Payments in Bank Statement not recorded in the Cash Book |
| | 4. Receipts in Cash Book not yet banked |

Kshs	Kshs	Kshs
		2,719,307.95
1,751,550.00		
-		-
-		
-		
	1,751,550.00	1,751,550.00
		967,757.95

Bank Balance as per Cash Book

I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and that the above Reconciliation is correct.


 Signature	PREPARED BY ASSISTANT ACCOUNTANT GENERAL Designation	 Date
---	--	--

STATE DEPARTMENT FOR AGRICULTURE AND CROP DEVELOPMENT
SMALL SCALE IRRIGATION AND VALUE ADDITION PROJECT

AfDB LOAN NO. 2000130014530

PAYMENT IN CB NOT BANK STATEMENT AT 30 TH JUNE 2025

DATE		(KSHS)	PAYMENT
01.07.2025	MARTIN MUNYI	283,250	IMPREST
01.07.2025	GERALD KUREMA	299,600	CLAIM
01.07.2025	MARGARET MAINA	582,440	IMPREST
01.07.2025	MARGARET MAINA	586,260	IMPREST
	TOTAL	1,751,550	





CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

STATEMENT OF ACCOUNT

Rundate : 16/07/2025

CENTRAL BANK OF KENYA

Runtime : 12:10:20

BANKI KUU YA KENYA

Customer Number : 145028

P.O.BOX 60000 - 0200

Account Number : 1000457716

NAIROBI

Account Name : SMALL SCALE IRR VAL ADD PROJ LOAN(KES)

STATEMENT PERIOD: FROM 02/06/2025 TO 30/06/2025

Opening Balance : 6847507.95

No.	Txn Date	Value Date	Reference No	Txn Details	Dr Amt	Cr Amt	Balance
1	26/06/2025	26/06/2025	FT251774J1Q4	Outward RTGS Payment MT 103	488,700.00	0.00	6,358,807.95
				0060000441			
				STATE DEPT FOR CROP DEVELOPMENT :999999			
				WILLIAM OMUNANDI NDEKA			
				0060000441			

				IMP5568531			
2	26/06/2025	26/06/2025	FT25177PQQ8B	Outward RTGS Payment MT 103	488,700.00	0.00	5,870,107.95
				0060000440			
				STATE DEPT FOR CROP DEVELOPMENT :999999			
				MELTUS AJUMA WERE			
				0060000440			
				IMP5568530/			
3	27/06/2025	27/06/2025	FT25178HF07P	Outward RTGS Payment MT 102	376,000.00	0.00	5,494,107.95
				0060000445			
				STATE DEPT FOR CROP DEVELOPMENT:CBK			
				MARTIN MUNYI MUGENDI			
				/REC/0060000445			
				IMP5568537			
4	27/06/2025	27/06/2025	FT25178NRQ3N	Outward RTGS Payment MT 103	689,000.00	0.00	4,805,107.95
				0060000443			
				STATE DEPT FOR CROP DEVELOPMENT :999999			
				RISPER NYABOKE OGWANGI			

				0060000443			
				IMP5568540			
5	27/06/2025	27/06/2025	FT25178CFFZ7	Outward RTGS Payment MT 102	689,000.00	0.00	4,116,107.95
				0060000446			
				STATE DEPT FOR CROP DEVELOPMENT:CBK			
				CATHERINE WAIRIMU MIRUGI			
				/REC/0060000446			
				IMP5568541			
6	27/06/2025	27/06/2025	FT251787BM1K	Outward RTGS Payment MT 102	689,000.00	0.00	3,427,107.95
				0060000442			
				STATE DEPT FOR CROP DEVELOPMENT:CBK			
				JOHN PAUL GLASIO ADUORD			
				/REC/0060000442			
				IMP5568543			
7	27/06/2025	27/06/2025	FT25178XRN7T	Outward RTGS Payment MT 102	707,800.00	0.00	2,719,307.95
				0060000439			
				STATE DEPT FOR CROP DEVELOPMENT:CBK			

			JANET ACHIENG O OYUKE			
			/REC/0060000439			
			IMP5568542			
Totals				4,128,200.00	0.00	
Closing Balance					2,719,307.95	

68110
 76120
 x283250
 x299600
 x582400
 x586260
 5879750
 96775795
 30/6/2025 684750195

KING. ANAND KUTIRANI CHAIRMAN ~~Member~~ 10/7/2025
 JUSTUS MURTHY ~~Member~~ 10/7/25
 DAVID KATHALE (MEMBER) - ~~CS~~ 10/7/25

1102800/-
 350000/-



BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

July 10, 2025

Haile Selassie Avenue
P.O. Box 60000 - 00200 Nairobi, Kenya
Telephone: 2860000, Fax: 3340192

CERTIFICATE OF BALANCES

Certificate of Balance

Customer : 145028

Balance Date: 30-Jun-25

STATE DEPT FOR CROP
DEVELOPMENT

Account No	Account Name	Currency	Balance
1000456957	REC-STATE DEPT FOR CROP DEV	KES	29,093,436.60
1000456965	DEV-STATE DEPT FOR CROP DEV	KES	223,022,562.45
1000456973	DEP-STATE DEPT FOR CROP DEV	KES	138,526,450.15
1000456981	CBK165-STATE DEPT FOR CROP DEV	KES	0.00
1000457627	FERTILIZER PROCEEDS	KES	0.00
1000457635	STRATEGIC FOOD RESERVE	KES	0.00
1000457643	DROUGHT RESIL SUSTAIN LAND PROJ GOK	KES	0.00
1000457651	FERTILIZER REVENUE COLLECTION ACCOU	KES	0.00
1000457667	DROUGHT RESIL SUSTAINABLE LAND PROJ	KES	0.00
1000457678	KENYA CLIMATE SMART AGRICULTURE	KES	2,344,359.45
1000457686	MULTINATIONAL RURAL LIVI CLIMATE CH	KES	0.00
1000457694	NATIONAL AGRIC AND RURAL INCL GROWT	KES	0.04
1000457708	SMALL SCALE IRRIG VAL ADD PROJ GOK	KES	0.00
1000457716	SMALL SCALE IRR VAL ADD PROJ LOAN	KES	2,719,307.95
1000457724	SMALL SCALE IRR VAL ADD PROJ GRANT	KES	108,402.45
1000457748	MSA AGRI SECT DEV SUPPORT PROGRAMME	KES	0.00
1000457759	ENABLE YOUTH KENYA PROGRAMME	KES	23,119,700.60
1000485566	EMERGENCY LOCUST RESPONSE PROG ELRP	KES	16,748,517.10
1000605499	MAIZE FLOUR SUBSIDY	KES	904,431.05
1000608064	PROG TO BUILD RESIL FOR FOOD,NUTR S	KES	68,871,367.85
1000653687	NAT AGRIC VAL CHAIN DEV - IDA CR7064	KES	48,167,496.90
1000763019	FOOD SYSTEMS RESILIENCE PROJECT	KES	839,833,806.80


Micah Nabori
Authorised Signatory
Banking Services Division


Joyce Nasieku
Authorised Signatory
Banking Services Division

9

Date 10/7/2025

Report of the Board of Survey on the Cash and Bank Balances of PROGRAM TO BUILD R FOR FOOD NUTRITION SECURITY (BREFONS) as at the close of business on 30/6/2025

The Board, consisting of- (Names and Official titles)
ENG Amos KIPANUI - CHAIR
JUSTUS MWANTHI - MEMBER
DAVID KITHALE - MEMBER

Assembled at the office of BREFONS - HILL PLAZA 9TH FLOOR at 10:30AM (time) on the 10/7/2025

Notes NIL (Shs.)
Silver NIL (Shs.)
copper NIL (Shs.)
Cheques (as per details on reverse) (Shs.)

It was observed that cheques amounting to Shs. NIL cts had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes

The Cash Book reflected the following balances as at the close of business on the 30/6/2025
Cash on hand NIL (Shs.)
Bank balance 359,558.85 (Shs.)

The Bank Certificate of Balance showed a sum of Shs. 68,871,367.85 cts (shs.)

Standing to the credit of the account on 30/6/2025

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Date 10/7/2025

Chairman Person ENG Amos KIPANUI
Member JUSTUS MWANTHI
Member DAVID KITHALE
Members of the Board

Q

17

MULTINATIONAL:PROG BUILD RES. FOOD, AND NUTRITION
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30TH JUNE 2025
 PART B: ACCOUNT RECONCILIATION STATEMENT

PROJECT No. 2100150042746

Bank Account No. 1000591412 Held with Central Bank of Kenya

	NOTES	AMOUNT	AMOUNT
		EUR	EUR
1 Amount advanced by ADB			2,459,011.87
Less			
2 Total amount justified to ADB			1,233,393.60
3 Outstanding amount advanced to Designated Account			1,225,618.27
Represented by:			
4 Ending Designated Account Balance at 30.06.2025			1,324.87
5 Amount claimed but not credited at 30.06.2025			-
6 Amount withdrawn and not claimed as at 30.06.2025			1,224,293.40
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			1,225,618.27

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

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.	1000591412
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	MULTINTL:PROG BUILD RES.FOOD,NUTRIT
Credit Agreement	
Currency	EUR

Part A - Account Activity

Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account	0.00
Add:	
Total Amount deposited by World Bank ^{ADB}	1,219,324.87
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	1,218,000.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2025	1,324.87

AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA

SIGNATURE: _____

DATE

AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY

SIGNATURE: _____

DATE

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2025 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Results 1 - 2 of 2

Run Date: 04/07/2025		Run Time: 10:32:22		STATEMENT OF ACCOUNT	PAGE NO: 1
CENTRAL BANK OF KENYA BANKI KUU YA KENYA P.O BOX 60900-0200 NAIROBI				ACCOUNT NUMBER: 1000591412	
STATEMENT PERIOD: From: 31/07/2024 To: 09/06/2025				ACCOUNT TITLE: AUCTIONEER PROCBUILD RES.FOODS,TELUSI	
NO.	DATE	REFERENCE NO.	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL:				0.00	
NO.	Value Date	Reference.No	Details	Debit	Credit
1	30/10/2024	FT243041MWC0,1	PROJECT FUNDING	0.00	1,219,324.87
2	12/11/2024	FT24317VBLCA,1	PA136463	-1,219,000.00	0.00
				CLOSING BALANCE:	1324.87

END OF ACCOUNT STATEMENT

Favourites TAM E.STMT OF ACCT EPRM Find

Account equals v

Statement From equals v

Statement To equals v

TAM E.STMT OF ACCT EPRM

LDV Number	Reference	Curr	Amount Approved Approval Currency	Amount Justified Approval Currency	Balance to Justify Approval Currency	Amount Disbursed UAC	Amount Justified UAC	Balance to Justify UAC	Justified	Disburs- Value Date	Last Just. Date
(N)	(L)		(X)	(Y)	(Z) = (X) - (Y)	(C)	(D)	(E) = (C) - (D)	F = D / C	(G)	(H)
1 All activities											
2100150042746											
1/KE/2022/14384	RF N00001	EUR	263,600.00	260,104.38	3,495.62	203,399.77	200,702.47	2,697.30	98.67	28.10.2022	07.10.2024
1/KE/2023/36802	RF N00002	EUR	976,040.00	973,289.22	2,750.78	799,429.94	797,176.90	2,253.04	99.72	21.11.2023	07.10.2024
1/KE/2024/55759	RF N00009	EUR	1,219,371.87	0.00	1,219,371.87	990,505.64	0.00	990,505.64	0.00	29.10.2024	00.00.0000
Total 2100150042746 All activities			2,459,011.87	1,233,393.60	1,225,618.27	1,993,335.35	997,879.37	995,455.98	50.06		