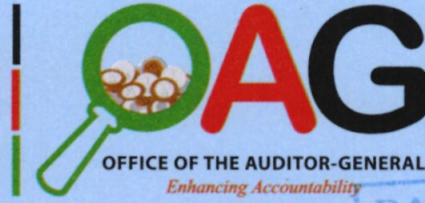


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REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 12 FEB 2026 DAY: Tuesday

BY: Hon George Ngunjiri

CLERK-AT-THE-TABLE: Onbeheyo L.O.M.

ON: Kanda T.

DE-RISKING, INCLUSION AND VALUE ENHANCEMENT OF PASTORAL ECONOMIES (DRIVE) IN THE HORN OF AFRICA PROJECT (CREDIT NO.7139-KE)

FOR THE YEAR ENDED
30 JUNE, 2025

STATE DEPARTMENT FOR LIVESTOCK
DEVELOPMENT



**DE-RISKING, INCLUSION AND VALUE ENHANCEMENT OF PASTORAL
ECONOMIES (DRIVE) PROJECT IN THE HORN OF AFRICA**

STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT

CREDIT NUMBER: 7139-KE

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)**

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
FY	Financial year
PPSD	Procurement Strategy for Development
SDLD	State Department of Livestock Development
DRIVE	De-Risking, Inclusion and Value Enhancement of Pastoral Economies
PDO	Project Development Objectives
HoA	Horn of Africa
KLIP	Kenya Livestock Insurance Program
KDC	Kenya Development Corporation
EUR	Euros
KES	Kenya Shillings
OAG	Office of the Auditor-General
CPA K	Certified Public Accountants of Kenya
IDA	International Development Association
ESSs	Environmental and Social Standards

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ESCP	Environmental and social commitment plan
SEP	Stakeholder Engagement Plan
LMP	Labour-Management Procedure
PSC	Project Steering Committee
PTC	Project Technical Committee
PS	Permanent Secretary
TOR	Terms of Reference
PPSD	Project Procurement Strategy for Development
Agric	Agriculture
MSc	Masters in Science
BSc	Bachelors of Science
AIA	Appropriation in Aid
ZEP-RE	PTA Reinsurance Corporation, a COMESA reinsurance institution
A/C No.	Account number
COMESA	Common Market for Eastern and Southern Africa
PAOA	Principal Administrative Office Assistant
TLU	Tropical Livestock Unit
LVC	Livestock Value Chain
SDA	Special Deposit Account
PIU	Project Implementation Unit
MDAs	Ministries, Departments and Agencies
KShs	Kenya shillings

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Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is: De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa

Objective

The key objective of the project is: The Project Development Objectives (PDO) are to enhance pastoralists' access to financial services for drought risk mitigation, include them in the value chains, and facilitate the livestock trade in the Horn of Africa

Address

The project headquarters offices are Nairobi (city), Nairobi County, Kenya. The address of its registered office is: P.O. Box 34188 – 00100, Nairobi

The project also has offices/branches as follows: The project will target 21 ASAL counties of Turkana, Marsabit, Isiolo, Laikipia Mandera, Wajir, Garissa, Tana River, Taita Taveta, Kilifi, Kwale, Lamu, Meru (Meru North Sub County), Tharaka Nithi, Samburu, Baringo, West Pokot, Narok, Kajiado, Makueni and Kitui

Contacts: The following are the project contacts

P.O. Box: 34188-00100 Nairobi

Telephone: (254) 202330755/6

E-mail: pc-drive@kilimo.go.ke

Website: www.kilimo.go.ke

2. Project information and overall performance

2.2 Project Information

Project Start Date:	27 th October 2022
Project End Date:	28 th October 2027
Project Manager:	Mr Maurice Ouma
Project Sponsor:	World Bank (International Development Association)

2.3 Project Overview

Line Ministry/State Department of the project	Ministry of Agriculture and Livestock Development State Department for Livestock Development
Project number	P176517
Strategic goals of the project	The strategic goals of the project are as follows: (i) To protect pastoral economies against drought risk, increase financial inclusion of pastoralists and better connect the pastoralist to markets (ii) To facilitate livestock trade across the HoA countries and upgrade livestock value chain by mobilizing private investments
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Component 1: De-risking pastoral production through a package of financial services (ii) Component 2: Promoting livestock chains through trade facilitation and private sector support
Other important background information of the project	De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa is a regional project that is been implemented in four (4) Horn of Africa

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	<p>(HoA) countries i.e. Kenya, Ethiopia, Somalia and Djibouti as part of the Horn of Africa Initiative of building resilience to climatic shocks, facilitating trade and supporting value chains. The project builds on the lessons learnt from the Kenya Livestock Insurance Program (KLIP). The Government of Kenya is implementing the project through the State Department for Livestock Development (SDLD) in collaboration with ZEP-RE (PTA Reinsurance corporation, a COMESA reinsurance institution) and Kenya Development Corporation (KDC) as implementing partners.</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) Protecting pastoralists against recurring drought shocks with a package of financial services including drought index insurance, payment and savings (ii) Connect pastoralists better to markets with (a) better quality infrastructure (b) trade facilitation and (c) improved logistics
<p>Project duration</p>	<p>5 Years</p>

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the current year:

- i. Central Bank of Kenya Designated Account (EUR Account) A/C No. 1000605529
- ii. Central Bank of Kenya Designated Account (EUR Account) A/C No. 1000605545
- iii. Central Bank of Kenya Operational Account (KES Account) A/C No. 1000668016

2.5 Independent Auditor

The project is audited by Office of the Auditor-General (OAG)

The address is: P.O. Box 30084 – 00100, Nairobi

2.6 Roles and Responsibilities

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Mr. Maurice ouma	Deputy Director Livestock Production	BSc Range Management	Project Co-ordinator
Mr. Tom Kinara	Assistant Director Livestock Production	MSc Agric & Applied Economics BSc Range Management	Project Liaison Officer
Mr. Antony Manyao	Assistant Director Livestock Production	MSc Development Studies BSc Agric Economic	Project Marketing Livestock Market Linkage Officer
Mr. Pancras Ngati	Assistant Director Livestock Production	MSc Project Planning, BSc. Agricultural Economics	Project Monitoring, Evaluation and Knowledge Management Officer

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Ms. Judith Muricho	Principal Livestock Production Officer		Project Environmental Social and Safeguard Officer
Ms. Irene Kagendo	Supply Chain Management officer II	Degree in Supply Management	Project Procurement Officer
Mr. Abdiaziz Ali	Accountant I	Ongoing MSc Finance BCOM in finance CPA (K)	Project Accountant
Ms. Josephine Mutiso	PAOA	Higher National Diploma in Office Management	Project Administrative Officer
Ms. Getrude Lumbasi	Clerical Officer	Diploma in Records	Project Officer Assistant

2.7 Funding summary

The Project is for duration of 5 years from 2022 to 2027 with an approved budget of EUR 140 million equivalent to Kshs 16.082 Billion @ exchange rate 114.87 Kshs per EUR as of April 2022 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	EUR	Kshs	EUR	Kshs	EUR	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Loan						
IDA World bank	132,600,000	16,082,000,000	42,456,223	6,787,060,355	90,143,777	9,294,939,645
Total	132,600,000	16,082,000,000	42,456,223	6,787,060,355	90,143,777	9,294,939,645

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 2024)		Unutilised balance to date (30th June 2025)	
	EUR	Kshs	EUR	Kshs	EUR	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
IDA World bank	42,456,223	6,787,060,355	42,454,643	6,786,837,709	1,580	222,647
Total	42,456,223	6,787,060,355	42,454,643	6,786,837,709	1,580	222,647

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

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

	Disbursement (KES)		Time Frame	Activity Expenditure (KES)	Procurement (KES)	Total Expenditure (KES)	Funds Absorption
							Rate (%)
State Department for Livestock Development (SDLLD)	Disbursement Financial Year 2022/23	221,867,710	Cumulative Expenditure Financial Year 2022/23	7,000,000	0	7,000,000	
	Disbursement Financial Year 2023/24	97,647,361	SDLLD Cumulative Expenditure Financial Year 2023/24	159,992,107	62,005,302	221,997,409	
	Disbursement Financial Year 2024/25	554,356,825	Cumulative Expenditure Financial Year 2024/25	312,868,979	350,050,763	662,919,742	
Kenya Development Corporation (KDC)	Disbursement Financial Year 2022/23	444,920,559	Cumulative Expenditure Financial Year 2022/23	444,920,559	-	444,920,559	

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	Disbursement Financial Year 2023/24	0	KDC Cumulative Expenditure Financial Year 2023/24	-	-	-	
	Disbursement Financial Year 2023/24	300,000,000	KDC Cumulative Expenditure Financial Year 2024/25	-	300,000,000	300,000,000	
ZEP RE (PTA Reinsurance corporation, a COMESA reinsurance institution)	Disbursement Financial Year 2022/23	1,450,000,000	Cumulative Expenditure Financial Year 2022/23	1,450,000,000	-	1,450,000,000	
	Disbursement Financial Year 2023/24	2,200,000,000	ZEP-RE Cumulative Expenditure Financial Year 2023/24	2,000,000,000	-	2,200,000,000	
	Disbursement Financial Year 2023/24	1,500,000,000	ZEP-RE Cumulative Expenditure Financial Year 2024/25	1,500,000,000	-	1,500,000,000	
DRIVE Project Overall cumulative funding and expenditure	Cumulative disbursement to date	6,768,792,455	DRIVE Project Cumulative Expenditure to date	3,874,781,645	712,056,065	6,786,837,710	25.3% (98% disbursed funds for Financial year 3)

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

1. Component 1: De-risking pastoral production through a package of financial services

The project Component 1 outputs are to subsidize insurance premium; promote financial saving through provision of a financial savings bonus and manage digital payments of the financial packages (insurance and savings) while its outcome is to de-risking pastoral production through a package of financial services. The impact will be Protecting pastoralists against recurring drought shocks with a package of financial services including drought index insurance, payment and savings. Thus, under Component 1, the progress made based on outputs, outcomes, and impacts since project commencement include;

- **257,573 pastoralist** bought livestock Insurance/ insurance policies
- **910,717 Tropical Livestock Unit (TLU)** Insured (TLU= Cow equivalent) insured
- Livestock insurance premium subsidy **KES 2,470,227,414**
- Pastoralist contribution to **livestock insurance premium KES 700,065,644**
- Enrolment saving bonus **KES 1,345,368,000**
- livestock insurance payouts of **KES 642,459,532**
- Generally, total benefits in terms of livestock **insurance premium subsidy, enrolment saving bonus** and **livestock insurance payouts** pastoralist added up to **KES 4,458,054,946**

2. Component 2: Promoting livestock value chains through trade facilitation and private sector support

The project Component 2 output is to connect pastoralists better to markets by; Upgrading quality infrastructure for livestock; Trade facilitation and trade infrastructure; and De-risking facility to attract private sector while its outcome is to promote livestock value chains through trade facilitation and private sector support. The impact will be scaling up existing private sector investments into the Livestock Value Chains (LVC); crowding in private sector finances by de-risking the LVC; Addressing gaps in public and private investments; and supporting viable business models that integrate pastoralists so as to unlock livestock potential. Thus, under

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Component 2, the progress made by KDC based on outputs, outcomes, and impacts since project commencement include;

- KDC has approved credit to **20 investments** projects on various livestock value chains amounting to **KES 1,631,529,531**
- Private investors have mobilized **KES 1,609,431,182** of their own contribution towards the investments
- **11 investments** have received complete or partial credit totaling to **KES 519,220,370**

In its project coordination role, SDDL PIU has achieved the following milestones;

Under coordination support to Component 1

The activities undertaken by SDDL PIU during the financial year to support coordination of component 1 are geared at the achieving PDO Indicator 1: Number of pastoralists and their dependents covered by financial services and capacity building in Kenya include;

Sensitization and trainings during livestock insurance sales seasons: 5,260 County stakeholders – [816 county stakeholders; 3,209 Community Mobilizers (CoMs)/ livestock and livestock products aggregators; 1,235 County Government (C/Govt) officers]

Under Coordination support to component 2

The activities undertaken by SDDL PIU during the financial year to support coordination of component 2 are geared at the achieving IR 8: Amount of Private Capital Mobilized through the facility to de-risk private investment in Kenya (Amount US\$) sustainably managed 2 years after investment (1 US\$ = KES 114.87) and PDO Indicator 4: Value of Livestock and Livestock products traded by pastoralists as a result of the project (Amount US\$) (1 US\$ = KES 114.87) include;

- Sensitization and training on livestock market linkage approach: 1,432 County stakeholders – (330 CoMs; 813 livestock producer group members and 289 C/Govt Officers)
- Investment project proposals appraised for funding: 66 projects
- Project Technical Committee (PTC) meetings: 4 meetings
- Drafting of training guidelines and manuals on various livestock value chains: 6 manuals

Under Support to Project Management and Coordination

- Sensitization on DRIVE project (Technical and policy makers) on DRIVE project: 635 C/Govt officials (Policy makers and Technical staff)
- Project Steering Committee (PSC) meetings: 2 PSC meetings
- Field Supervision, Monitoring and evaluation: 4 supervisions
- Project launch done in 2023

Support to Project Environmental and Social Safeguards (ESS) Compliance

- Capacity building on Environmental and Social safeguards compliance: - 2,198 County stakeholders (1778 CoMs; 420 C/Govt) and 56 financial intermediaries
- Review on Environmental and Social due diligence for funded project investments:14 projects
- Capacity building on strategies for Methane reduction in livestock production: 27 DRIVE project staff

Commissioned Consultancies (7 consultancies)

- Route-To-Market Strategy for improving export performance in the leather value chain - Consultancy completed and currently Preparation of implementation matrix from the the recommendations to guide implementation of DRIVE activities that support leather value chain development
- Route-to-Market Strategy for improving export performance in livestock production value chain - Consultancy completed and currently Preparation of implementation matrix from the recommendations to guide implementation of DRIVE activities that support leather value chain development
- Feasibility study on pasture and fodder value chain in ASAL counties in Kenya - Consultancy completed and currently Preparation of implementation matrix from the the recommendations to guide implementation of DRIVE activities that support leather value chain development
- Capacity needs assessment of co-operatives in the livestock sector in the ASAL counties - Consultancy completed and currently Preparation of implementation matrix from the the

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recommendations to guide implementation of DRIVE activities that support leather value chain development

- Communication and Knowledge Management Strategy - Currently used to guide communication by project implementing partners
- Coordination framework for the DRIVE project - To be incorporated in the Project Implementation manual to ease coordination
- Supply, installation and commissioning of animal identification and traceability system (ANITRAC)
 - ANITRAC system development has been done and awaits stakeholder validation
 - Preparation of the site for server installation on progress
 - System to be tested and piloted in selected government livestock farms and 6 counties once server is procured and system installed

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

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

#	Challenges	Recommendations
1	Lack of a framework in the project design which sets project counties as funds spending units which will allow for direct flow of funds to the project counties to support county-based project activities	Initiative to issue Authority to Incurred Expenditure to project counties to support county-based activities
	Bottlenecks in implementation of project activities at the counties as counties make comparison of implementation modalities of DRIVE project which does not have fully fledge county project implementation units with other World Bank funded projects having such units.	Enhancing communication and awareness creation of the uniqueness of DRIVE project design

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3	Inadequate project sharia compliant financial products to meet the religious requirement of Muslim beneficiaries	Fast tracking the development of sharia compliant financial products
4	Lack of provision for counterpart funding in the project design to fund important project activities that cannot be met by IDA funds	

2.9 Summary of Project Compliance:

The project did not have any cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants during the year under review

3. Statement of Performance against Project's Predetermined Objectives

Guidance

Pastoralists represent between 33 and 65 per cent of the population in the HoA. Overreliance on rained agricultural activities makes them particularly vulnerable to climate shocks, including droughts, and one of the poorest communities in the region. Pastoralists tend to keep large herds as protection for anticipated drought shocks. Yet when drought hits, the animals either die, lose value, or are sold at rock bottom prices to fund immediate needs. Emergency response can be subject to leakages or arrives too late after the animals have perished. Furthermore, pastoralists are currently at the bottom of the livestock value chains and are not providing livestock in the required quality and quantity to livestock processors/exporters. In this context, the WBK supports DRIVE, an USD360.5 million regional IDA projects implemented in Djibouti, Ethiopia, Kenya, and Somalia. Kenya will be supported by a credit of USD140 million.

In Kenya about 80% is ASAL where rain feed agriculture is not sustainable and therefore livelihoods are supported by pastoralism. In Kenya, the project targets 21 ASAL counties of Turkana, Marsabit, Mandera, Wajir, Garissa, Tana River, Isiolo, Samburu, Meru (Meru North sub county), Tharaka Nithi, Baringo, West Pokot, Narok, Laikipia, Kajiado, Makueni, Kitui, Lamu, Taita Taveta, Kilifi and Kwale where pastoralism type of farming is done and drought insurance products for livestock are viable. The de-risking facility considers investment opportunities in above 21 counties and in any other county if such opportunities are private sector-led, demonstrate commercial viability and technical feasibility and there is demonstrable link with pastoral production systems.

The Project supports climate adaptation of pastoralists and helping them extract greater value addition from their livestock. It protects them against drought with enhanced access to financial services, strengthen their inclusion in the livestock value chain, and facilitate regional livestock trade.

Introduction

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

The Project Development Objectives (PDO) are to enhance pastoralists' access to financial services for drought risk mitigation, include them in the value chains, and facilitate the livestock trade in the Horn of Africa.

The PDO will be measured by:

- The number of pastoralists having access to financial services and capacity building under the Project (number, broken down by county - climate indicator).
- Percentage of pastoralists that received payouts within 30 days of official announcements of payout by calculation agent (citizen engagement indicator, measured after payouts have been triggered under the drought insurance)
- The number of pastoralist groups supported by the Project and connected to markets, including savings groups (broken down by country).
- Increase in livestock and livestock product trade.

Progress on the attainment of strategic development objectives

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

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa	To enhance pastoralists' access to financial services for drought risk mitigation, include them in the value chains, and facilitate the livestock trade in the Horn of Africa	De-risking pastoral production through a package of financial services	Number of pastoralists and their dependents covered by financial services and capacity building in Kenya	<ul style="list-style-type: none"> • 257,573 pastoralist bought livestock Insurance/ insurance policies • 910,717 Tropical Livestock Unit (TLU) Insured (TLU= Cow equivalent) insured • Livestock insurance premium subsidy KES 2,470,227,414 • Pastoralist contribution to livestock insurance premium KES 700,065,644 • Enrolment saving bonus KES 1,345,368,000 • livestock insurance payouts of KES 642,459,532 • Generally, total benefits in terms of livestock insurance premium subsidy, enrolment saving bonus and livestock insurance

				<p>payouts pastoralist added up to KES 4,458,054,946</p>
		<p>Promote livestock value chains through trade facilitation and private sector support</p>	<p>Amount of Private Capital Mobilized through the facility to de-risk private investment in Kenya (Amount US\$) sustainably managed 2 years after investment</p>	<ul style="list-style-type: none"> • KDC has approved credit to 20 investments projects on various livestock value chains amounting to KES 1,631,529,531 • Private investors have mobilized KES 1,609,431,182 of their own contribution towards the investments • 11 investments have received complete or partial credit totaling to KES 519,220,370

4. Environmental and Sustainability Reporting

Sustainability is the ability to maintain or continue offering services to the citizens of the country over the long term, focuses mainly it covers on the five areas as indicated below.

1. Sustainability strategy and profile

The project is designed to ensure that a sustainable program is in place after it ends. Relative to the current approach of ex post and prone to leakage disaster relief, the project will result in significant savings, and promote a more sustainable pathway for pastoral livestock. It will do this by seeding a well-designed risk mitigation approach that uses progressive client contributions to share the costs of premium subsidies. Financial services provision will be undertaken by private sector providers, pastoralists will have increased their savings, and they will be linked to reliable markets to sell livestock. Those linkages will increase the quality of the livestock sold and the price fetched. Public premium financing may still be needed to support de-risking interventions in very vulnerable regions after the project ends. However, the expected positive impact will encourage the government through own revenue or support from development partners to continue offering subsidies though at lower levels, and relative to the current approach of ex-post disaster relief, the cost, efficiency, and value of each dollar spent are expected to improve. Exporters/off-takers of livestock could complement the contribution of pastoralists because they would have an interest in ensuring that their producers are able to continue producing quality livestock on an ongoing basis. Pastoralists will be expected to increase their contribution as their financial awareness increases, and the linkages to the value chains improves their productivity and income, reducing the level of public support needed. To provide the enabling environment for a sustainable program, Drive will create a platform of risk infrastructure services that could be used by more countries and development partners, and possibly for a wider range of risk finance products, such as crop insurance. Developing the local financial sector will lead to more competitive products. This creates incentives for strong and sustained participation beyond implementation of the project.

2. Environmental performance

Drive project is implemented in accordance with the World Bank Environmental and Social Standards (ESSs). The relevant ESS which apply to the project are: ESS1 Assessment and

Management of Environmental and Social Risks Impacts; ESS2 Labour and Working Conditions; ESS3 Resource Efficiency and Pollution Prevention and Management; ESS4 Community Health and Safety; ESS6 Biodiversity Conservation; ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities; ESS8 cultural heritage; ESS9 Financial-Intermediaries; and ESS10 Stakeholder Engagement and Information Disclosure.

The project is implementing its activities following the environmental and social commitment plan (ESCP). The project had prepared an Environmental and Social Commitment Plan (ESCP) which sets out a summary of the material measures and actions, any specific documents, or plans, as well as the timing for each of these. SDLD is responsible for compliance with all requirements of the ESCP even when implementation of specific measures and actions is conducted by the implementing agencies including KDC, and it is Beneficiaries. Additional specific measures and actions for implementation of Component 1 are detailed in a separate ESCP between the Association and ZEP-RE (the “ZEP-RE ESCP”). The ZEP-RE ESCP is incorporated by reference into SDLD ESCP and the SDLD is responsible for ensuring ZEP-RE’s compliance with all requirements of the ZEP-RE ESCP in Kenya. SDLD reports the implementation of the material measures and actions set out in the ESCP and ZEP-RE ESCP in Kenya to the World Bank. The World Bank will monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.

3. Employee welfare

The SDLD will set up a Project Implementation team composed of a Project Coordinator, hired by the SDLD as per TOR annexure 2 using the Government of Kenya procedure, and other necessary staff from the Ministry as stated in section 2.6. The Project coordinator will report to the PS in charge of livestock, through the Director of Livestock Production, and will be the secretary to PSC and the PTC. In the interim, the PS SDLD will second a coordinator in an acting capacity until the project coordinator is recruited competitively. The project implementation team will be well motivated and resourced with the critical staff, with suitable qualifications and experience with clearly defined roles and responsibilities.

KDC will implement de-risking facility within its overall business management processes. In that connection, KDC will appoint a project lead who will oversee overall coordination with SDLD.

4. Marketplace practices-

a) Responsible Supply chain and supplier relations-

The Project Procurement Strategy for Development (PPSD) includes a market analysis that facilitates how best to engage with suppliers. Additionally, it ensures that procurement processes are fit for purpose, allow choice, and are appropriate to the size, value, and risk associated with project activities as the basis for developing the project Procurement Plan.

The procurement procedures are stipulated in the Project Procurement Strategy for Development (PPSD), a separate and stand-alone document. This PIM is therefore meant to guide practitioners on how correctly implement activities' procurement process in practice

b) Responsible ethical practices

The Procurement Specialist, after careful understanding of the applicable procurement regulations and the procurement approach and methods detailed in the PPSD, should carry out the following activities in preparing or updating the project procurement plan:

- In consultation with the project leadership, identify new procurement needs or any change to the activities listed in the PPSD and update the project Procurement Plan
- Categorize the items into the four procurement categories (Works, Goods, Non-Consultancy Services and Consultancy Services)
- The technical team drafts ToRs for the Consultancy Services and Schedule of requirements for Goods, Non-Consultancy Services and consultancy services.
- The procurement specialist, in consultation with the technical team, prepare the cost estimate for each package/contract activity.
- Once the scope of the contracts is defined, the cost estimate of each package is determined, based on market situations and guidance from the regulations & PPSD, the market approach and procurement method are decided; and
- The Procurement Plan may be updated using new information regularly.

To the extent possible, the goods and services shall be bulked into sizeable bid packages in such a manner as to permit the optimal use of competitive bidding.

A Procurement Plan consistent with the Annual Work Plan & Budget shall be prepared and will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. The SDDL will use the Systematic Tracking of Exchanges in Procurement, a planning and tracking system, which will provide data on procurement activities, establish benchmarks, monitor delays, and measure procurement performance. The Procurement Plan shall be available in the project’s database and on the Bank’s external website.

c) Regulatory impact assessment

SDDL shall undertake contract management for goods supply, consultancy and works contracts, including monitoring progress on deliverables and offering feedback as appropriate, as well as coordination of contractors' activity in accordance with the overall project implementation plan. The aim of contract management is to ensure that all parties meet their obligations. Contracts shall be actively managed by the Project management teams throughout the life of the Project to ensure that contractor performance is satisfactory, appropriate stakeholders are informed and all contract requirements are met.

5. Community Engagements

The role and expectation of Drive stakeholders, in turn, informs the purpose for engagement with different groups - such as increased awareness, support and collaboration - to effectively tailor strategies to influence desired outcomes.

Objectives of Engagement

	Interest/ Expectation of Drive	Desired Outcome
Pastoralists Beneficiaries	Asset Protection (livestock and income)	Motivate Enrollment
	Increased access to Market and Credit	Build trust and Credibility
	Financial Gain & Savings	Sustainability through savings contributions, credit-worthiness and resilience to shocks

1. Statement of Project Management Responsibilities

The Principal Secretary, State Department for Livestock Development and the Project Coordinator for De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) in the Horn of Africa project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2024.

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, State Department for Livestock Development and the Project Coordinator for De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) in The Horn of Africa project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary, State Department for Livestock Development and the Project Coordinator for De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) in The Horn of Africa project 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, 2024, and of the Project's financial position as at that date. The Principal Secretary, State Department for Livestock Development and the Project Coordinator for De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) in The Horn of Africa project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The Principal Secretary, State Department for Livestock Development and the Project Coordinator for De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive)

in the Horn of Africa project 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.

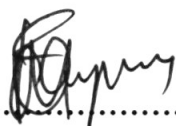
De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa
Annual Report and Financial Statements for the financial year ended June 30, 2025

Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary, State Department for Livestock Development and the Project Coordinator for De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) in The Horn of Africa project on 6th October, 2025 and signed by:



.....
Name **Jonathan Mueve**
Principal Secretary



.....
Name **MAURICE OUMA**
Project Coordinator



.....
Name **Abdiaziz Ali**
Project Accountant

ICPAK Member No: 25605

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON DE-RISKING, INCLUSION AND VALUE ENHANCEMENT OF PASTORAL ECONOMIES (DRIVE) IN THE HORN OF AFRICA PROJECT (CREDIT NO.7139-KE) FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) in the Horn of Africa Project (Credit

Report of the Auditor-General on De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) in the Horn of Africa Project (Credit No.7139-KE) for the year ended 30 June, 2025-State Department for Livestock Development

No.7139-KE) - State Department for Livestock Development set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) in the Horn of Africa Project (Credit No.7139-KE) - State Department for Livestock Development as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Agreement No.7139 dated 29 June, 2022 and the Public Finance Management Act, 2012.

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

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) in the Horn of Africa Project (Credit No.7139-KE) - State Department for Livestock Development 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. Amount Withdrawn and not Claimed

The statement of Special (Designated) Account Reconciliation for the Project reflects an amount withdrawn and not claimed of EUR 1,500,000 for Designated Account No.1000605529 held with the Central Bank of Kenya. This amount is equivalent to Kshs.226,500,000 at the exchange rate as of 30 June, 2025. These funds represent cumulative transfers to the local project bank account for which expenditure returns had not been submitted to the National Treasury by the close of the financial year. However, the details of this amount and reasons for failure to submit expenditure returns have not been provided for audit review.

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

2. Commitment Charges on Undrawn Loan Balances

Drive project commenced on 29 June, 2022 and is scheduled for completion on 30 September, 2027. According to the funding summary, total commitments for the project amount to Kshs.16,082,000,000, while actual funds received to date are Kshs.6,787,060,355. This leaves an undrawn balance of Kshs.9,294,939,645 indicating a slow absorption rate of the project funds which might have a negative impact on delivery of goods and services to the public. The undrawn funds are also attracting a commitment charge rate of 0.005% equivalent of Kshs.46,474,698.

Had the project drawn the loan amount on time, the commitment charges would have been avoided.

My opinion is not modified in respect to these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

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

- 1.Delay in Release of GOK Counterpart Funding to the Project
- 2.Pending Bills
- 3.Lack of Half Yearly Internal Audit

Other Information

The Management is responsible for the Other Information set out on page i to xxviii which comprise of Project information and overall performance, statement of performance against project's predetermined objectives, Environmental and Sustainability Reporting, Statement of Project management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I

conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Project Implementation

1.1 Delayed Activities for Component 2

Review of component 2 activities to be implemented by The State Department for Livestock revealed that a number of activities were yet to be implemented by the time of audit in the month of September, 2025 with two years remaining to the project closure. The affected activities are as listed below;

- i. Upgrading quality infrastructure-Support the operationalization of Mutual Recognition Agreements in the Horn of Africa.
- ii. Trade facilitation and trade logistics includes Provision of sanitary certificates, Improvement of logistics for transit of live animals and livestock products, Improvement of data infrastructure on livestock trade and regional coordination of policy and procedural reforms at border crossings.

Although management explained that each country in the Horn of Africa implementing the project was free to prioritize its potential interventions, it was not clear when the State Department for Livestock planned to kick start implementation of the above listed activities with the limited time remaining to the project closure.

2. Project Steering Committee (PSC) and Project Technical Committee (PTC)

Review of the Minute file and Attendance Registers for project meetings revealed that, the Project Steering Committee (PSC) held one (1) meeting against two (2) as stipulated in the Finance Agreement Section I (3)(a).

Further, project technical committee (PTC) held only one meeting each during the year under review contract to Section I (3)(b) of the financing agreement which require at least once a month.

In the circumstances, the project steering committee and project technical committee were in breach of the financing agreement.

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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Financing Agreement between De-Risking, Inclusion and Value Enhancement of Pastoral Economies in the Horn of Africa between Republic of Kenya and International Development Association- Credit Number 7139-KE, I report, based on my audit, that:

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

Report of the Auditor-General on De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) in the Horn of Africa Project (Credit No.7139-Ke) for the year ended 30 June, 2025 - State Department for Livestock Development

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, Fund'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

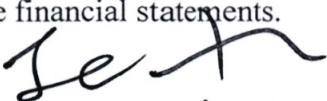
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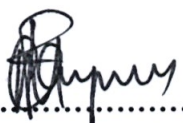
De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa
Annual Report and Financial Statements for the financial year ended June 30, 2025

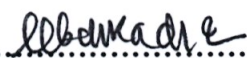
6. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	F/Y 2024/2025
		Kshs
Revenue		
Revenue Transfers	6	2,372,624,726
Total revenue		2,372,624,726
Expenses		
Use of goods and services	7	604,646,232
Depreciation and amortization expense	8	9,142,647
Transfer to other Government Entities	9	1,800,000,000
Total expenses		2,413,788,879
Surplus/ (deficit)		(41,164,153)

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


 Name **Jonathan Mueke**
 Principal Secretary


 Name **Maurice Ouma**
 Project Coordinator



 Name **Abdiaziz Ali**
 Project Accountant
 ICPAK Member No: 25605


De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa
Annual Report and Financial Statements for the financial year ended June 30, 2025

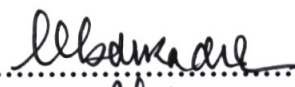
7. Statement of Financial Position as at 30th June 2025

	Note	F/Y 2024/2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	10	222,647	90,517,663
Total Current Assets		222,647	90,517,663
Non-Current Assets			
Property, Plant and Equipment	11	49,130,863	
Intangible Assets			
Total Non- Current Assets		49,130,863	
Total Assets (a)		49,353,510	90,517,663
Liabilities			
Current Liabilities			
Total Current Liabilities		-	-
Total Liabilities (b)		-	-
Net Assets (a-b)		49,353,510	-
Represented By:			
Accumulated Surplus		49,353,510	
Total Net Assets		49,353,510	90,517,663

The financial statements were approved on 6th October, 2025 and signed by:


 Name Jonathan Mweke
 Principal Secretary


 Name MAURICE OUMA
 Project Coordinator


 Name Abdiaziz Ali
 Project Accountant
 ICPAK Member No. 25605

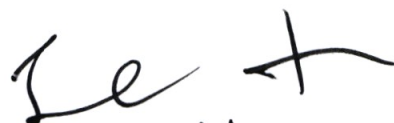
De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa
Annual Report and Financial Statements for the financial year ended June 30, 2025

8. Statement of Changes in Net Assets

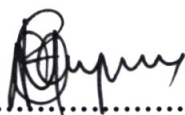
Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	90,517,663
Adjustments: (to recognize assets and liabilities)	
As at 1 st July 2024	90,517,663
Surplus/(Deficit) for the year	(41,164,153)
As at 30 th June 2025	49,353,510

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

The financial statements were approved on 6th October, 2025 and signed by:



.....
 Name **Jonathan Mueke**
 Principal Secretary



.....
 Name **MURICE OUMA**
 Project Coordinator



.....
 Name **Abdiaziz Ali**
 Project Accountant
 ICPAK Member No.25605.

De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa

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	F/Y 2024/2025
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers	6	2,372,624,726
Total receipts		2,372,624,726
Payments		
Use of goods and services	7	604,646,232
Transfer to other Government Entities	9	1,800,000,000
Total payments		2,404,646,232
Net cash flow from operating activities		(32,021,506)
Cashflow from investing activities		
Acquisition of non-financial assets	11	(58,273,510)
Acquisition of Intangible assets		
Net cash flows from investing activities		(58,273,510)
Cash flow from financing activities		
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		(90,295,016)
Cash and cash equivalent at 1st July 2024	10	90,517,663
Cash and cash equivalent at end June 2025		222,647

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 %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue Transfers	2,400,000,000	122,624,726	2,522,624,726	2,372,624,726	150,000,000.00	94%
Total Revenue	2,400,000,000	122,624,726	2,522,624,726	2,372,624,726	150,000,000.00	94%
Payments						
Use of goods and services	100,000,000	564,223,910	664,223,910	604,646,232	59,577,678	91%
Property, Plant and Equipment	0	58,400,816	58,400,816	58,273,510	127,306	100%
Transfer to other Government Entities	2,300,000,000	(500,000,000)	1,800,000,000	1,800,000,000	0	100%
Total Payments	2,400,000,000	122,624,726	2,522,624,726	2,462,919,742	59,704,984	98%
Surplus or Deficit	-	-	-	(90,295,016)	90,295,016	

De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa
Annual Reports and Financial Statements for the year ended June 30, 2025.

11. Notes to the Financial Statements

1. General Information

De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa project is established by and derives its authority and accountability from PFM Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to enhance pastoralists' access to financial services for drought risk mitigation, include them in the value chains, and facilitate the livestock trade in the Horn of Africa.

2. Statement of Compliance and Basis of Preparation

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

These financial statements were authorized for issue by the accounting officer on 30 June 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 Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa
Annual Reports and Financial Statements for the year ended June 30, 2025.**

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</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>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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

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

**De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in
The Horn of Africa
Annual Reports and Financial Statements for the year ended June 30, 2025.**

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>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.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>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.</p>

iii) Early adoption of standards

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

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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 xxx 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

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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.

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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.

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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 xx*.

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 labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

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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* creates and maintains 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.

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Notes to the financial statements

l) Employee benefits

Retirement benefit plans

The *Entity* provides 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. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

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.

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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 De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa 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, De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa 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.

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Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa '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 De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa.
- 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 raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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Notes to the financial statements

6. Revenue Transfers

Description	FY 2024/2025
	KShs
Unconditional Transfers	
GoK Counter Part funding	-
Transfers from IDA/ World Bank Revenue	872,624,726
Transfers from IDA/ World Bank AIA	1,500,000,000
Total Unconditional Transfers (a)	2,372,624,726
Conditional Transfers	
Transfers from Development partners 1	-
Transfers from Development partner 2	-
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	2,372,624,726

7. Use of Goods and Services

Description	FY 2024/25
	Kshs
c	
Utilities, supplies and services	-
Bank charges	-
Communication, supplies and services	7,198,800
Domestic travel and subsistence	228,210,880
Foreign travel and subsistence	18,328,512
Fuel and lubricants	21,543,900
General office supplies	330,026
Stationery, Printing, advertising, and information supplies	21,693,869
Office rent	-
Training payments	66,329,588
Hospitality supplies and services	23,057,570
Insurance costs	-
Specialized materials and services	-
Other operating payments(specify)	205,570,237
Routine maintenance – vehicles and other transport equipment	9,304,478
Routine maintenance- other assets	3,078,373
Total	604,646,232

De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa

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Notes to the financial statements

8. Depreciation and Amortization expense

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	9,142,647
Intangible Assets	-
Total	9,142,647

9. Transfer to Other Government Entities

Description	FY 2024/25
	Kshs
Kenya Development Corporation Ltd	300,000,000
ZEP-RE	1,500,000,000
Total	1,800,000,000

10. Cash and Cash Equivalents

Description	FY 2024/25	1st July
	Kshs	Kshs
Cash in Bank	222,647	90,517,663
Cash on hand	-	-
Total Cash and Cash Equivalents	222,647	90,517,663

Project Bank Accounts

Details	FY 2024/25	1st July 2024
	EUR	EUR
Foreign Currency Accounts		
Central Bank of Kenya [A/c No.....]	0	0
Kenya Commercial Bank [A/c No.....]	-	-
Total Foreign Currency balances	<u>0</u>	<u>0</u>
Local Currency Accounts	Kshs	Kshs
Central Bank of Kenya [A/c No 1000668016]	222,647	90,517,663
Kenya Commercial Bank [A/c No.....]	-	-
Total local currency balances	<u>222,647</u>	<u>90,517,663</u>
Total bank account balances	≡	≡

**De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa
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Notes to the financial statements

11. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other machinery and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	13%	13%	30%	13%		
As At 1July 2024 (opening balances)		-		-		-
Additions	39,867,179	7,103,070	10,619,761	683,500		58,273,510
Disposals		-	-	-	-	-
Transfers/Adjustments		-	-	-	-	-
As at 30th June 2025	39,867,179	7,103,070	10,619,761	683,500	-	58,273,510
Depreciation and Impairment						
As at 1July 2025		-	-	-		-
Depreciation charge for the year	4,983,397	887,884	3,185,928	85,438	-	9,142,647
Impairment loss		-	-	-		-
Transfers/ Adjustments		-	-	-		-
As At 30th June 2025	4,983,397	887,884	3,185,928	85,438	-	9,142,647
Net Book Values						
As at 1st July 2024	-	-	-	-	-	-
As at 30th June 2025	34,883,782	6,215,186	7,433,833	598,063	-	49,130,863

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Notes to the financial statements

12. 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.

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Special Deposit Accounts Movement Schedule

Description	FY 2024/2025	1st July 2024
	Kshs	Kshs
(i) A/C Name [A/c No 1000668016]		
Opening balance	90,517,663	214,867,710
Total amount deposited in the account	872,624,726	97,647,361
Total amount withdrawn	<u>962,919,742</u>	<u>221,997,409</u>
Closing balance (as per SDA bank account reconciliation attached)	<u>222,647</u>	<u>214,867,710</u>
	EURO	EURO
(ii) A/c Name A/c No [1000605529 & 1000605545]		
Opening balance (as per the SDA reconciliation)	1,673,803	-
Total amount deposited in the account	4,576,755	2,365,693
Total amount withdrawn	<u>6,250,558</u>	<u>691,890</u>
Closing balance (as per SDA bank account reconciliation attached)	≡	<u>1,673,803</u>

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix Annex 3 support this closing balance.

13.Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa 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.

De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa
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Government of Kenya

The Government of Kenya is the principal shareholder of the De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa holding 100% of the De-Risking, Inclusion and Value Enhancement of Pastoral Economies (Drive) Project in The Horn of Africa's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

14.Events after the Reporting Period

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

15.Ultimate And Holding Entity

The Entity is a Project under the Ministry of Agriculture and Livestock Development. Its ultimate parent is the Government of Kenya.

16.Currency

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

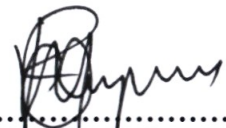
13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Budgetary Controls and Performance	Final budget and actual on comparable basis on purchase of goods and services and acquisition of non-financial assets revealed an over-expenditure of Kshs.106,246,765 or 222% and Kshs 15,750,644 or 220% respectively	During the last supplementary, DRIVE budget was reviewed downward leading to over expenditure. We requested for enhancement of the budget through CFO to the national treasury	Resolved	June,2024
Delay in release of GOK counterpart funding to the project	Lack of the counterpart funding poses implementation challenges and thus negatively affect the project performance where some important project activities may not be implemented.	The management did request for GOK counterpart funding as a measure that will enhance implementation but was denied by National Treasury as it is not covered in the financing agreement.	Not Resolved	June, 2024
Pending bills	Note 7 and Annex 4a of the financial statements reveals a pending accounts	The bills for the project were within the budget estimate, the last supplementary budget for June 2024 reviewed our budget downwards resulting to negative budget hence we were not able to	Resolved	September,2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	payable balance of Kshs.139,512,284 as of 30 June 2024	process the payment through IFMIS for the already committed expenditure		
Lack of half yearly internal audit	The internal auditor did not conduct the half yearly audit and reports send to the Project Implementing Partners and a copy to the donor	The internal audit department did not factor in DRIVE Project in their financial year 2023/2024 annual work plan. Because of the non-inclusion of audit activity in their work plan, the Internal Audit Department could not audit the project. However, a reasonable budget has been factored in for financial year 2024/2025 annual workplan therefore they will carry out the audit of the project activities as soon as possible. The Internal Audit report will be shared with the implementing partners and a copy to the donor	Resolved	


 Name **Jonathan Mueke**
 Principal Secretary
 State Department of livestock production


 Name **MURICE OUMA**
 Project Coordinator
 DRIVE project

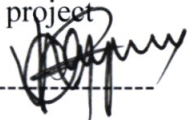
Annex 2: Reconciliation of inter-entity transfers

Project Name:				
Break down of transfers from the State Department of Livestock Production				
A. Direct payments				
		Bank Statement Date	Amount (Kshs)	FY 2024/2025
		25-Jan-25	1,500,000,000	
		Total	1,500,000,000	
B. Loan from External Development Partners				
		Bank Statement Date	Amount (Kshs)	FY 2024/2025
		18-Sep-24	81,847,970	
		25-Oct-24	38,645,297	
		19-Nov-24	134,473,480	
		11-Feb-25	137,334,688	
		27-Mar-25	162,055,390	
		19-Sep-25	157,722,383	
		24-Mar-25	160,545,518	
		Total	872,624,726	
		Total (A+B+C)	2,372,624,726	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

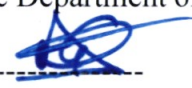
Project Coordinator
DRIVE project

Sign -----



Head of Accounting Unit
State Department of livestock production

Sign-----



Annex 3: 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)



DRIVE

DE-RISKING, INCLUSION AND VALUE ENHANCEMENT OF PASTORAL ECONOMIES (DRIVE) PROJECT BOARD OF SURVEY REPORT

Date 01/07/2025

Report on the Board of Survey on the Cash and Bank Balances of:

Account name: ...**DRIVE IN THE HORN OF AFRICA**

Account No:**1000668016**

as at the close of business on ...**30TH JUNE 2025**

The Board consisting of: (Names and official titles)

Chairman-**Peter Mbugua**

Secretary-**Ruth Sungu**

Member-**Geofrey Sankui**

assembled at the office of **DRIVE PROJECT** at **8.30 a.m**

on the **1st July 2025** and the following cash was produced:-

Notes	Sh. N/A
Coins	Sh. N/A
Total		Sh. N/A

It was observed that cheques and cash amounting to Shs...**N/A** had been on hand for more than 14 days prior to the date of the survey.

The cash book reflected the following balances as at the close of business on the **30TH JUNE 2025**

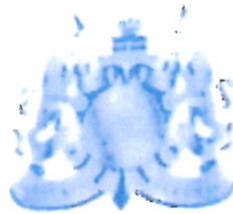
Cash on hand	Sh. N/A
Bank Balance	Shs 222,646.50
Total	Sh.222,646.50

The Bank Certificate of Balance showed a sum of Sh. **110,687,077.95**The difference between this figure and the Bank as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O.30), which shall be attached.

TITLE	NAME	SIGNATURE
Chairman	PETER K. MBUGUA	
Secretary	RUTH SUNGU	
Member	GEORGEY SANKUI	
Date	01/07/2025	



BANK
KENYA
KENYA



CENTRAL
BANK OF
KENYA

Hille Selassie Avenue
P.O. Box 40000 - 10001 Nairobi, Kenya
Telephone: 25620010, Fax: 25620012

August 4, 2025

CERTIFICATE OF BALANCES

Customer:
Balance Date:

STATE DEPT FOR
LIVESTOCK
DEVELOPMEN
122556
30-Jun-25

Account No	Account Name	Currency	Balance
1000209957	DEV-STATE DEPT FOR LIVESTOCK DEV	KES	3,805,167.35
1000209984	CRK165-STATE DEPT.FOR LIVESTOCK DEV	KES	0.00
1000210109	REC-STATE DEPT. FOR LIVESTOCK DEV	KES	105,412,635.45
1000212632	DEP-STATE DEPT.FOR LIVESTOCK DEV	KES	23,546,457.30
1000216395	REG. PASTORAL LIVELIHOODS RES.PRJ	KES	0.85
1000495685	TOWARDS ENDING DROUGHT EMERGENCIES	KES	14,586,244.30
1000668016	DRIVE IN THE HORN OF AFRICA	KES	110,687,077.95

Priscilla Keitany
Authorised Signatory
Banking Services Division

Joyce Nasieku
Authorised Signatory
Banking Services Division



June 30th 2025

0

Add

Payment In Cash Book but Not In Bank (Un- Presented)

DATE	NAME	PV:NO	AMOUNT
	Samabigvo Engineering		
	W/Tax	3671	92.00
	W/Tax		1,533.40
	W/Tax		5,287.60
	Urysia Limited		299,767.00
	W/Tax	3528	66.95
	W/Tax		3,849.15
	Airtel Networks Kenya Limited		219,333.65
	W/Tax	3746	53.25
	W/Tax		3,060.00
	W/Tax		174,366.75
	W/Tax	3739	205.05
	W/Tax		3,417.50
	W/Tax		11,784.50
	Urysia Limited		668,092.95
	W/Tax	3644	62.6
	W/Tax		3,598.25
	Griffins and Josh Limited		205,036.95
	W/Tax	3527	107.1
	W/Tax		6,155.15
	Skyeel Ventures		350,737.75
	W/Tax	3526/1	608.75
	W/Tax		10,145.85
	W/Tax		34,985.60
	Yaretz Enterprises		1,983,425.80
	W/Tax	3742	635.7
	W/Tax		10,594.75
	W/Tax		36,533.55
	Gesam Merchants		2,071,181.00
	W/Tax	3723	691.7
	W/Tax		11,528.00
	W/Tax		39,751.70
	Mid Point Coffee House		2,253,628.60
	W/Tax	3638	225
	W/Tax		12,931.05
	Isiolo Landmark Limited		736,843.95
	W/Tax	3670	246.75
	W/Tax		14,181.05
	Mavuno(K) Automasters Limited		808,072.20
	W/Tax	3,669.00	278.45
	W/Tax		16,004.15
	Genetco Limited		911,957.40
	W/Tax	3747	276
	W/Tax		15,862.05
	Mtana Tendai Lewa		903,861.95
	W/Tax	3738	48,750.00
	W/Tax		292.5
	W/Tax		16,810.35
	Vicma Solutions		909,147.15
	W/Tax	3684	453.6
	W/Tax		26,068.95
	Ramji Haribhai Devani Limited		1,485,477.45
	W/Tax	3749	1,963.20
	W/Tax		32,720.00
	W/Tax		112,827.60
	Urysia Limited		6,396,489.20
	W/Tax	3647	32
	W/Tax		1,840.45
	Airways Tours and Travel Limited		104,873.65
	W/Tax	3646	46.5
	Airways Tours and Travel Limited		154,953.50
	W/Tax	3677	665.35
	Safaricom Kenya Limited		2,217,116.65
	W/Tax	3745	531.4
	W/Tax		30,540.00
	Goldpal Enterprises		1,740,248.60
	W/Tax	3648	106.5
	W/Tax		1,775.00
	W/Tax		6,120.70
	Isiolo Landmark Limited		346,997.80
	W/Tax	3743	147
	W/Tax		8,448.30
	W/Tax		481,404.70

			175,600.00
Joseph Mwaura		3662	62,000.00
Pancras Ngati		3529	82,200.00
Josephine Siwai		3766	99,000.00
Christine Omiya		3767	99,000.00
Douglas Momanyi		3765	114,000.00
Christine Omiya		3650	114,000.00
Douglas Momanyi		3651	115,800.00
Joshua Mukasa		3772	130,800.00
Joshua Mukasa		3730	394,800.00
Joshua Mukasa		3769	498,600.00
Irene Kagendo		3726	1,010,350.00
Abdiaziz Ali		3631	1,189,905.00
Angelyne Kabasa		3630	1,189,905.00
Rachel Ndungu		3628	1,189,905.00
Janet Bett		3629	1,358,000.00
Joseph Mwaura		3661	1,393,724.70
Pancras Ngati		3678	1,479,000.00
Francis Thiongo		3660	2,849,000.00
Rachel Nyambura	3631/2		1,499,104.00
Daniel Karani		3626	1,499,104.00
David Waiganjo		3627	2,846,400.00
Anastacia Wanjiru		3658	50,400.00
Bishar Fille Elmi		3663	84,000.00
Bishar Fille Elmi		3193	31,500.00
Bishar Fille Elmi		3189	1,440,600.00
Joselyn Wangari		3693	15,000.00
Josphine Mutiso		3642	25,000.00
Gertrude Lumbasi		3643	436,800.00
Abdiaziz Ali		3656	1,192,060.00
Anne Githigia Mwaniki		3652	2,615,000.00
Dr Samuel Maina Kahariri		3711	10,081.00
Eunice Njoroge		3713	97,200.00
Josephine Siwai		3729	2,919,000.00
Mohamed Aden	3631/3		422,000.00
George M. Obiri		3710	387,000.00
ESAMI Training		3808	2,327,400.60
ESAMI Training		3645	2,670,045.00
ESAMI Training		3691	3,051,480.00
ESAMI Training		3692	381,435.60
ESAMI Training		3810	382,050.60
ESAMI Training		3708	1,304,400.00
Daniel Nyamai		4886035	1,433,200.00
John Chege		4886034	1,638,000.00
Tom Kinara		4886033	1,682,000.00
Gertrude Lumbasi		4886027	1,748,200.00
Mary Karambu		4886028	1,801,600.00
Peris Mutua		4886026	1,837,800.00
Josphine Mutiso		4886030	1,879,000.00
Rosemary Raluoch		4886029	1,931,200.00
Stephen Mutuku		4886036	1,940,200.00
Abdiaziz Ali		4886040	1,992,500.00
Anthony Munyao		4886039	2,335,800.00
Joseph Mwaura		4886037	240,000.00
Mercy Wanyoike		4886049	280,000.00
Samuel Kiminza		4886048	322,000.00
Pauline Nyambura Kamurutu		5434857	322,000.00
Halima Ahmed Dae		5434853	834,900.00
Alice Onzere		5434852	512,914.00
Caroline Kimeu		4886044	813,400.00
Joyce Aguk		5434592	2,481,700.00
Cleophas Wahome		5433631	2,596,100.00
Peter Musila		4886046	2,634,000.00
Rajab Obama		4886047	3,584,700.00
Peter Mungayo		5433627	329,160.00
Bishar Fille Elmi		5433619	334,160.00
Evans M. Makokha		5433620	334,160.00
Mohamed Aden		5433621	550,500.00
Ann Ngatia		4886041	3,423,000.00
Joseph Mwaura		4886042	221,340.00
Shabaan Kipkoech		5433622	1,757,000.00
Judy Gachora		4886031	1,210,765.00
Mark Mjambili		5434858	1,905,000.00
Kennedy Nyambane		3659	
	Total		110,096,856.15

Add Payments in Bank Statement NOT yet recorded in Cashbook



De- Risking, Inclusion and Value Enhancement of Pastoral Economics in the Horn of Africa Proje
BANK RECONCILIATIONS- LOAN 7139-KE

Vote 1162; Head 1162105301

Bank Account No. 1000668016

30th June 2025

Central Bank of Kenya

Balance As per Bank Certificate

Kshs

Kshs

110,687,077.95

Less:

1. Payment in Cash Book not yet
Recorded in Bank Statement
(Unpresented Cheques)

110,096,856.15

2. Receipts in Bank Statement not yet
recorded in Cash Book

367,575.30

Add:

3. Payment in Bank Statement not yet
recorded in Cash Book

4. Receipts in Cash Book not yet
Recorded in Bank Statement

Bank Balance as per Cash Book

222,646.50

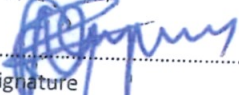
I certify that I have verified the Bank Balance in the Cash Book with the Bank Statement
and the above Reconciliation is correct.

Prepared By:


.....
Signature

...Abdiaziz...Ali...(PA)
Name & Designation

Approved by:


.....
Signature

...Maurice...Ouma...P.C.
Name & Designation

STATE DEPT FOR LIVESTOCK DEVELOPMEN:999999

REENZYN SUPPLIES

1000971

STD003425

97 26-Jun-25 FT25177M9ZT4 TRFS Payr 6,164.20 0 111,913,753.75

1000983

25FAQCBY

Withholding Tax

98 26-Jun-25 FT25177SBK08 TRFS Payr 21,255.85 0 111,892,497.90

1000980

25FAQCBY

Withholding Tax

99 27-Jun-25 FT25178LS6Z7 Outward R 369.85 0 111,892,128.05

1000982

STATE DEPT FOR LIVESTOCK DEVELOPMEN:999999

PUBLIC PROCUREMENT REGULATORY AUTHO

1000982

Withholding Tax

100 27-Jun-25 FT251782G99M Outward R 1,205,050.10 0 110,687,077.95

1000981

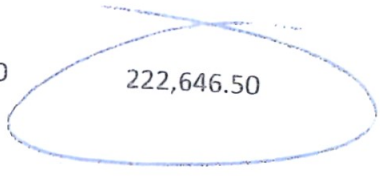
STATE DEPT FOR LIVESTOCK DEVELOPMEN:999999

NOKELA AGENCIES

1000981

STD003420

144	09-Jul-25 FT25190DBSR7	Withholding Tax Outward RTGS Payment N 1001157	66.95	0	933,612.85
		STATE DEPT FOR LIVESTOCK DEVELOPMEN:CBK PUBLIC PROCUREMENT REGULATORY AUTHO /REC/0001001157			
145	09-Jul-25 FT25190F4RNO	Withholding Tax Outward RTGS Payment N 1001154	147	0	933,465.85
		STATE DEPT FOR LIVESTOCK DEVELOPMEN:CBK PUBLIC PROCUREMENT REGULATORY AUTHO /REC/0001001154			
146	09-Jul-25 FT25190WY6V1	Withholding Tax Outward RTGS Payment N 1001156	219,333.65	0	714,132.20
		STATE DEPT FOR LIVESTOCK DEVELOPMEN:999999 URYSIA LIMITED 1001156			
147	09-Jul-25 FT25190V5Q44	STD003528 Outward RTGS Payment N 1001153	481,404.70	0	232,727.50
		STATE DEPT FOR LIVESTOCK DEVELOPMEN:CBK ISIOLO LANDMARK HOTEL LIMITED /REC/0001001153			
148	15-Jul-25 FT251963GYPM	STD003743 Outward RTGS Payment N 1001131	10,081.00	0	222,646.50
		STATE DEPT FOR LIVESTOCK DEVELOPMEN:999999 EUNICE NYAMBURA NJOROGI 1001131 STD003713			





Totals

110,464,431.45

0
Closing Balan

222,646.50



1577

DE-RISKING, INCLUSION AND VALUE ENHANCEMENT OF PASTORAL ECONOMIES
 IN THE HORN OF AFRICA
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30 JUNE 2025

Credit No.: IDA LOAN CREDIT NO.71390-KE

Bank Account No.: 1000605529 Held with Central Bank of Kenya

	NOTES	AMOUNT EUR	AMOUNT EUR
1	Amount advanced by IDA		6,168,265.02
	Less:		
2	Total amount documented		4,668,265.02
3	Outstanding amount to be documented		1,500,000.00
	Represented by:		
4	Ending Special account Balance as at 30 June 2025		-
5	Amounts claimed but not credited as at 30 June 2025		-
6	Amounts withdrawn and not claimed		1,500,000.00
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2025		1,500,000.00

Discrepancy between total appearing on line 3 and 9

-

Notes:

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

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

Sukhina
 AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 05-08-2025



**DE-RISKING, INCLUSION AND VALUE ENHANCEMENT OF PASTORAL ECONOMIES
IN THE HORN OF AFRICA
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2025**

Credit No.: IDA LOAN CREDIT NO.71390-KE
Bank Account No.: 1000605529 Held with Central Bank of Kenya

	NOTES	AMOUNT EUR	AMOUNT EUR
1	Amount advanced by IDA		6,168,265.02
	Less:		
2	Total amount documented		4,668,265.02
3	Outstanding amount to be documented		1,500,000.00
	Represented by:		
4	Ending Special account Balance as at 30 June 2025		-
5	Amounts claimed but not credited as at 30 June 2025		-
6	Amounts withdrawn and not claimed		1,500,000.00
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2025		1,500,000.00

Discrepancy between total appearing on line 3 and 9 _____ -

Notes:

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

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

[Signature]
AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY

DATE: 05-08-2025



15 77

DE-RISKING, INCLUSION AND VALUE ENHANCEMENT OF PASTORAL ECONOMIES
 IN THE HORN OF AFRICA
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30 JUNE 2025

Credit No.: IDA LOAN CREDIT NO.71390-KE

Bank Account No.: 1000605529 Held with Central Bank of Kenya

	NOTES	AMOUNT EUR	AMOUNT EUR
1	Amount advanced by IDA		6,168,265.02
	Less:		
2	Total amount documented		4,668,265.02
3	Outstanding amount to be documented		1,500,000.00
	Represented by:		
4	Ending Special account Balance as at 30 June 2025		-
5	Amounts claimed but not credited as at 30 June 2025		-
6	Amounts withdrawn and not claimed		1,500,000.00
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2025		1,500,000.00

Discrepancy between total appearing on line 3 and 9

-

Notes:

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

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



AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 05-08-2025

15

**DE-RISKING, INCLUSION AND VALUE ENHANCEMENT OF PASTORAL ECONOMIES
IN THE HORN OF AFRICA**
**STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2025**

Credit No.: IDA LOAN CREDIT NO.71390-KE

Bank Account No.: 1000605529 Held with Central Bank of Kenya

	NOTES	AMOUNT EUR	AMOUNT EUR
1	Amount advanced by IDA		6,168,265.02
	Less:		
2	Total amount documented		4,668,265.02
3	Outstanding amount to be documented		1,500,000.00
	Represented by:		
4	Ending Special account Balance as at 30 June 2025		-
5	Amounts claimed but not credited as at 30 June 2025		-
6	Amounts withdrawn and not claimed		1,500,000.00
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2025		1,500,000.00

Discrepancy between total appearing on line 3 and 9

Notes:

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

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

Sukira

**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE: 05-08-2025

SPECIAL ACCOUNT STATEMENT

For period ending **30th JUNE, 2025**
 Account No. **1000605529**
 Depository Bank **CENTRAL BANK OF KENYA.**
 Address **CENTRAL BANK OF KENYA.**
 Related Loan **DRIVE IN THE HORN OF AFRICA DACC**
 Credit Agreement
 Currency **EUR**

Part A - Account Activity

Beginning balance of 1st July, 2024
 as per C.B.K. Ledger Account 569,309.49

Add:

Total Amount deposited by World Bank 3,407,025.80

Total Interest earnings if deposited in account

Total amount refunded to cover ineligible
 expenditure

Deduct:

Total amount withdrawn 3,976,335.26

Total service charges if not included above in
 amount withdrawn 0.00

Ending balance on 30th June, 2025

**AUTHORISED REPRESENTATIVE
 CENTRAL BANK OF KENYA**

SIGNATURE:

DATE

14/07/2025

**AUTHORISED REPRESENTATIVE
 EXTERNAL RESOURCES
 DEPARTMENT-TREASURY**

SIGNATURE:

DATE

05-08-2025

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.

Res:01-0-00

GENERAL BANK OF JENNA
 FUNDING YAKENYA
 FUNDING
 STATEMENT PERIOD: 20240701 TO 20250630

STATEMENT OF ACCOUNT

PAGE NO: 1

ACCOUNT NUMBER: 1000605529

ACCOUNT TITLE: DRIVE IN THE HORN OF AFRICA DAC
 30/06/2024

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT	CREDIT BALANCE
	OPENING BAL:		569,309.46			
NO.	Value Date	Reference No	Details	Debit	Credit	Balance
1	19/08/2024	FT24231PCS97.1	PROJECT FUNDING	0.00	274,707.47	244,016.93
2	18/09/2024	FT24262TQ009.1	PA136431	-569,309.46	0.00	274,707.47
3	16/10/2024	FT24290JLM6P.1	PA136455	-274,707.47	0.00	0
4	22/10/2024	FT24296ZBHH0.1	PROJECT FUNDING	0.00	967,543.00	967,543
5	06/11/2024	FT24311K5ZB7.1	PA136459	-967,543.00	0.00	0
6	20/04/2025	FT25020LCH06.1	FUNDING	0.00	1,014,563.68	1,014,563.68
7	27/01/2025	FT25027SDH03.1	PA138369	-1,014,563.68	0.00	0
8	09/03/2025	FT250640TTX5.1	FUNDING	0.00	1,150,211.65	1,150,211.65
9	13/03/2025	FT250726GSTK.1	PA138354	-1,150,211.65	0.00	0
						CLOSING BALANCE

END OF ACCOUNT STATEMENT

Favourites TAM.E.STMT.OF.ACCT.EPRM Find

Account equals 1000605529

Statement From equals 20240701

Statement To equals 20250630

TAM.E.STMT.OF.ACCT.EPRM

**DE-RISKING, INCLUSION AND VALUE ENHANCEMENT OF PASTORAL ECONOMIES
IN THE HORN OF AFRICA**

**STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2024**

Credit No.: IDA LOAN CREDIT NO.71390-KE

Bank Account No.: 1000605529 Held with Central Bank of Kenya

	NOTES	AMOUNT EUR	AMOUNT EUR
1	Amount advanced by IDA		2,761,219.22
	Less:		
2	Total amount documented		1,261,219.22
3	Outstanding amount to be documented		1,500,000.00
	Represented by:		
4	Ending Special account Balance as at 30 June 2024		569,309.46
5	Amounts claimed but not credited as at 30 June 2024		-
6	Amounts withdrawn and not claimed		930,690.54
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2024		1,500,000.00

Discrepancy between total appearing on line 3 and 9 -

Notes:

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

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

**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE:

Loan: IDA 71390 (IDA - IDA Credit) | Status: Disbursing | Country: Kenya

Project: P176517 - De-risking, inclusion and value enhancement of pastoral economies in the Horn of Africa

Loan Overview | Disbursements | History | Repayments | Amortization Schedule | Audit Submission | Disbursement

Applications | eSignatorie(s) | Beneficiaries | Contracts | Designated/UM Accounts | Category Schedule

Designated Account Detail- DA-CC

Account Details

Account Holder	DRIVE IN THE HORN OF AFRICA PROJECT	DA Currency	EUR
Account Holder's Bank	CENTRAL BANK OF KENYA HAILE SELASSIE AVENUE NAIROBI Swift: CBKEKENXXX	Current Authorized Allocation	1,500,000.00
Account Number	XXXXXXXX29	Associated Categories	2 - (G.W./N/CS.T,O,WDC OC P:2)
Intermediary Bank	STANDARD CHARTERED BANK 1 BASINGHALL AVENUE LONDON Swift: SCBLGB2LXXX	Other Financing Sources	

Transaction Details

Currency (EUR) [View Transaction List](#)

Total Deposits Less Refunds	6,168,265.02
Documented	4,668,265.02
Outstanding Balance	1,500,000.00
Waived Documentation Amount	0.00
Transaction in Process	0.00

Loans with Inactive Advances

Replenishment applications are to be submitted in accordance with the instructions provided in the Disbursement Letter.

If the DA is inactive for six months, the Bank notifies the borrower that it will request a refund of the outstanding balance unless, within 90 days, the borrower submits satisfactory evidence of eligible expenditures financed through the DA.

To discuss other arrangements, including refund of funds deposited to the Designated Account, the borrower representative should contact the Finance Officer.

BANK
MUNYA
KENYA



CENTRAL
BANK OF
KENYA

Hale Selassie Avenue
PO Box 60000 - 00200 Nairobi, Kenya
Telephone 2540000, Fax 130092

August 4, 2025

CERTIFICATE OF BALANCES

Customer:
Balance Date:

STATE DEPT FOR
LIVESTOCK
DEVELOPMEN
122556
30-Jun-25

Account No	Account Name	Currency	Balance
1000209957	DEV-STATE DEPT FOR LIVESTOCK DEV	KES	3,805,167.35
1000209981	CRK165-STATE DEPT.FOR LIVESTOCK DEV	KES	0.00
1000210109	REC-STATE DEPT. FOR LIVESTOCK DEV	KES	105,412,635.45
1000212632	DEP-STATE DEPT.FOR LIVESTOCK DEV	KES	23,546,457.30
1000216395	REG. PASTORAL LIVELIHOODS RES.PRJ	KES	0.85
1000495685	TOWARDS ENDING DROUGHT EMERGENCIES	KES	14,586,244.30
1000668016	DRIVE IN THE HORN OF AFRICA	KES	110,687,077.95


Priscilla Keltany
Authorised Signatory
Banking Services Division


Joyce Nasieku
Authorised Signatory
Banking Services Division



Our Ref: KDC/DRIVE/FA/08/25
Date: 12th August 2025

The Principal Coordinator,
De-Risking, Inclusion and Value Enhancement of Pastoral Economies Project (DRIVE),
Ministry of Agriculture and Livestock Development,
State Department of Livestock Development,
P.O Box 30028-00100,
NAIROBI.

Attn: Maurice Ouma

Dear Sir,

RE: DRIVE FUNDS AKNOWLEDGMENT FY 2024/2025

We are writing to confirm receipt of Kshs.300Million to our DRIVE project account for the FY 2024/25 as per the below breakdown;

Date received to KDC project account	Amount
2 nd October 2024	150,000,000
1 st April 2025	150,000,000
Total	300,000,000

We look forward to your continued support for the successful execution of the DRIVE Project.

Yours faithfully,

for: R. W. W. W.
KENNEDY WANDERI
FOR DIRECTOR GENERAL

Handwritten text, possibly bleed-through from the reverse side of the page. The text is faint and difficult to decipher but appears to contain several lines of writing.



Results 1 - 4 of 4 73

NO.	Value Date	Reference.No	Details	Debit	Credit
1	20/01/2025	FT25020L0H06:1	FUNDING	0.00	1,014,563.68
2	27/01/2025	FT25027SDHB0:1	PA138309	-1,014,563.68	0.00
3	05/03/2025	FT250640TTX5:1	FUNDING	0.00	1,150,211.65
4	13/03/2025	FT250726GSTK:1	PA138354	-1,150,211.65	0.00

Favourites

TAM.E.STMT.OF.ACCT.EPRM

Find

- Account equals 1000605529
- Statement From equals 20250101
- Statement To equals 20250331

TAM.E.STMT.OF.ACCT.EPRM

Handwritten notes and signatures in blue ink, including a signature that appears to read 'M. K. ...'.



NO.	Value Date	Reference.No	Details	Debit	Credit
1	20/01/2025	FT25020L0H06:1	FUNDING	0.00	1,014,563.68
2	27/01/2025	FT25027SDHB0:1	PA138309	-1,014,563.68	0.00
3	05/03/2025	FT250640TTX5:1	FUNDING.	0.00	1,150,211.65
4	13/03/2025	FT250726GSTK:1	PA138354	-1,150,211.65	0.00

Favourites

TAM.E.STMT.OF.ACCT.EPRM

Find

- Account equals 1000605529
- Statement From equals 20250101
- Statement To equals 20250331

TAM.E.STMT.OF.ACCT.EPRM

[Handwritten signature and stamp]



Run Date: 07/01/2025

Run Time: 11:00:54

CENTRAL BANK OF KENYA
BANKI KUU YA KENYA
P.O. BOX 60000-0200
NAIROBI

STATEMENT OF ACCOUNT

ACCOUNT NUMBER : 1000605529

STATEMENT PERIOD: From 01/10/2024

To

ACCOUNT TITLE : DRIVE IN THE HORN OF AFRICA DACC
31/12/2024

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
	OPENING BAL :			274,707.47	
1	16/10/2024	FT24290JLM6P:1	PA136453	-274,707.47	0.00
2	22/10/2024	FT24296ZBHH0:1	PROJECT FUNDING	0.00	967,543.00
3	06/11/2024	FT24311K5ZB7:1	PA136459	-967,543.00	0.00
					CLOSING BALANCE : 0

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCT.EPRM

[More Options](#)

[Find](#)

[Clear Selection](#)

Account equals

▼ 1000605529

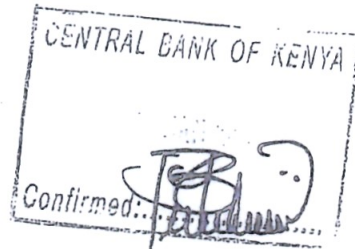
Statement From equals

▼ 20241001

Statement To equals

▼ 20241231

TAM.E.STMT.OF.ACCT.EPRM





Date: 01/10/2024
CENTRAL BANK OF KENYA
NAIROBI
PO BOX 60000-0200

Run Time: 15:51:27

STATEMENT OF ACCOUNT

ACCOUNT NUMBER : 1000605529

ACCOUNT TITLE : DRIVE IN THE HORN OF AFRICA DACC
30/09/2024

STATEMENT PERIOD: From 01/07/2024 To

DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :	569,309.46			
Value Date	Reference.No	Details	Debit	Credit
19/08/2024	FT24232POS97	PROJECT FUNDING	0.00	274,707.47
18/09/2024	FT24262TQ009	PA136431	-569,309.46	0.00
				Balance
				844016.93
				274707.47
				CLOSING BALANCE : 274707.47

END OF ACCOUNT STATEMENT

Print

TAM.E.STMT.OF.ACCT.EPRM

More Options
Clear Selection Find

Account equals 1000605529
Statement From equals 20240701
Statement To equals 20240930
TAM.E.STMT.OF.ACCT.EPRM

CENTRAL BANK OF KENYA
11 OCT 2024
Confirmed: *[Signature]*



August 27th, 2025

The Principal Secretary
State Department for Livestock
Ministry of Agriculture & Livestock Development
Nairobi, Kenya

Dear Hon. Jonathan Mueke,

DRIVE COMPONENT 1 KENYA INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2025

We extend our gratitude to you and the State Department for Livestock team for the ongoing support provided to ZEP-RE in our collaborative efforts for the implementation of the DRIVE project. During the past three years, DRIVE Component 1 has facilitated over 257,573 pastoralists to access the financial package of insurance, savings incentives, and financial literacy across 21 counties in Kenya.

We acknowledge receipt of the following tranches for implementation of DRIVE activities in Kenya:

1. Year 1 budget (2022/2023) : KES 1.4 billion received in two tranches \$7,500,000 (May 19th, 2023) and \$3,240,740 (received on June 3rd, 2023).
2. Year 2 (2023/2024) budget of KES 2.2 billion: we received \$14,759,704 on December 29th, 2023.
3. Year 3 (2024/2025) budget of KES 1.5 billion: we received \$11,500,000 on February 4th, 2025.

The below extract summarises the Project funds (receipts and payments) made for IDA Kenya – Component 1

Outstanding	Actual Y1-3	Total Budget	KES	Implementation
Total Funds Disbursed	37,080,444	75,000,000	49%	37,093,596
Capital contribution	7,500,000	7,500,000	100%	
Savings grant	9,845,694	22,500,000	43%	12,164,396
Prema-payment	18,221,191	45,000,000	40%	28,774,979
Total IDA Expenditure	33,366,885	75,000,000	44%	41,004,375
Closing Cash balance	3,631,559			

Utilisation rate: 46%



World Bank Payment Advice

Country: Kenya

Project : P176517 -De-risking, inclusion and value enhancement of pastoral economies in the Horn of Africa

To:

The National Treasury and Planning
BORROWER OF RECORD

Email Address: mkkanagi@treasury.go.ke

Summary

Loan: IDA Loan 71390 3E
 Borrower Reference: KENYA WA04 ZEPRE Application type: Direct Payment
 WB Transaction Number: 0015 Transaction Value Date: 04-Feb-2025
 Undisbursed Loan Balance as of 04-Feb-2025: EUR 87,910,908.09

Payment Details

Application Amount: United States Dollars 11,500,000.00
 Paid Amount: United States Dollars 11,500,000.00
 Beneficiary: ZEPRE PTA REINSURANCE CO

Cost Currency Details

Cost Currency	Amount in Cost Ccy	Exchange Rate	Commitment Ccy	Amount in Commitment Ccy
EUR	11,092,890.90	1.00000000	EUR	11,092,890.90
			TOTAL	11,092,890.90

Total USD Equivalent of Cost Currency Amount: 11,450,636.63

Expenditure Details

Application Amount United States Dollars 11,500,000.00
 Documented Amount United States Dollars 11,500,000.00

Category	Application Currency	Amount	Commitment Ccy	Commit Ccy Amt
1	USD	11,500,000.00	EUR	11,092,890.90
			TOTAL	11,092,890.90

Contact Information

If the beneficiary name or currency is not consistent with your application, or if the amount is greater than the amount specified in your application, please contact us immediately. It is not necessary to contact us if the above information is correct.

Email: askloans@worldbank.org
 Fax: 202-522-1645

Abbreviations Used

KE Kenya
 EUR Euro
 USD United States Dollars

