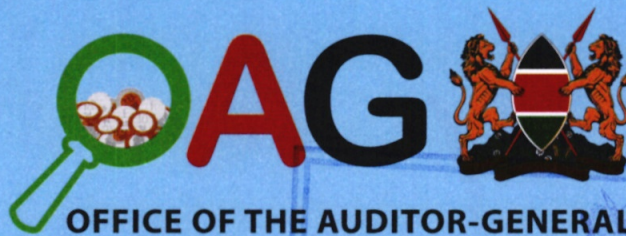


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

REPORT DATE: 05 DEC 2024

DAY:  
Thursday

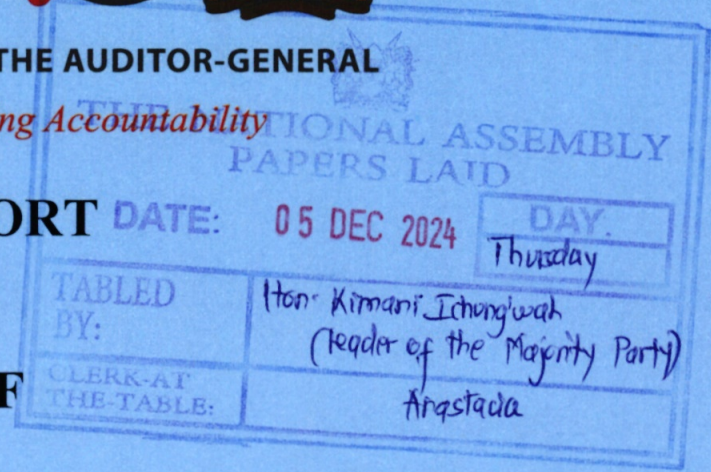
TABLED  
BY:

Hon. Kimani Ichung'wah  
(Leader of the Majority Party)

CLERK-AT  
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PARLIAMENT  
OF KENYA  
LIBRARY



**THE AUDITOR-GENERAL**

**ON**

**FINANCING LOCALLY-LED CLIMATE  
ACTION PROGRAM PROJECT  
(LOAN NO. BWZ-NO. 2016 65 108/2018 65 138)**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**THE NATIONAL TREASURY**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

31 OCT 2024

**RECEIVED**



**THE NATIONAL TREASURY AND ECONOMIC PLANNING  
FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**

**PROJECT NUMBER: P173065**

**LOAN NO. BMZ-No. 2016 65 108/2018 65 138**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

***FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**1. Acronyms and Definition of Terms**

CBK	Central Bank of Kenya
CAJ	The Commission on Administrative Justice
Comparative FY	Financial year preceding the current financial year
CCIS	Climate Change Institutional Support Grant
CoG	Council of Governors
CCCU	County Climate Change Unit
CG	County Government
DLI	Disbursement Linked Indicators
DOSHS	Directorate of Occupational Safety and Health Services
EACC	Ethics and Anti-Corruption Commission
ICPAK	Institute of Certified Public Accountants of Kenya
IDA	International Development Association
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
KMD	Kenya Meteorological Department
MDAs	Ministries, Department and Agencies
NT	National Treasury
PforR	Program for Results
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SRM	Social Risk Management
WB	World Bank

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

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

**Name**

Financing Locally-Led Climate Action (FLLoCA) Program

**Objective**

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

**Address**

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

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

P. O. Box 30007-00100.

Nairobi

Kenya

Email:

ps@treasury.go.ke

Phone:

+254 020 2252299

Fax:

+254 020 2252299

**Project information and overall performance (continued)****2.2 Project Information**

Project Start Date:	The program effective date is 1 <sup>st</sup> February, 2022. However, the Project Preparatory Advance had initially commenced in March, 2020.
Project End Date:	The Program end date is June 30, 2027
Project Coordinator:	The Program Coordinator is <b>Mr Peter Odhengo</b>
Project Financial Management:	The Program Manager Finance and Strategy is <b>Dr. Maurice Pedo</b>
Project Sponsor:	The program sponsor is <b>World Bank, International Development Association (IDA)</b> , Government of Denmark (DANIDA), Government of Sweden (SIDA), Government of Germany (KfW), Government of Netherlands and Government of Kenya (GoK).

**2.3 Project Overview**

Line Ministry and State/ County Department	The project is under the supervision of <b>The National Treasury and Economic Planning</b> .
Project number	BMZ-No. 2016 65 108/2018 65 138
Strategic goals of the project	The strategic goals of the project are as follows: The program development objective is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks by building their capacity to plan, budget, implement and monitor resilience investments in a way that promotes collaborative partnerships between communities, national and county governments. The Component specifically is aiming at improved Food Security and Youth Employment in Western Kenya through local climate resilience projects.

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**

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Summary of Project Strategies for achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"><li>(i) Mobilizing resources for climate finance – including leveraging private sector support</li><li>(ii) Architecture of climate finance – decentralized climate finance</li><li>(iii) Linking national and county institutions to climate finance sources</li><li>(iv) Strengthening MDA's and County Governments in Climate Finance</li><li>(v) Improved Food Security and Youth Employment</li><li>(vi) County Climate Change funds (incentives) Climate Finance Data Tracking and Reporting.</li></ul>
Other important background information of the project	<p>The program focuses on capitalizing the National and County Climate Change Funds; building county level capacity for planning, budgeting, reporting and implementation of local climate actions in partnership with communities; and strengthening of national level capacity for coordination, monitoring and reporting. The program is being implemented by the National Government in collaboration with County Governments.</p>
Areas that the project was formed to intervene	<p>National and County Institutional Support and local level Climate Resilience Investments.</p>
Project duration	<p>The program started on 20<sup>th</sup> March, 2020, under Program Preparatory Advance (PPA) that ended on 31<sup>st</sup> January, 2022. The main Program became effective on 1<sup>st</sup> February 2022 and is expected to take 5 years to 30<sup>th</sup> June,2027.</p>

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

**2.4 Bankers**

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

**2.5 Independent Auditor**

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

**2.6 Roles and Responsibilities**

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

	<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
1.	Mr. Peter Odhengo	Program Coordinator	<ul style="list-style-type: none"> <li>• Masters of Science in Environmental Protection and Sustainable Development. (UNESCO International Technological University Paris, France and University of Chemical Technology)</li> <li>• Bachelor of Science in Chemistry &amp; Ecology.</li> <li>• Member- Environment Society of Kenya</li> <li>• Member- Environment Institute of Kenya.</li> <li>• Lead-EIA/EA Registered expert</li> <li>• Member Environmental Society of Kenya (ESOK)</li> </ul>	The position is responsible for the overall and day-to-day management of the activities supported under the IDA-FLLoCA Program credit. The Program Coordinator heads the Program Implementation Unit (PIU). The Program Coordinator is the main operational link between the Program, the National Treasury and Economic Planning and the World Bank.
2.	CPA. Dr. Maurice Pedo, Ph.D.	Program Manager – Finance & Strategy	<ul style="list-style-type: none"> <li>• Doctor of Philosophy in Project Management</li> </ul>	The position is responsible for all matters of finance, accounting, internal control, financial, strategic

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			<ul style="list-style-type: none"> <li>• Master of Business Administration (Finance Option)</li> <li>• Bachelor of Commerce (Finance Option)</li> <li>• Certified Public Accountant (CPA-K)</li> <li>• Certified Public Private Partnerships (CP3P)</li> <li>• Member –Institute of Certified Public Accountants of Kenya</li> </ul>	and risk management functions within the PIU as well as supervision of the finance, procurement and M & E staff therein.
3	Mr. Malik Aman	Program Manager-National Coordination	<ul style="list-style-type: none"> <li>• Msc. Environmental Economics</li> <li>• BED Economics and Business Studies</li> </ul>	Support to Program Management at the County level Coordination.
3	Mr. Abraham Barsosio	Program Manager-County Coordination	<ul style="list-style-type: none"> <li>• MSc. Natural Resources Management</li> <li>• BSC Eco Tourism and Hospitality Management</li> <li>• Environmental Impact Assessment</li> </ul>	Support to Program Management at the National Level Coordination.
4	Mr. Huqa Molu	Environmental Safeguards Specialist	<ul style="list-style-type: none"> <li>• MSC Occupational Safety and Health</li> <li>• Bachelor of Science in Agricultural Engineering</li> </ul>	Environmental Management Function
5	Ms. Roseline Tumpeyo	Communication Specialist	<ul style="list-style-type: none"> <li>• Master of Business Administration, Strategic Management</li> <li>• Bachelor of Arts in Social Sciences, Political Science and Public Administration.</li> </ul>	Communication Management Function
6	CPA. Ann Lydia Wanjiku	Program Accountant	<ul style="list-style-type: none"> <li>• Master of Business Administration, Finance</li> <li>• Bachelor of Business Administration</li> <li>• Certified Public Accountant</li> <li>• Member-Institute of certified Public Accountants of Kenya</li> </ul>	Program Accounting and Financial Management.
7	Mr. Simon Joseph Ochieng	Monitoring and Evaluation Specialist	<ul style="list-style-type: none"> <li>• MA International Studies</li> <li>• MA Project Planning and Management</li> <li>• Bachelor of Philosophy in Economics</li> <li>• BA (Economics)</li> </ul>	Monitoring & Evaluation

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**

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			<ul style="list-style-type: none"> <li>• PGD Planning, Management and Evaluation of Rural Development Projects</li> <li>• National Defense Certificate (Kenya)</li> <li>• Strategic Leadership Development Program Course</li> <li>• Senior Management Course</li> </ul>	
8.	Dr. Dan Adino	Social Safeguards Specialist for the SRM Unit	<ul style="list-style-type: none"> <li>• PhD. in Medical Anthropology, an M.A in Social Anthropology and a B.A in Anthropology from The University of Nairobi. He also holds a Diploma in Project management from Kenya Institute of Management together with International certificates in Social Safeguards from Hokkaido University of Japan and The Administrative Staff College of India. He also holds an EIA certificate from Wangari Mathaai Institute of Environment and Peace studies of the Universities of Nairobi</li> </ul>	Supports SMR Unit in the implementation and supervision of Social safeguards for FLLoCA Program.
9.	Ms. Rhoda Kima Nyambori	Procurement Specialist	<ul style="list-style-type: none"> <li>• Master of Science- Procurement and Logistics</li> <li>• Bachelor of Science Agriculture</li> </ul>	Procurement Management
10.	Ms. Mary Mbenge	Capacity Building Expert for SRM Unit	<ul style="list-style-type: none"> <li>• Masters' Degree in Landscape Ecology and Nature Conservation University of Greifswald, Germany;</li> <li>• BSc. Wildlife Management from Moi University;</li> <li>• Postgraduate short courses including Strategic Leadership and Senior Management Course from Kenya School of Government,</li> <li>• Post Graduate course in Project Planning &amp; Management from Ms TCDC, Climate Change Adaptation in Food Security and Natural Resource Management from The Wageningen UR Center for</li> </ul>	Support the SRM Unit and Counties in developing SRIM annual Capacity Building (CB) Plans, implementation and Monitoring based on core mandate of SRM unit vis a vis FLLoCA Program.

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM****Annual Report and Financial Statements for the financial year ended June 30, 2024**

			Development Innovation – Netherlands, Environmental and Social Safeguards Course from ESAMI University.	
11.	Ms. Selelah Okoth	Environmental Risk Management Specialist	<ul style="list-style-type: none"><li>• Master of Science in Urban Environmental Planning and Management (Maseno University)</li><li>• Bachelor of Science in Environmental Studies (Maseno University)</li><li>• Post Graduate Diploma in Urban Environmental Management and Climate Change (Erasmus Mundus University, NL)</li><li>• Registered EIA/EA Expert</li><li>• SEA Expert</li></ul>	In Charge of Program Environmental Safeguards and Risk Planning, Coordination, Compliance and Monitoring.
12.	Ms. Esther Kivuva	Senior Administrator	<ul style="list-style-type: none"><li>• Bachelor of Business, Purchasing and Supplies Management</li></ul>	Office Administrative Support
13.	Mr. Julius Barno	Social Safeguards Specialist	<ul style="list-style-type: none"><li>• Msc Organisational Development</li><li>• BA (Economics, French) Diploma in Management</li></ul>	Social Risks Management

**2.7 Funding summary**

The KfW Component loan amendment was signed on 22<sup>nd</sup> December 2022. The component Project implementation runs for a duration of 5(five) years from 2022 to 2027 with an approved budget of EURO 31M equivalent to Kshs 4.34 Billion as highlighted in the table below:

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM****Annual Report and Financial Statements for the financial year ended June 30, 2024****Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June 2024)		Undrawn balance to date	
	EURO	Kshs	Donor currency EURO	Kshs	Donor currency EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
Government of Germany(KfW)	31,000,000	4,340,000,000	8,882,665	1,297,898,061	22,117,335	3,042,101,939
<b>Total</b>	<b>31,000,000</b>	<b>4,340,000,000</b>	<b>8,882,665</b>	<b>1,297,898,061</b>	<b>22,117,335</b>	<b>3,042,101,939</b>

The actual amount received from the Development Partner into the Dedicated Account No.1000738413 is Euro. 9,600,000 where an amount of Euro 8,249,754 has been utilized for the Counties CCRIGA Transfers with a balance of EURO 1,350,246 being exchange gain realized. The amount will be utilized once an agreement is reached.

EURO exchange rate = KSh. 165.1683 for Disposition Fund ; and KSh. 144.6541 for Tranche Payments.

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

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2024)		Cumulative amount paid to date – (30 <sup>th</sup> June 2024)		Unutilised balance to date (30 <sup>th</sup> June 2024)	
	<i>EURO</i>	<i>Kshs</i>	<i>EURO</i>	<i>Kshs</i>	<i>EURO</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
Government of Germany(KfW)	8,882,665	1,297,898,061	7,732,488	1,277,161,953	1,150,177	20,736,108
<b>Total</b>	<b>8,882,665</b>	<b>1,297,898,061</b>	<b>7,732,488</b>	<b>1,277,161,953</b>	<b>1,150,177</b>	<b>20,736,108</b>

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

**2.8 Summary of Overall Project Performance:**

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

The Program Preparatory Advance (PPA) commenced on 20<sup>th</sup> March, 2020 until 31<sup>st</sup> January, 2022. The main program commenced on 1<sup>st</sup> February 2022 to run for a period of 5(five) years to June 2027. The overall funding for the Program is EURO 31.0M.

During the year under review, the program received KfW Loan transfer of Ksh. 1,297,898,061, However, it incurred a cumulative expenditure of KSh. 1,277,161,953.

**Receipt Utilization**

During the year under review, the program received KfW Loan transfer of Ksh. 1,297,898,061, against overall budget of KSh. 1,480,000,000. This represented a utilization of 88%. The under absorption was due to an error in the Approved Estimates for the year that was only corrected in the Supplementary 1 Estimates and therefore delaying component implementation by over 6(six) months.

**Payment Utilization**

The program paid Ksh. 1,277,161,953 during the year under review against a budget of Ksh. 1,480,000,000. This represented utilization of 86%. The under absorption was due to an error in the Approved Estimates for the year that was only corrected in the Supplementary 1 Estimates and therefore delaying component implementation by over 6(six) months.

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

In Section 2.3 (Project Overview), the outputs and outcomes have been presented under areas that the project was formed to intervene. The impact since the project started is covered in Section 2.9 under the Statement of Performance against Project's Predetermined Objectives.

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

The program paid Ksh. 1,277,161,953 during the year under review against a budget of Ksh. 1,480,000,000. This represented utilization of 86%. The under absorption was due to an error in the Approved Estimates for the year that was only corrected in the Supplementary 1 Estimates and therefore delaying this component implementation by over 6(six) months.

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

- i. Multiple events organized by the MDAs within the same period and with similar target audiences. Harmonization of national activities is necessary to avoid duplication
- ii. Delayed disbursement of funds owing to the late approval of the County Government Additional Allocation Bill, meant to provide additional allocation to counties, pursuant to Article 190 and Article 202(2) of the Constitution of Kenya, 2010. Timely approval and disbursement of money is necessary to enable the activities to begin on time.

- Inadequate full-time availability of seconded CCCU officers for planned activities caused weaknesses in the capacity of CCCUs. Many CCCUs had coordination challenges to execute their mandate. This means there is inadequate technical capacity and knowledge on Climate Change issues. There is need to post more staff and provide further capacity building for the CCCU staff.
- Procedural delays in transferring funds from the County Revenue Fund (CRF) account to the Climate Change Fund Special Purpose Account (SPA) at the Central Bank of Kenya (CBK): Spending of the funds from the Special Purpose Account proved to be a challenge for project implementation in some counties. The PIU need to work with NT to ensure seamless flow of funds.
- Inadequate resources to cover all the wards in the counties; Stakeholder Engagement forum are key to coordinated, financing, planning and implementation of climate actions. Public Private Partnership need to be strengthened as a private sector can play a key role in the project management; **Community engagement and participation is also key for success of project implementation.**
- Climate change Steering committee members and Assembly committee members are not conversant with Climate Change issues. There is need to roll out capacity building to other committees.
- Long delays in processing facilitation for approved activities. The PIU need to improve on approvals, procurements and payments, and future planning should factor in more time for procurement, mobilization, and follow-up.
- Lack of timely and free flow of information which hindered effective logistical planning and synergy among the implementers. Need to improve on approvals, procurements and payments. Need to align MDAs workplans to those of the counties. Timely planning and implementation of projects is critical for success.
- Community expectation is too high. The PIU and the counties need to conduct adequate public sensitization on the program and also to ensure that there is project ownership

**2.9 Summary of Project Compliance:**

The were no non – compliance issues raised during the 12 months’ period to June 30, 2024.

**3. Statement of Performance against Project’s Predetermined Objectives**

**Introduction**

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

The key development objectives of the *project’s agreement/* plan are to:

- a. Deliver locally-led climate resilience actions and strengthen county and national governments’ capacity to manage climate risks.**
  
- b. Food Security and Youth employment in Western Kenya through local climate resilience project.**

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

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

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

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Financing Locally Led Climate Action Program	a. Deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks	Delivered locally-led climate resilience actions	Number of rural wards benefitting from Program-funded functioning resilience investments in the agriculture, environment, water, or other prioritized sectors (Number)	1,549 sub-projects have been funded by counterpart CCCF resources in 30 counties across add wards and are at different implementation stages (sectoral grouping: 29% agriculture, 35% environmental 31% water, 5% energy)
	b. Food Security and Youth employment in Western Kenya through local climate resilience project”	Strengthened county government capacity to manage climate risk	Counties' average Annual Performance Assessment score (Percentage)	Year 1 result reflects the first OAG-run APA results which is 61%
		Strengthened national government capacity to manage climate risk	Annual national entity capacity building plan delivered (Percentage)	The result reflects the average delivery rate of MDAs i.e 47%

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**

**Annual Report and Financial Statements for the financial year ended June 30, 2024**

		County institutional capacity built for locally-led climate action		<p>In YR1, all counties but Nairobi and Mombasa met the MACs for YR1 (APA-verified)</p> <p>In YR2, all counties but Nairobi, Mombasa, and Kiambu met the MACs for YR2 (APA-verified)</p> <p>YR3 reflects all counties except Saiya, Wajir, Kilifi, Mandera, Mombasa, and Nairobi counties</p> <p>Mombasa signed an Act on June 18, 2024 and it needs to sign the participation agreement to qualify for a CCIS grant.</p> <p>Nairobi is yet to pass the Climate Change Act and</p>
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**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**

**Annual Report and Financial Statements for the financial year ended June 30, 2024**

				sign the agreement.
		Developed locally-led climate resilience action	Participating counties with County Climate Change Action Plans developed through participatory methodologies and approved (Number)	As confirmed by the December 2023 APA. Reflects all counties except Nairobi and Mombasa developed the County Climate Change Action Plans
		Capacity developed for National government Agencies in Climate Resilience Action	National and county level stakeholders trained on the National Social Risk Management Framework (Text)	The policy is awaiting Cabinet approval, after which stakeholders will be sensitized on it.

*(Customize as per the project objectives)*

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

To address these weaknesses, the Program strengthens county level systems to manage climate resilience actions' risks. National government officers at the county level, such as social development, labour, and gender officers and county officers, are involved in managing the social risks of the Program. The Program collaborates with the NEMA to build the capacity of counties on climate resilience actions' screening, preparation of environmental and social assessment documents, and monitoring of the CGs Environmental and Social Management Plans during implementation. Also, the Program collaborates with the DOSHS to enhance the capacity of the counties for community OHS, develop an OHS checklist for minor civils works, and train the environmental and social focal points. The Program support the strengthening of the TNT&EP and the counties' social and environmental risk management systems in all counties. This include the recruitment of an environmental and social specialist at the TNT&EP PIU and social and environmental safeguards focal points in each county. The Program excludes high risks projects (projects that have significant negative environmental and social impacts that are sensitive, diverse, or unprecedented). The county-level environmental and social focal points are guided by the Program's Environmental and Social Manual, annexed to the POM, in screening for exclusion. Moreover, the Manual will provide guidance for the rigorous sub-project screening of remaining environmental and social risks.

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

The Program facilitates environmental sustainability through a responsible management of natural resources to fulfil current needs without compromising the ability of future generations to meet theirs.

**ii.Environmental performance**

Some of the successes of the program which align to Kfw /GOK financing agreement section 2.2 include;

- i Environmental and Social Risk Management (ESRM) Manual developed and in use.
- ii E&S focal persons in the CCCUs (97No.), NEMA County Directors (47No.), DOSHS Directors (23No.) and County Social Development Officers (24No.) trained on the use of the manual.
- iii 47 County Environmental and Social focal persons appointed and retrained on ESRM Manual.
- iv 47 Grievance Risk Management (GRM) focal persons in place.
- v Screening Checklist reviewed and administered on the Sub-Projects being implemented at the ward level. This was done by a panel-based team from NEMA, DOSHS, SRM, PIU and the County teams.
- vi Environmental and Social Impact Assessment Compliance Monitoring Tool developed and tested in the field.
- vii Induction of County GRM focal Persons, including Environmental and Social Safeguards was done. 178 county officers attended.
- viii Development and dissemination of Model SEAH and CA Policies, Labor procedures and training on going.
- ix Update of the Stakeholder Engagement Plan and Rollout of County SEPS Workshops were commenced.

**iii.Employee welfare**

The Program:

- Recognises employee recruitment and selection that is based on merit that includes skills, experience and ability to perform the job. At the same time, employees receive fair treatment and with respect.
- Provides employees with fair opportunities for training and development based on their strengths and needs to help them achieve their full potential.
- Complies with Labour Laws including *compliance with the Occupational Safety and Health Act of 2007 (OSHA)*

**iv. Marketplace practices-**

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

- *The Program undertakes procurement activities through an annual Procurement Plan and workplan approved by the World Bank and the National Treasury.*
- *Procurement under the Program's IPF component follows the World Bank's "Procurement Regulations for IPF Borrowers" First Published July 2016 and revised Fifth Edition September 2023 ("Procurement Regulations")*
- *Procurement under the PforR component is undertaken under the Public Procurement and Asset Disposal Act, 2015 and the attendant Regulations.*
- *The Program enhances transparency, competitiveness and participation of suppliers in the procurement process through advertisement of procurement opportunities through the Public Procurement Information Portal, National Treasury's website, UNDB online and the World Bank's internal website.*
- *Procurement awards are available at the Public Procurement Information Portal and the World Bank's website.*
- *Payment of goods and services supplied under the Program is through the signed contract milestones and completed agreed deliverables.*

**b) Responsible ethical practices**

- *Suppliers under the Program commit to observe all laws governing Fraud and Corruption through the contracts signed under FLLoCA.*
- *The Program actively engages suppliers through a Grievance Redress Mechanism to promptly address any complaint arising out of a procurement process.*
- *Suppliers are sensitized on the process of submitting procurement related complaints through the Intention to award letters.*
- *Prior to contract signing, successful suppliers disclose information on their Beneficial Ownership.*

**c) Regulatory impact assessment**

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

**v. Community Engagements**

Community engagement was witnessed during the Participatory Climate Risk Assessment

The PCRA process was marked by the following steps:

- i. Started in April 2022 with a pilot in Vihiga County which was concluded in October 2022.
- ii. Counties were clustered into five clusters, and technical teams from the Project Implementation Unit (PIU), County Climate Directorate (CCD), Ministries, Departments, and Agencies (MDAs), Council of Governors (CoG), Civil Societies, and the Bank team supported the clusters to conduct the Participatory Climate Risk Assessment (PCRA).
- iii. 44 counties successfully submitted the PCRA and CCAP Reports on March 31, 2023. The Initial Annual Performance Assessment was carried out in early June 2023 in the 44 counties that met the Minimum Performance Conditions to access the Climate Resilience Investment (CCRI) Grant for the financial year 2023-2024.

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

**The Principal Secretary** for the National Treasury, the Program Coordinator and the Program Manager-Finance & Strategy for Financing Locally-Led Climate Action Program are responsible for the preparation and presentation of the 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** for the National Treasury, the Program Coordinator and the Program Manager-Finance & Strategy Financing Locally-Led Climate Action Program 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** for the National Treasury, the Program Coordinator and the Program Manager-Finance & Strategy Financing Locally-Led Climate Action Program 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** for the National Treasury, the Program Coordinator and the Program Manager-Finance & Strategy for Financing Locally-Led Climate Action Program further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

**The Principal Secretary** for the National Treasury, the Program Coordinator and the Program Manager-Finance & Strategy for Financing Locally-Led Climate Action Program confirm that the Project has complied fully with applicable Government Regulations and the terms of


***FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***


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external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the *Principal Secretary* for the National Treasury, the Program Coordinator and the Program Manager-Finance & Strategy for Financing Locally-Led Climate Action Program on 12/09/ 2024 and signed by:

  
Chris Kiptoo, PhD, CBS  
Principal Secretary/NT

  
Abraham Barsosio  
Program Manager-CC

  
Maurice Pedo, PhD  
ICPAK NO. 4037  
Program Manager-Fin & Strategy

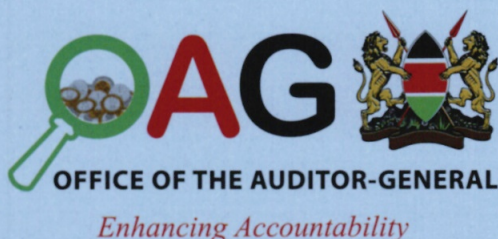
12/9/24  
Date:

12/09/2024  
Date:

12/09/2024  
Date:

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM PROJECT (LOAN NO. BWZ-NO. 2016 65 108/2018 65 138) FOR THE YEAR ENDED 30 JUNE, 2024 – THE NATIONAL TREASURY**

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for specific issues, the financial statements present a true and fair view in accordance with the applicable financial reporting framework. The Qualified Opinion indicates that the financial statements are to a large extent in agreement with the books of accounts and the underlying records, except for a few cases where material misstatements or omissions were noted in the books of accounts and the financial statements. The issues though material, are not widespread or persistent.

The Qualified Opinion on the report on the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the 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.

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*Report of the Auditor-General on Financing Locally-Led Climate Action Program Project (Loan No. BMZ-No. 2016 65 108 / 2018 65 138) for the year ended 30 June, 2024 - The National Treasury*

## REPORT ON THE FINANCIAL STATEMENTS

### Qualified Opinion

I have audited the accompanying financial statements of Financing Locally-Led Climate Action Program Project set out on pages 1 to 20, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and the 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Financing Locally-Led Climate Action Program Project, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Loan Agreement No. BMZ-No. 2016 65 108 / 2018 65 138 between the Republic of Kenya and the KFW, Frankfurt am Main dated 22 December, 2022.

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 Qualified Opinion

#### Unaccounted for Transfers to Other Government Entities

The statement of receipts and payments reflects transfers to other Government entities of Kshs.1,200,000,002 which includes transfers of Kshs.61,307,186, Kshs.76,466,005 and Kshs.90,654,481 to Uasin Gishu, Busia and Homa Bay Counties respectively all totalling Kshs.228,427,672 as disclosed in Note 9 to the financial statements. However, the three (3) Counties did not submit separate Financing Locally-Led Climate Action County Fund financial statements for audit.

In the circumstances, the accountability of transfers to other Government entities of Kshs.228,427,672 could not be confirmed.

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

## **Emphasis of Matter**

### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final budget and actual on a comparable basis of Kshs.1,480,000,000 and Kshs.1,297,898,061 respectively resulting in an under-funding of Kshs.182,101,939 or 12% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

### **2. Delayed Disbursement of Funds**

The statement of receipts and payments reflects transfers to other Government entities of Kshs.1,200,000,002 as disclosed in Note 9 to the financial statements. However, according to the Project's design, the first disbursement was delayed by one (1) year. Similarly, the first and second disbursements to counties were done in April, 2024 and May, 2024 respectively, the fourth quarter in the second year of the Project's operationalization. Further, the Counties' workplans are reviewed and approved by the Project Implementation Team only after the disbursements have been made.

In the circumstances, the delays in funds disbursement may have negatively affected the Project implementation.

My opinion is not modified in respect of 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 Information**

### **Conclusion**

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

### **Basis for Conclusion**

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.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Advance Payment for Training**

The statement of financial assets and liabilities reflects accounts receivables of Kshs.6,694,746 as disclosed in Note 16 to the financial statements which includes Kshs.6,260,746 relating to advance payment for training held between 12 August, 2024 to 6 September, 2024. Further, the Management did not provide evidence of tender documents and contract agreement that advance payment was a requirement. This was contrary to Section 146 of the Public Procurement and Asset Disposal Act, 2025 which states that no works, goods or services contract shall be paid for before they are executed or delivered and accepted by the accounting officer of a procuring entity or an officer authorized by him or her in writing except where so specified in the tender documents and contract agreement. Such an advance payment shall not be paid before the contract is signed.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAIs 3000 and 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 ISSAIs 2315 and 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 International Bank for Reconstruction and Development, I report based on my audit, that;

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

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

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

In preparing the financial statements, the 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 the Management is aware of the intention to cease operations.

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

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

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


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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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**

**05 November, 2024**


**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**

**Annual Report and Financial Statements for the financial year ended June 30, 2024**


**7. Statement of Receipts and Payments for the year ended 30th June 2024**

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to date (from Inception)
		2023-2024	2023-2024	2023-2024	2022-2023	2022-2023	2022-2023	2022-2023
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Receipts</b>								
Loans from external development partners	3	1,297,898,061	-	1,297,898,061	-	-	-	1,297,898,061
<b>Total receipts</b>		<b>1,297,898,061</b>	<b>-</b>	<b>1,297,898,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,297,898,061</b>
<b>Payments</b>								
Purchase of goods and services	6	77,161,951	-	77,161,951	-	-	-	77,161,951
Transfers to other Government entities	9	1,200,000,002	-	1,200,000,002	-	-	-	1,200,000,002
<b>Total Payments</b>		<b>1,277,161,953</b>	<b>-</b>	<b>1,277,161,953</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,277,161,953</b>
<b>Surplus funds</b>		<b>20,736,108</b>		<b>20,736,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,736,108</b>

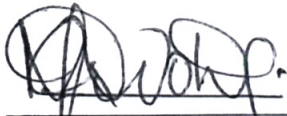
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

  
Chris Kiptoo, PhD, CBS

Principal Secretary/NT  
12/9/24  
Date

  
Abraham Barsosio

Program Manager-CC  
12/09/2024  
Date

  
Maurice Pedo, PhD  
ICPAK NO. 4037


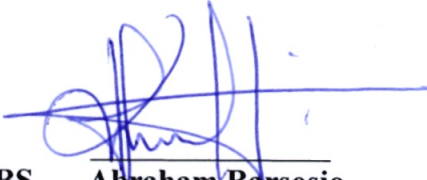

Program Manager-Fin & Strategy  
12/09/2024  
Date

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**8. Statement of Financial Assets and Liabilities as at 30<sup>th</sup> June 2024**

Description	Note	2023-2024 KSh.	2022-2023 KSh.
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents Imprests and Advances	11	13,116,962	-
<b>Total Financial Assets(A)</b>		<b>13,116,962</b>	-
Accounts Receivables	16	6,694,746	-
Imprest and Advances	12	924,400	-
<b>Total Financial Assets</b>		<b>20,736,108</b>	-
<b>Net Financial Assets</b>		<b>20,736,108</b>	-
<b>REPRESENTED BY:</b>			
Fund balance b/fwd.	14	-	-
Surplus for the year		20,736,108	-
<b>NET FINANCIAL ASSETS</b>		<b>20,736,108</b>	-


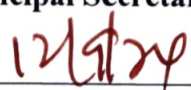
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 12/09/2024 and signed by:

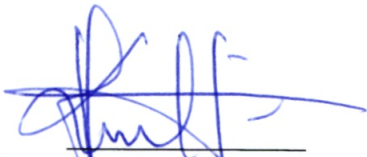
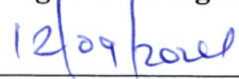
		
Chris Kiptoo, PhD, CBS	Abraham Barsosio	Maurice Pedo, PhD ICPAK NO. 4037
Principal Secretary/NT	Program Manager-CC	Program Manager-Fin & Strategy

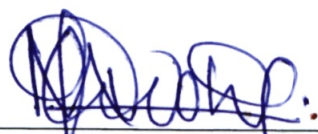
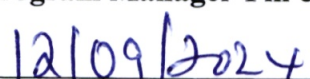
**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**9. Statement of Cash flows for the year ended 30<sup>th</sup> June 2024**

Description	Note	2023-2024	2022-2023
<b>Cashflow from operating activities</b>		<b>KSh.</b>	<b>KSh.</b>
<b>Receipts</b>		-	-
<b>Payments</b>			
Purchase of goods and services	6	(77,161,951)	-
Social Security benefits	7	-	-
Transfer to other government entities		(1,200,000,002)	-
Other grants and transfers	10	-	-
<b>Total Payments</b>		<b>(1,277,161,953)</b>	-
<b>Net Receipts/(Payments)</b>			
<b>Adjustments during the year</b>	15		
Decrease/( Increase )in accounts receivables	16	6,694,746	-
Decrease/( Increase )in imprests & advances	12	924,400	-
Increase/ ( Decrease ) in accounts payables			-
<b>Net cash flow from operating activities</b>		<b>(1,284,781,099)</b>	-
<b>Cashflow from investing activities</b>		-	-
<b>Net cash flows from Investing Activities</b>		-	-
<b>Cashflow from financing activities</b>			
Proceeds from foreign borrowings	3	1,297,898,061	-
<b>Net cashflow from financing activities</b>		<b>1,297,898,061</b>	-
<b>Net increase in cash and cash equivalent</b>		<b>13,116,962</b>	-
<b>Cash and cash equivalent at the beginning of the year</b>		-	-
<b>Cash and cash equivalent at the end of the year</b>		<b>13,116,962</b>	-

  
**Chris Kiptoo, PhD, CBS**  
**Principal Secretary/NT**  
  
 Date

  
**Abraham Barsosio**  
**Program Manager-CC**  
  
 Date

  
**Maurice Pedo, PhD**  
**ICPAK NO. 4037**  
**Program Manager-Fin & Strategy**  
  
 Date

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**

**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**10. Statement of Comparison of Budget and Actual Amounts for the Year ended 30<sup>th</sup> June 2024**

	Original Budget a KSh.	Adjustment b KSh.	Final Budget c=a+b KSh.	Actual on comparable basis d KSh.	Budget utilization difference e=c-d KSh.	% of utilization f=d/c% %
<b>RECEIPTS</b>						
Proceeds from borrowings-IDA Loan	1,300,000	1,478,700,000	1,480,000,000	1,297,898,061	182,101,939	88%
Miscellaneous receipts						
<b>TOTAL RECEIPTS</b>	<b>1,300,000</b>	<b>1,478,700,000</b>	<b>1,480,000,000</b>	<b>1,297,898,061</b>	<b>182,101,939</b>	<b>88%</b>
<b>PAYMENTS</b>						
Compensation to employees	-	13,406,480	13,406,480	-	13,406,480	0%
Purchase of goods & services	1,300,000	265,293,520	266,593,520	77,161,951	189,431,569	29%
Transfers to other Government Entities	-	1,200,000,000	1,200,000,000	1,200,000,002	(2)	100%
Other grants and transfers						
<b>TOTAL PAYMENTS</b>	<b>1,300,000</b>	<b>1,478,700,000</b>	<b>1,480,000,000</b>	<b>1,277,161,953</b>	<b>202,838,047</b>	<b>86%</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,736,108</b>	<b>(20,736,108)</b>	

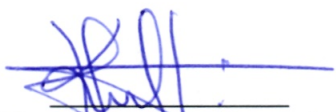
Note: The significant budget utilization/performance differences in the last column are explained in Annex 2 to these financial statements.

  
Chris Kiptoo, PhD, CBS

Principal Secretary/NT

Date

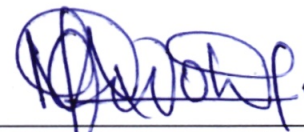
12/19/24

  
Abraham Barsosio

Program Manager- CC

Date

12/09/2024

  
Maurice Pedo, PhD  
ICPAK NO. 4037

Program Manager-Finance & Strategy

Date

12/09/2024

## **11. Significant Accounting Policies**

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

### **a) Statement of compliance and basis of preparation**

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

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

### **b) Reporting entity**

The financial statements are for **Financing Locally –Led Climate Action Program** under the National Treasury and Economic Planning. The financial statements are for the reporting entity **Financing Locally –Led Climate Action Program** as required by Section 81 of the PFM Act, 2012

### **c) Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

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

**Financing Locally –Led Climate Action Program** recognizes all receipts from various sources when an event occurs, and the related cash is received.

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

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

**Significant Accounting Policies (continued)**

**ii) External Assistance**

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

**iii) Other receipts**

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

**iv) Donations and grants**

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

**v) Proceeds from borrowing.**

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

**vi) Undrawn external assistance**

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

**Significant Accounting Policies (continued)**

**e) Recognition of payments**

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

**i) Compensation to employees**

Salaries, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

**iv) Repayment of borrowing (principal amount)**

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

**Significant Accounting Policies (continued)****v) Acquisition of fixed assets**

The payment on the acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items, respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as a receipt and as a payment. A fixed asset register is maintained by each public entity, and a summary is provided for consolidation purposes. This summary is disclosed as an annexure to the consolidated financial statements.

**f) In-kind donations**

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

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Significant Accounting Policies (Continued)**

**h) Restriction on cash**

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

**i) Imprests and Advances**

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

**j) Contingent Liabilities**

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.

**Significant Accounting Policies (Continued)**

**k) Contingent Assets**

**Financing Locally –Led Climate Action Program** 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.

**l) Pending bills**

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

**m) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements.*

**Significant Accounting Policies (Continued)**

**n) Third-party payments**

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

**o) Exchange rate differences**

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

**p) Comparative figures**

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

**q) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note xx of these financial statements*.

**12. Notes to the Financial Statements**

**1. Transfers from Government entities**

There were no transfers from Government entities during the year.

**2. Proceeds From Domestic and Foreign Grants**

There were no proceeds from Domestic and Foreign Grants during the year.

**3. Loan from External Development Partners**

During the financial period to 30 June 2024, we received funding from development partners in the form of loans negotiated by the National Treasury, as detailed in the table below:

Name of Donor	2023-2024					2022-2023	Cumulative to date
	Date Received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment	Total amount in Kshs	Total amount in Kshs	
		EURO					
<b>Loans Received from Multilateral Donors (International Organizations)</b>							
KfW Development Bank (Government Financial Cooperation)	17.11.2023	632,911	104,536,898	-	104,536,898	-	104,536,898
	28.03.2024	7,969,754	1,153,715,935	-	1,153,715,935	-	1,153,715,935
	03.06.2024	280,000	39,645,228	-	39,645,228	-	39,645,228
	<b>TOTAL</b>	<b>8,882,665</b>	<b>1,297,898,061</b>	<b>-</b>	<b>1,297,898,061</b>	<b>-</b>	<b>1,297,898,061</b>

**4. Miscellaneous receipts**

During the Financial period to June 2024, we did not have any miscellaneous receipts.

**5. Compensation to Employees**

During the Financial period to June 2024, we did not have any Compensation to employees.

**6. Purchase of Goods and Services**

Description	2023/2024		2022/2023		Cummulative to date
	Payments made by the project in cash KShs.	Payments made by third parties KShs.	Total Payments KShs.	Total Payments KShs.	
<b>IPF 1</b>					
Domestic travel and subsistence	318,962	-	318,962	-	318,962
Training payments	76,420,789	-	76,420,789	-	76,420,789
<b>IPF 3</b>					
Utilities, supplies and services	422,200	-	422,200	-	422,200

**7. Social Security Benefits**

During the Financial period to June 2024, we did not have any Social Security Benefits.

**8. Acquisition of Non-Financial Assets**

During the Financial period to June 2024, we did not have any Acquisition of Non-Financial Assets.

**Notes to the Financial Statements (Continued)**

**9. Transfers to other Government Entities**

During the financial period to 30 June 2024, we transferred funds to reporting government entities as shown below:

2023/24					
P4R DISBURSEMENT TO COUNTIES FOR CCRI					
KfW			2022/23	Cumulative to date	
			Total Payments		
COUNTY	AMOUNT	TOTAL PAYMENTS AMOUNT	AMOUNT	AMOUNT	
1	ELGEYO MARAKWET	57,123,563	57,123,563	-	57,123,563
2	NYAMIRA	56,516,474	56,516,474	-	56,516,474
3	VIHIGA	56,054,660	56,054,660	-	56,054,660
4	KISUMU	62,481,666	62,481,666	-	62,481,666
5	SIAYA	57,408,650	57,408,650	-	57,408,650
6	UASIN GISHU	61,307,186	61,307,186	-	61,307,186
7	KERICHO	73,909,371	73,909,371	-	73,909,371
8	BOMET	63,456,524	63,456,524	-	63,456,524
9	NANDI	79,665,096	79,665,096	-	79,665,096
10	BUSIA	76,466,005	76,466,005	-	76,466,005
11	TRANS NZOIA	84,651,450	84,651,450	-	84,651,450
12	MIGORI	83,169,917	83,169,917	-	83,169,917
13	KISII	84,121,480	84,121,480	-	84,121,480
14	HOMABAY	90,654,481	90,654,481	-	90,654,481
15	KAKAMEGA	101,001,459	101,001,459	-	101,001,459
16	BUNGOMA	112,012,020	112,012,020	-	112,012,020
<b>TOTAL</b>	<b>1,200,000,002</b>	<b>1,200,000,002</b>	<b>-</b>	<b>1,200,000,002</b>	

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter- entity receipts.

The confirmation records have been retained by the NT-PIU for verification and review process

**Notes to the Financial Statements (Continued)**

**10. Other Grants, Transfers and Payments**

During the Financial Year ended 30 June, 2024 there were no other Grants, Transfers and Payments.

**11. Cash And Cash equivalents**

Description	2023/2024	2022/2023
	KShs.	KShs.
Bank Accounts	13,116,962	-
<b>Total</b>	<b>13,116,962</b>	<b>-</b>

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

**11A. Bank Accounts**

<b>Project Bank Accounts</b>	
Details	2023/2024
	KShs.
<b>Foreign Currency Accounts</b>	
Central Bank of Kenya (A/c No.)	00
Total Foreign Currency balances	00
<b>Local Currency Accounts</b>	
Central Bank of Kenya (A/c No.1000662794)	13,116,962
<b>Total local currency balances</b>	
<b>Total bank account balances</b>	<b>13,116,962</b>

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as of 30th June 2024 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.

**Special Deposit Accounts Movement Schedule**

Description	2023-2024	2022-2023
	Euro.	Euro.
<b>(i) Foreign Currency Account A/C Name [FLLoCA DA- Account Number 1000658959]</b>		
Opening balance	-	-
Total amount deposited in the account	632,911	-
Total amount withdrawn (as per Statement of Receipts & Payments)	(632,911)	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	-	-

Description	2023-2024	2022-2023
	Euro.	Euro.
<b>(i) Foreign Currency Account A/C Account Number 1000738413</b>		
<b>Opening balance</b>	-	-
Total amount deposited in the account	9,600,000	-
Total amount withdrawn (as per Statement of Receipts & Payments)	(8,249,754)	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>1,350,246</b>	-

**11B.Cash in hand**

During the Financial period to 30 June 2024 there were no cash in hand.

**11 C. Cash Equivalent (short-term deposits)**

During the Financial period to 30 June 2024 there were no short-term deposits.

**12. Imprest and Advances****12A. Breakdown of Imprest and Advances**

	<b>Name of Officer or Institution</b>	<b>Amount Taken</b>	<b>Due Date of Surrender</b>	<b>Amount accounted during the period</b>	<b>Balance 2023/2024</b>	<b>Balance 2022/2023</b>
1	Jackline Nekesa-LREB	84,000	30.06.2024	33,600	50,400	-
2	George Yogo-NT PIU	214,600	30.06.2024	70,000	144,600	-
3	Jacinta Muthoni-TNT	56,000	30.06.2024	-	56,000	-
4	Faith Waithera-TNT	84,000	06.06.2024	-	84,000	-
5	Charles Muthui-TNT	67,200	24.06.2024	-	67,200	-
6	Justus Kasira Masila-TNT	67,200	30.06.2024	-	67,200	-
7	Ezekiel Mburu-TNT-RMD	78,400	30.06.2024	-	78,400	-
8	John Mbugua-TNT	67,200	30.06.2024	-	67,200	-
9	Fredrick Mulei-TNT	67,200	30.06.2024	-	67,200	-
10	Abdirahman Adan-TNT	67,200	30.06.2024	-	67,200	-
11	Laban Kiplangat-Agriculture	84,000	23.06.2024	-	84,000	-
12	Samson Wangusi	91,000	23.06.2024	-	91,000	-
	<b>TOTAL</b>	<b>1,028,000</b>	-	<b>103,600</b>	<b>924,400</b>	-

**13. Third-Party Deposits and Retention**

During the Financial period to 30 June 2024 there were no Deposits and Retention Monies.

**14. Fund Balance Brought Forward**

During the Financial period to 30 June 2024 there was no Fund Balance brought forward.

**15. Prior Year Adjustment**

There were no prior year adjustments resulting from last year which were made during the year ended June 30, 2024.

**16. Changes in Accounts Receivables (Imprests and Advances)**

**A. Changes in Accounts Receivables.**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KSh.</b>	<b>KSh.</b>
Opening Receivable as at 1st July, 2023	-	-
Comprehensive Environmental Law Training	434,000	-
Eastern and Southern African Management Institute-ESAMI	6,260,746	-
Closing account receivables as at 30th June 2024	6,694,746	-

**B. Changes in Accounts Deposits and Retention**

There were no changes in Accounts Deposits and Retention during the financial year ended June 30, 2024

**17. Pending Accounts Payable (See Annex 4a)**

There were no pending Accounts Payable during the financial year ended June 30, 2024

**18. Pending Staff Payables (See Annex 4b)**

There were no pending staff payables during the financial year ended June 30, 2024

**19. Other Pending Payables (See Annex 4c)**

There were no other pending payables during the financial year ended June 30,2024

**20. External Assistance**

There was no external assistance during the financial year ended June 30,2024

**21. Payments by Third Party on Behalf of the Project**

There were no payments by third parties on behalf of the project during the financial year ended June 30 2024

**22. Related Party Disclosures**

There were no related party disclosures during the financial year ended June 30, 2024

**23. Contingent Liabilities**

There were no contingent liabilities during the financial year ended June 30, 2024

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**


**13. Annexes**

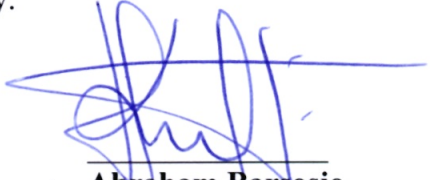
**Annex 1: Prior Year Auditor-General's Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A				

**Guidance Notes:**

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

  
**Chris Kiptoo, PhD, CBS**  
**Principal Secretary/NT**  
12/9/24  
 Date

  
**Abraham Barsosio**  
**Program Manager- County Coordination**  
12/9/24  
 Date

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**Annex 2: Variance explanations - Comparative Budget and Actual Amounts for Current FY**

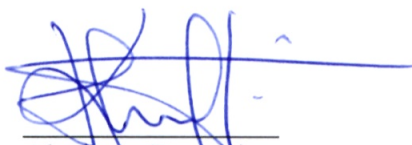
	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (Below 90% and Over 100%)</b>
<b>Receipts</b>					
Transfers from Government Entities	-	-	-	0%	
Proceed from domestic and foreign grants	-	-	-	0%	
Proceed from borrowings	1,480,000,000	1,297,898,061	182,101,939	88%	
Miscellaneous receipts	-	-	-	0%	
<b>Total Receipts</b>	<b>1,480,000,000</b>	<b>1,297,898,061</b>	<b>182,101,939</b>	<b>88%</b>	
<b>Payments</b>					
Compensation of employees	13,406,480	0	13,406,480	0%	
Purchase of goods and services	266,593,520	77,161,951	189,431,569	29%	
Social Security benefits	-	-	-	0%	
Acquisition of non-financial assets	-	-	-	0%	
Transfers to Government Entities	1,200,000,000	1,200,000,002	-2	100%	
Other grants and transfers	-	-	-		
<b>Total Payments</b>	<b>1,480,000,000</b>	<b>1,277,161,953</b>	<b>202,838,047</b>	<b>86%</b>	

**Comments on the % of Utilization**

The 14% is underutilization was due to an error in the Approved Estimates for the year that was only corrected in the Supplementary 1 Estimates and therefore delaying the IPF component implementation by over 6(six) months.

**Annex 3: Reconciliation of inter-entity transfers**

During the year there were no inter-entity transfers.



Abraham Barsosio  
 Program Manager-CC  
 FLLoCA PROGRAM

12/07/2024  
 Date



Head of Accounting Unit  
 The National Treasury

7/29/24  
 Date

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM***Annual Report and Financial Statements for the financial year ended June 30, 2024***Annex 4a: Analysis of Pending Bills**

<b>Supplier of Goods or Services</b>	<b>Original Amount</b>	<b>Date Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2023-2024</b>	<b>Outstanding Balance 2022/2023</b>
Longrock Tours and Travel	725,970	21/03/2024	-	725,970	-
Ciala Resort Kenya Limited	1,680,000	24/06/2024	-	1,680,000	-
Ciala Resort Kenya Limited	2,520,000	25/04/2024	-	2,520,000	-
Sarah Kwach	56,000			56,000	-
Kenrick Ayot	98,000			98,000	-
Winnie Mwalimu	98,000			98,000	-
Kizito Kiguta	78,400			78,400	-
Wachuko Gakuo	78,400			78,400	-
Linnet Vitisia	98,000			98,000	-
Collins Aseka	78,400			78,400	-
Mohammed Abdirahaman	78,400			78,400	-
Galgallo Iya Guyo	79,000			79,000	-
Patrick Ngaira	56,000			56,000	-
Boniface Mwangi	31,500			31,500	-
Joshua Musyoki	31,500			31,500	-
George Osaso	70,000			70,000	-
John Awuoth	70,000			70,000	-
Elizabeth Adundo	70,000			70,000	-
Elijah Oburu	28,000			28,000	-
Maurice Odhiambo	70,000			70,000	-
Joyce Morai	56,000			56,000	-
Joel Omunyangoli	28,000			28,000	-
Pauline Mburu	56,000			56,000	-
Irene Kimani	56,000			56,000	-
Yvonne Makena	28,000			28,000	-
Felix manyuru	21,000			21,000	-
<b>TOTAL</b>	<b>6,340,570</b>			<b>6,340,570</b>	<b>-</b>

**1. Vendors Invoices**

The bills were locked out in the processing due to the deadline for the procurement and commitment process in the IFMIS system that had a deadline of 15<sup>th</sup> June 2024.

**4b: Analysis of Pending: Staff Bills**

There were no staff bills during the financial year ended June 30, 2024.

**4c: Analysis of Other Pending Payables**

There were no other pending payables during the financial year ended June 30, 2024.

**Annex 5: Summary of Fixed Assets Register**

KFW did not purchase any assets during the year ended June 30, 2024.

**Annex 6: Contingent Liabilities Register**

There were no Contingent Liabilities during the financial year ended June 30, 2024.

**Annex 8: Reporting Disaster Management Expenditure**

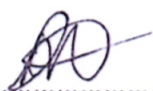
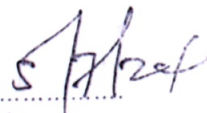



**Annex 9: Other Support Documents**

i. Signed confirmations from beneficiaries in Transfers to Other Government Entities

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**

**Annual Report and Financial Statements for the financial year ended June 30, 2024**

ii. Bank Reconciliations statement as at 30<sup>th</sup> June 2024

A/C NO.1000662794		F.O. 30								
<p><u>THE NATIONAL TREASURY</u>  <b>KFW FINANCING LOCAL LED CLIMATE ACT-KES</b>  <b>BANK RECONCILIATION</b>                  As at 30th JUNE 2024 STATION NAIROBI</p>										
	Sh.	Sh.								
<b>Balance as per Bank Certificate .....</b>		21,045,683.50								
<b>Less -----</b>										
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques) .....	20,527,579.20									
2. Receipts in Bank Statement not yet recorded in Cash book .....	-	20,527,579.20								
<b>Add -----</b>										
3. Payment in Bank Statement not yet recorded in Cash Book .....	-									
4 Receipts in Cash Book not yet Recorded in Bank Statement .....	12,598,858.00	12,598,858.00								
<b>Balance as per cash Book .....</b>		13,116,962.30								
<p>I certify I have verified the bank balance in the cash book with the bank statement and that the above reconciliation is correct</p>										
 Signature	HAU THE NATIONAL TREASURY	 Date								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">PREPARED BY</td> <td rowspan="2" style="text-align: center; vertical-align: middle;">  </td> </tr> <tr> <td style="width: 15%;">S G MATIBA</td> <td style="width: 15%;">SIGN</td> </tr> <tr> <td>DATE</td> <td>5/7/2024</td> <td></td> </tr> </table>			PREPARED BY			S G MATIBA	SIGN	DATE	5/7/2024	
PREPARED BY										
S G MATIBA	SIGN									
DATE	5/7/2024									
COPY TO 1 INTERNAL AUDITOR 2 AUDITOR GENERAL 3 D.G.A.S & QA										

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

iii. Board of Survey Report

A/C NO.1000662794 - KENYA FINANCING LOCALLY LED CLIMATE F.o. 51  
 REPUBLIC OF KENYA

Date 3/7/2024

Report of the Board of Survey on the Cash and Bank Balances of THE NATIONAL TREASURY as at the close of business on 30/6/2024.

The Board, consisting of (Names and official titles) —

- Mr. GODFREY BUSOLO -CHAIRMAN
- Mr.CHARLES N KISSINGU -MEMBER
- Mr.JOSEPH M KOTHYA -MEMBER

*[Handwritten signature]*  
*[Handwritten signature]* 3/7/24  
*[Handwritten signature]* 3/7/24

Assembled at the office of THE NATIONAL TREASURY(CASH OFFICE) at 2.00 PM (time) on 3/7/2024 and the following cash was produced:

Notes . . . . .	Sh..NIL
Silver . . . . .	Sh. NIL
Copper . . . . .	Sh. NIL
Cheques (as per details On reverse) . . . . .	Sh. NIL

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

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

The Cash Book reflected the following balances as at the close of business on the 30/6/2024

Cash on hand	Sh. _____
Bank Balance	Sh. 13,116,962.30
<b>TOTAL</b>	Sh. 13,116,962.30

The Bank Certificate of Balance showed a sum of Sh. **21,045,683.50**  
 . . . . . cts. . . . . (Sh. . . . . cts. . . . .)

standing to the credit of the account on 30<sup>th</sup> June ,2024

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

*[Handwritten signature]*  
 Chairman

Date

*[Handwritten signature]* 2/6/24

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

BANKI  
KUU YA  
KENYA



CENTRAL  
BANK OF  
KENYA

July 24, 2024

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

**CERTIFICATE OF BALANCES**


Customer : 100094  
Balance Date: 30-Jun-24

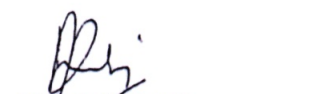
MINISTRY OF FINANCE

Account No.	Account Name	Currency	Balance
1000000977	TREASURY BILLS ACCOUNT	KES	0
1000000988	TREASURY BONDS ACCOUNT	KES	1,806,019.65
1000000996	REVENUE DEPOSIT ACCOUNT	KES	15,690,520,642.34
1000004053	TREASURY BONDS REDEMPTION	KES	90,500,000.00
1000004061	TREASURY BONDS INTEREST	KES	30.78
1000004077	GOVERNMENT TREASURY BILLS SUSP.	KES	0.00
1000004088	TREASURY BILLS REDEMPTION SUSP.	KES	0.00
1000182528	CBK165-THE NATIONAL TREASURY	KES	0.00
1000181467	REC-THE NATIONAL TREASURY	KES	351,559,730.22
1000181664	DEV-THE NATIONAL TREASURY	KES	1,417,718,072.20
1000182137	DEP-THE NATIONAL TREASURY	KES	422,207,297.15
1000187506	MICRO FINANCE SEC SUP CR-CAP BLDG	KES	90,491,999.30
1000201924	VOLUNTARY PAY CUT	KES	0.00
1000268743	AFRICAN INSTITUTE FOR REMITTANCES	KES	17,127,569.60
1000204378	REC-PUBLIC DEBT	KES	35,133,625.26
1000204419	REC-SALARIES ALLOWA MISC AND NSSSFC	KES	196,218,625.60
1000205024	PETROLEUM DEVELOPMENT LEVY FUND	KES	2,857,767,799.80
1000209518	NATIONAL TREASURY REVENUE COLL.	KES	0.00
1000409018	INFRAST FINANCE AND PPP-CAT. 2FEP	KES	1,135,082,040.15
1000368632	INFRASTRUCTURE FIN AND PUB PART PRI	KES	2,743.95
1000447575	KEN. FINANCING LOCALLY LED CLIMATE	KES	166,050,874.40
1000484675	FINANCIN LOCAL-LED CLIMATE ACTION B	KES	2,328,846.30
1000331747	GREEN GROWTH AND EMPLOY CREATION PR	KES	5,000,000.00
1000516534	GREEN CLIMATE FUND READINESS PROJ	KES	7,400,396.00
1000693096	SUPPORTING ACCESS TO FIN & ENT RECO	KES	50,648,542.70
1000709596	SUPP ACCESS TO FIN ENTERP RECOV A	KES	21,093,167.95
1000709607	SUPP ACCESS TO FIN ENTERP RECOV B	KES	0.00
1000476858	CREDIT GUARANTEE SCHEME ACCOUNT	KES	261,296,920.00

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

1000473851	PUBLIC DEBT MANAGEMENT SUPPORT PROJ	KES	463,504.20
1000741236	ADB - AFRICA CLIMATE SUMMIT	KES	4,917,765.00
1000662794	KFW FINANCING LOCAL LED CLIMATE ACT	KES	21,045,683.50
1000528885	AFFORDABLE HOUSING FINANCE PROJ	KES	13,027,739.25
1000528893	ADB:NATIONAL TREASURY CAPACITY STRE	KES	678,286.00
1000539135	EU KENYA COOPERATION AND PARTNERSHI	KES	0.00
1000122501	GOVERNMENT OVERDRAFT ACCOUNT.	KES	61,020,669,176.79-
1000537876	STATE OFF AND PUB OFF CAR LOAN SCH	KES	67,784,106.00
1000323876	A U OTHER INTERNAT. ORG SUBSC FUND	KES	2,651,455,086.66
1000349538	PPP PROJECT FACILITATION FUND ACC.	KES	3,373,152,666.75

  
 Priscilla Keitany (Mrs)  
 Authorised Signatory  
 Banking Services Division

  
 Micah Nabori  
 Authorised Signatory  
 Banking Services Division

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**

**Annual Report and Financial Statements for the financial year ended June 30, 2024**

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

**KfW FINANCING LOCALLY LED CLIMATE ACTION  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30TH JUNE 2024**

KfW Loan No. BMZ 201665108

Bank Account No. 1000658959 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EUR	AMOUNT EUR
1	Amount advanced by KfW		632,911.39
	Less:		
2	Total amount justified		-
3	Outstanding amount advanced to be justified		632,911.39
	Represented by:		
4	Ending Designated Account Balance at 30.06.2024		-
5	Amount claimed but not credited at 30.06.2024		-
6	Amount withdrawn and not claimed as at 30.06.2024		-
7	Service charges (if not included in 5 & 6 above)		-
	Less:		
8	Interest earning (if included in Designated Account)		-
9	Total advance to Designated Account year ended 30.06.2024		632,911.39

Discrepancy between total appearing on lines 3 and 9

-

**Notes:**


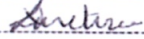
- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by KfW and provide reasons for not claiming the expenditures



**AUTHORIZED REPRESENTATIVE  
RESOURCE MOBILIZATION DEPARTMENT  
THE NATIONAL TREASURY**

DATE: 02-08-2024

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

SPECIAL ACCOUNT STATEMENT		
For period ending	30TH JUNE, 2024	
Account No.	1000658959	
Depository Bank	CENTRAL BANK OF KENYA	
Address	CBK	
Related Loan	KFW FINANCING LOCALLY LED CLIMATE A	
Credit Agreement	6121-KE	
Currency	EUR	
<b>Part A - Account Activity</b>		
Beginning balance of 1st July, 2023 as per C.B.K. Ledger Account		-
<b>Add:</b>		
Total Amount deposited by World Bank		632,911.39
Total Interest earnings if deposited in account		-
Total amount refunded to cover ineligible expenditure		-
<b>Deduct:</b>		
Total amount withdrawn		632,911.39
Total service charges if not included above in amount withdrawn		-
Ending balance on 30th June,2024		0.00
<b>AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA</b>	<b>SIGNATURE:</b>	
	<b>DATE</b>	01-08-2024
<b>AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY</b>	<b>SIGNATURE:</b>	
	<b>DATE</b>	02-08-2024

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Results 1 - 2 of 2

Run Date: 15/07/2024 Run Time: 13:45:44

STATEMENT OF ACCOUNT

PAGE NO: 1

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O.BOX 60000-0200

NAIROBI

STATEMENT PERIOD: From 01/07/2023

To

ACCOUNT NUMBER : 1000658959

ACCOUNT TITLE : KFW FINANCING LOCALLY LED CLIMATE A

30/06/2024

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :			0.00			
NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
1	23/10/2023	FT23296XDD0G	FUNDING	0.00	632,911.39	632911.39
2	17/11/2023	FT23321NHK1Q	PA133010	-632,911.39	0.00	0
				CLOSING BALANCE : 0		

END OF ACCOUNT STATEMENT

**Favourites** TAM.E.STMT.OF.ACCT.EPRM [More Options](#)  [Clear Selection](#)

Account equals ▼ 1000658959

Statement From equals ▼ 20230701

Statement To equals ▼ 20240630

TAM.E.STMT.OF.ACCT.EPRM

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**KfW Disbursements in Kenya October 2023 (in EUR)**

Number	Project	Amount Committed	Disbursements	Disbursements	Total	Not disbursed as of
			October 2023	1.1.2023 to 31.12.2023	Disbursements	31 October 2023
201065346	Private Sector Promotion in Agriculture Irrigation Lower Nzoia I	15,000,000.00	2,769,378.58	4,187,955.04	13,061,233.28	1,938,766.72
201665108	Financing Locally-Led Climate Action (FLLoCA)	18,000,000.00	632,911.39	632,911.39	632,911.39	17,367,088.61
201665116	Lake Nakuru Biodiversity Conservation Project	29,000,000.00	0.00	632,152.40	632,152.40	28,367,847.60
201665124	Development of the Water and Sanitation Sector - Water Sector Trust Fund, Phase IV	11,000,000.00	0.00	103,533.46	3,109,015.62	7,890,984.38
201665298	Promotion of TVET (ICT)	5,000,000.00	71,525.25	612,045.45	612,045.45	4,387,954.55
201667211	Promoting Youth Employment and Vocational Training in Kenya	15,000,000.00	0.00	1,054,893.71	1,827,117.72	13,172,882.28
201668342	Scholarship Program "Wings to Fly"	4,000,000.00	0.00	0.00	3,975,000.00	25,000.00
201865138	Financing Locally-Led Climate Action (FLLoCA)	13,000,000.00	0.00	0.00	0.00	13,000,000.00
201865120	Promotion of TVET - VPT I	12,000,000.00	0.00	0.00	0.00	12,000,000.00

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**KfW FINANCING LOCALLY LED CLIMATE ACTION**  
**STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION**  
**FOR THE YEAR ENDED 30TH JUNE 2024**

KfW Loan No.BMZ 201665108

Bank Account No.1000738413 Held with CENTRAL BANK OF KENYA


	NOTES	AMOUNT EUR	AMOUNT EUR
1 Amount advanced by KfW			9,600,000.00
<b>Less:</b>			
2 Total amount justified			-
<b>3 Outstanding amount advanced to be justified</b>			<b>9,600,000.00</b>
<b>Represented by:</b>			
4 Ending Designated Account Balance at 30.06.2024			1,350,246.00
5 Amount claimed but not credited at 30.06.2024			-
6 Amount withdrawn and not claimed as at 30.06.2024			<b>8,249,754.00</b>
7 Service charges (if not included in 5 & 6 above)			-
<b>Less:</b>			
8 Interest earning (if included in Designated Account)			-
<b>9 Total advance to Designated Account year ended 30.06.2024</b>			<b>9,600,000.00</b>

Descrpancy between total appearing on lines 3 and 9

-

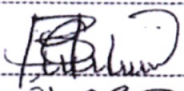
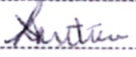
**Notes:**

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

  
**AUTHORIZED REPRESENTATIVE**  
**RESOURCE MOBILIZATION DEPARTMENT**  
**THE NATIONAL TREASURY**

DATE: 02-08-2024

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

SPECIAL ACCOUNT STATEMENT		
For period ending	<b>30th JUNE, 2024</b>	
Account No.	<b>1000738413</b>	
Depository Bank	<b>CENTRAL BANK OF KENYA</b>	
Address	<b>CBK</b>	
Related Loan	<b>KFW-FINANCING LOCALLY LED CLIMATE AC.PRG</b>	
Credit Agreement		
Currency	<b>EUR</b>	
<b><u>Part A - Account Activity</u></b>		
Beginning balance of 1st July, 2023 as per C.B.K. Ledger Account		0.00
<b>Add:</b>		
Total Amount deposited by World Bank		9,600,000.00
Total Interest earnings if deposited in account		
Total amount refunded to cover ineligible expenditure		
<b>Deduct:</b>		
Total amount withdrawn		8,249,754.00
Total service charges if not included above in amount withdrawn		
Ending balance on 30th June, 2024		1,350,246.00
<b>AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA</b>	SIGNATURE:	
	DATE	01-08-2024
<b>AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY</b>	SIGNATURE:	
	DATE	02-08-2024

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2024 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

KCSUITS 1 - 3 OF 3

Run Date: 06/08/2024      Run Time: 12:48:07      STATEMENT OF ACCOUNT      PAGE NO : 1  
 CENTRAL BANK OF KENYA  
 BANKI KUU YA KENYA      ACCOUNT NUMBER : 1000738413  
 P.O.BOX 60000-0200  
 NAIROBI      ACCOUNT TITLE : KFW FINANCING LOCAL LED CLIMATE DLI  
 STATEMENT PERIOD: From 01/07/2023      To      30/06/2024

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :				0.00	
NO.	Value Date	Reference.No	Details	Debit	Credit
1	05/12/2023	FT2333900RGN	FUNDING	0.00	9,600,000.00
2	20/03/2024	FT2408092VKR	PA133073	-7,969,754.00	0.00
3	03/06/2024	FT2415544773	PA131672	-280,000.00	0.00
				CLOSING BALANCE : 1350246	

END OF ACCOUNT STATEMENT

Favourites      TAME.STMT.OF.ACCT.EPRM      [More Options](#)      [Find](#)  
    [Clear Selection](#)

Account      equals      ✓ 1000738413  
 Statement From      equals      ✓ 20230701  
 Statement To      equals      ✓ 20240630

TAME.STMT.OF.ACCT.EPRM

**FINANCING LOCALLY-LED CLIMATE ACTION PROGRAM**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**KfW Disbursements in Kenya December 2023 (in EUR)**

Number	Project	Amount Committed	Disbursements	Disbursements	Total Disbursements	Not disbursed as of 31 December 2023
			December 2023	1.1.2023 to 31.12.2023		
201567916	Lake Nakuru Biodiversity Conservation Project	14,000,000.00	0.00	0.00	0.00	14,000,000.00
201665108	Financing Locally-Led Climate Action (FLLoCA)	18,000,000.00	4,800,000.00	5,432,911.39	5,432,911.39	12,567,088.61
201665116	Lake Nakuru Biodiversity Conservation Project	29,000,000.00	59,878.03	692,030.43	692,030.43	28,307,969.57
201665124	Development of the Water and Sanitation Sector - Water Sector Trust Fund, Phase IV	11,000,000.00	0.00	1,553,034.46	4,558,516.62	6,441,483.38
201665298	Promotion of TVET (ICT)	5,000,000.00	17,708.28	629,753.73	629,753.73	4,370,246.27
201667211	Promoting Youth Employment and Vocational Training in Kenya	15,000,000.00	159,745.65	1,795,590.35	2,567,814.36	12,432,185.64
201668342	Scholarship Program "Wings to Fly"	4,000,000.00	0.00	0.00	3,975,000.00	25,000.00
201865138	Financing Locally-Led Climate Action (FLLoCA)	13,000,000.00	4,800,000.00	4,800,000.00	4,800,000.00	8,200,000.00
201865120	Promotion of TVET - VPT I	12,000,000.00	348,104.70	348,104.70	348,104.70	11,651,895.30
201865245	Centre for Entrepreneurship (CAE)	25,900,000.00	0.00	0.00	0.00	25,900,000.00

v.GOK IFMIS comparison Trial Balance (*Where applicable*)