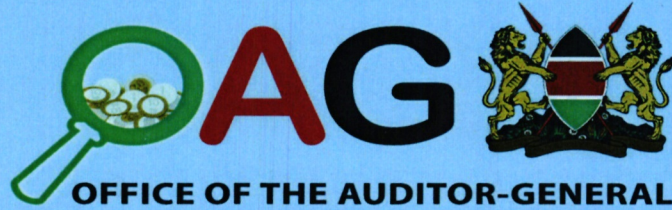



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Enhancing Accountability

REPORT

 THE NATIONAL ASSEMBLY OF PAPERS LAID	
DATE: 18 FEB 2021	
DAY: Thursday	
TABLED by	L. O. M
CLERK-AT THE-TABLE:	P. Muiga

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THE AUDITOR-GENERAL

ON

**INTEGRATED PROGRAMME TO BUILD
RESILIENCE TO CLIMATE CHANGE AND
ADAPTIVE CAPACITY OF VULNERABLE
COMMUNITIES IN KENYA**

**FOR THE YEAR ENDED
30 JUNE, 2020**

**NATIONAL ENVIRONMENT
MANAGEMENT AUTHORITY**







Programme Name: Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)

Implementing Entity: National Environment Management Authority

PROJECT GRANT/CREDIT NUMBER: KEN/NIE/Multi/2013/1

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2020

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

**NEMA Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity,
of Vulnerable Communities in Kenya under United Nations Framework Climate Change
Convention (UNFCCC)**

Reports and Financial Statements for the financial year ended June 30, 2020

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya

Objective: The overall objective of the programme is to enhance resilience and adaptive capacity to climate change for selected communities in various Counties in Kenya in order to increase food security and environmental management.

Address: The project headquarters offices are:

Eland House

Popo Road, off Mombasa Road

Nairobi, Kenya

The address of its registered office is:

P.O. Box 67839-00200

NAIROBI

The project also has 3 Executing Entities (EEs) and 8 Sub-Executing Entities (Sub-EEs) as follows:

EES

1. The Managing Director

Kenya Forest Research Institute (KEFRI)

Po Box 20412 00200

NAIROBI

director@kefri.org

2. The Managing Director

Tana and Athi Rivers Development Authority

P.O. Box 47309 -00100

NAIROBI

Info@tarda.co.ke

3. The Managing Director

Coast Development Authority

Mama Ngina drive

Po Box 1322 -80100

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MOMBASA

cda@cda.go.ke

Sub-EEs

1. **Kenya Red-Cross**
2. VIRED International (Kisumu)
3. HornAid Kenya (Garissa & Wajir)
4. Nasaru Women group
5. CARITAS Nyeri
6. ADRA Kenya (Kitui)
7. Kenyatta University
8. World Vision

Contacts: The following are the project contacts

Director General

National Environment Management Authority

Po Box 67839 00200

Email; dgnema@nema.go.ke

&

Wangare Kirumba,

Programme coordinator

E-mail: wkirumba@nema.go.ke

Telephone: (254) 712815514

Website: www.nema.go.ke

1.2 Project Information

Project Start Date:	The project official start date is 01 05 2016
Project End Date:	The project end date was 30. 04. 2019, however NEMA sought for a no cost extension that was granted by Adaptation Fund Board. Therefore, project was extended to 30 th June 2020. Due to the COVID 19, No cost extension has been granted to 31-12-2021
Project Coordinator:	The project manager is Wangare Kirumba

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Project Sponsor:

The project sponsor is The Adaptation Fund Board

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1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment and Forestry (MEF)
Project number	KEN/NIE/Multi/2013/1
Strategic goals of the project	<p>The strategic goals of the Programme are as follows:</p> <ul style="list-style-type: none"> i) To enhance Climate resilient agricultural, agro-forestry, pastoral and agro-pastoral production systems to improve food security in selected Counties in Kenya ii) To improve climate resilient water management systems to enhance food security in selected Counties in Kenya iii) To increase resilience to the effects of rise in sea level and shoreline changes through Integrated Shoreline and Mangrove Ecosystem Management at Vanga and Gazi in the Coastal region of Kenya iv) To reduce disaster risk among targeted vulnerable communities for climate related risks in Kenya v) To strengthen institutional capacity, knowledge management, awareness raising and promotion of adaptation mechanisms in improving resilience on climate change to selected vulnerable communities in Kenya.
Achievement of strategic goals	<p>Since inception, the Programme has achieved the following:</p> <ul style="list-style-type: none"> • Approximately 2,000 farmers have been supported to adopt drought tolerant and fruit crops to improve food security and enhance resilience of communities to climate change; • 11,423 kg of Drought Tolerant Crop species distributed to farmer communities that included green grams, amaranth us, maize, beans, pigeon peas, cow peas crops and dolichos • 22,000 grafted mango seedlings have been distributed and planted. With a 70% success rate

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- 15,300 tree seedlings of various species planted to rehabilitate water catchments areas (11,800 planted in Entarara forest and its environs in Kajiado County)
- 12 water pans of an average capacity of an average 15.000 cubic meters each have been established namely;
 - Imbirikani, Kuku, Kimana, Lenkinsim and Entonent, in Kajiado South, Kajiado County;
 - Boji Yare, Daad Bulle and Alan Godere in Wajir and Garrisa County;
 - Midoina Water pan In Kilifi County,
 - Machanga Earth Pan in Embu County
 - Dak Ongolo and Kupuon Water pan in Kisumu County
- Rombo water pans in 40% and is located in Kajiado County
- A 64 Acre Walda farm in Marsabit has been operationalized by planted with various fruits and vegetables including watermelon, butternuts, onions (garlic), hot pepper, carrots and spinach and pawpaw. 1000 fruit trees have been planted in the farm of mangoes and citrus fruits varieties in the farm.
- 30 drip kits distributed and installed in Kajiado West among the women groups
- Solarization of the boreholes has been undertaken in the Walda and Masinga farm and irrigation scheme respectively to run the farm operations.
- Masinga smallholder Irrigation scheme is complete and operational serving 80 household organised as Masinga Irrigation Water users
- A contractor is on site establishing the Thome small holder Irrigation scheme in Laikipis County and is 50% done.

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	<ul style="list-style-type: none"> • 170,000 mangrove seedlings have been planted in Kwale in Vanga and Gazi areas and the planting exercise is still ongoing. • Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals. • A Coral reef and Sea grass Habitat Mapping report is available • The National Coral Reef Restoration Protocol had been developed in both Swahili and English Versions to show how communities could undertake the coral reef restoration that is under implementation in the Wasini Conservation Area • 60 Km of Canals in Kakol and Kupuon areas have been desilted and opened in Nyando river basin helping easing the flooding in Kisumu County • Training to EEs and sub-EEs on Finance, Procurement, Audit processes have been undertaken • Trainings to project beneficiaries on water management, farming techniques, drought tolerant crops management and drip kits management have been carried out
<p>Other important background information of the project</p>	<p>NEMA was accredited to be the Kenya’s National Implementing Entity (NIE) for the Adaptation Fund (AF) in 2012 after being nominated by the PS, Ministry of Environment and Natural Resource who is the National Designated Authority to AF. Adaptation Fund is established under Kyoto protocol, which Kenya is a party member state, to fund concrete adaptation interventions in developing countries. The role of NEMA as an NIE is to be the fund’s manager for funded adaptation programmes/projects. The NIE is</p>

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	<p>supposed to receive money from AF and oversee execution of the project by the Programme Executing Entities.</p> <p>NEMA received its reaccreditation as an NIE in May 2019 that is valid till year 2024</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ol style="list-style-type: none"> 1. Climate change is increasing the vulnerability of communities in the program areas to food insecurity and their ability to cope. There is need to adapt agriculture to the changing climate. 2. Climate change is worsening the already water insecurity in arid and semi-arid areas with consequences on access to water for irrigation, livestock and domestic use. To reduce vulnerability and enhance community resilience, there is need to invest in water harvesting and storage capacity 3. Kenya’s coastal and marine ecosystems are a rich repository of resources (fisheries, coastal forests, mangrove forests, seagrass beds, coral reefs, river basins, deltas and estuaries, beaches and sand dunes as well as natural and cultural heritage sites). However, these resources are threatened by climate change among other threats. 4. The level preparedness for climate related risks such as floods and droughts in the program areas is weak. In particular, perennial floods have ravaged most parts of lower Nyando catchment causing loss of lives and livelihoods. 5. Climate change information, best practices, technologies and success stories are not always shared effectively among stakeholders to catalyze climate change response.
<p>Project duration</p>	<p>The project started on 1st May 2016 and is expected to run until 31st December 2021</p>

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1.4 Bankers

The following are the bankers for the current year:

(i) Kenya Commercial Bank Ltd (KCB)

(ii) Bank Details: Account Name; NEMA Adaptation Fund USD Account

Account No. 1165595192

Kenya Commercial Bank Ltd (KCB)

Gateway House Branch

P.O. Box 27618-00506, Nairobi

(iii) Bank Details: Account Name; NEMA Adaptation Fund Kshs Account

Account No. 1218639164

Kenya Commercial Bank Ltd (KCB)

Gateway House Branch

P.O. Box 27618-00506, Nairobi

1.5 Auditors

The project is audited by:

Office of Auditor General

P.O. Box 30084-00100

Nairobi,

Kenya

1.6 Roles and Responsibilities

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

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Names	Title designation	Key qualification	Responsibilities
Mamo B Mamo	Director General	Doctor of Philosophy	Overall programme direction and leadership
Ms. Wangare Kirumba	NIE Coordinator	Masters EPM	Overall Programme Coordination
Mr. John Wafula	Deputy NIE Coordinator	Masters EPM	Program management
Ms Sarah Muthoni	Knowledge Management Officer	Masters Community Development	Knowledge management
Ms. Ann Gateru	Program Officer	Masters Project Management	Support program management
Mr. Peter Obiere	NIE Accountant	MBM, BBM, CPA(K)	Preparation of Financial statements

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1.7 Funding Summary

The Project is for duration of 3 years from May 2016 to April 2019 with an approved budget of USD **9,998,302** equivalent to Kshs 1 Billion. NEMA received the first tranche of USD 4,956,893 Kshs 488,944,727 equivalent in December 2014 . The second tranche of USD 3,954,163, Kshs 399,783,277 was received in October 2018. The project also received another grant of USD **99,993.50** from Adaptation Fund Board to mentor and support Malawi and Zimbabwe on their accreditation and US **2,4993.50** for technical assistance for assessment and management of environmental, social and gender risks within the projects and programme in Kenya in the 2016-2017 Financial Year. In the financial year 2019/20, NEMA did not receive any funds from Adaptation Fund Board. The last tranche will be received after NEMA shall have submitted the Project Performance Report (PPR) . NEMA has submitted the last Project Performance Report (PPR). The balance due from Adaptation Fund Board is **USD 1,087,246**, being the last tranche.

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Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – 30/6/2020		Undrawn balance to date	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Grant						
Adaptation Fund Board	USD9,998,302	Kshs1,000,000,000	USD 8,911,056	Kshs888,728,004	USD1,087,246	Kshs111,272,110
Adaptation Fund Board	USD99,993.50	Ksh10,134,621	USD 99,993.50	Kshs 10,134,621	NIL	NIL
Adaptation Fund Board	USD 24,993.50	Kshs2,579,829	USD24,993.50	Kshs2,579,829	NIL	NIL
Total	USD 10,123,289	Kshs 1,012,714,450	USD 9,936,043	Kshs 901,442,454	USD1,087,246	Ksh111,272,110

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1.8 Summary of Overall Project Performance:

NEMA has received a total of USD 8,911,056 Kshs equivalent 888,727,890, being the programme's first and second-year's budget. NEMA also received another grant of USD 99,993.50, Ksh10,134,621 equivalent from Adaptation Fund Board to mentor and support Malawi and Zimbabwe on their accreditation and USD 2,4993.50, Kshs2,579,829 equivalent for technical assistance for assessment and management of environmental, social and gender risks within the projects and programme in Kenya. Cumulatively, NEMA has received Kshs 901,442,454 from Adaptation Fund Board. Consequently, NEMA has disbursed a total of Kshs 405,728,307 to the executing entities as at 30th June 2020, for the implementation of the projects in their respective counties. NEMA has cumulatively spent Kshs 81,822,228 for general administration in overseeing the project implementation and initial operationalization of the remodelled Program, Adaptation village model , and Kshs 9,040,132 for mentoring Zimbabwe and Malawi on their accreditation process. Zimbabwe has consequently been accredited by Adaptation Fund Board while Malawi is still in the process towards accreditation. Therefore, NEMA has cumulatively spent Kshs 496,590,667 as at 30th June 2020 while Kshs 61,516,018 remains un absorbed within the Executing and Sub executing entities as at 30 June 2020 representing an absorption rate of 48.3%

Some of the key deliverables/achievements of the project on the ground per Entity are as tabulated below:

No.	Entity	Implementation Status
1	ADRA	<ul style="list-style-type: none"> ▪ 37 Trainers of Trainers (TOT) have been selected and trained ▪ 37 demonstration plots ▪ 1,875 Kgs of drought tolerant food crops have been distributed (green grams with below 20% success rate) ▪ 22,000 grafted mango seedlings have been distributed and planted. There was 70% success rate
2	CARITAS	<ul style="list-style-type: none"> ▪ Establishment of Thome smallholder irrigation project is ongoing and is at 50% completion rate ▪ Distribution of 1400 tree seedlings to 35 households
3	CDA	<ul style="list-style-type: none"> ▪ Procurement for the installation of roof catchment structure is ongoing for the identified 12 schools (4 per County) identified as

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		<p>follows;</p> <ul style="list-style-type: none"> ✓ Kilifi County - Matolani Primary, Kirumbi Girls secondary, Bandari Secondary & Karimbone Primary. ✓ Kwale County - Mwarovesa Secondary, Rose Mwakwere Girls Secondary, Makwenyeni Secondary, & Muhaka Secondary. ✓ Taita Taveta County - Orkungu Primary, Mwkishimba Primary, Mgeno Primary and Kajire Girls Secondary <ul style="list-style-type: none"> ▪ The procurement process for shoreline stabilization is ongoing ▪ Site identification for the proposed adaptation villages / boreholes is ongoing ▪ A 12,000 Cubic Meter water pan at Midoina in Kilifi Sub-County complete and in use. ▪ 170,000 Mangrove seedlings have been procured and planted for rehabilitation of Mangrove forests in Kwale County. ▪ Coral reef rehabilitation and sea grass restoration is ongoing and there have been 27 natural transfers of corals and 173 artificial transfers of corals. ▪ Assessment of impacts of sea walls complete. ▪ A website for the project is in place (http://www.kccap.co.ke)
4	HAK	<ul style="list-style-type: none"> ▪ Construction of 3No. Water pans; 2. in Wajir, and 1 in Carissa of average capacity of 20.000 cubic metres capacity are complete namely; Boji Yare, Daad Bulle and Alan Godere respectively. ▪ 5 sites for the establishment of adaptation villages identified, Environment Impact Assessment (EIA) and hydrogeological assessment conducted. ▪ Procurement process for a contractor for the establishment of the adaptation villages ongoing
5	KEFRI	<ul style="list-style-type: none"> ▪ Construction of 5 N0. Water Pans is at complete namely Imbirikani, Kuku, Kimana, Lenkinsim and Entonent, ▪ Construction of Rombo Water Pans is at 40% completion .

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		<ul style="list-style-type: none"> ▪ 5320kgs of Drought Tolerant Crops varieties distributed to 15 farmers groups ▪ 15 demo plots identified and established ▪ 1700 seedlings of 6 varieties of mangoes distributed and planted ▪ 1700 seedlings of 4 varieties of citrus distributed and planted ▪ 13,900 tree seedlings of various species planted to rehabilitate watering points and along rivers.
6	KRC	<ul style="list-style-type: none"> ▪ 64 Acres of land ploughed and planted with various vegetables. Walda farm operational ▪ Boreholes solarised ▪ 1000 fruit trees planted
7	KU	<ul style="list-style-type: none"> ▪ Baseline study for cropping system completed. ▪ 2 sites for the establishment of adaptation villages identified, Environment Impact Assessment (EIA) and hydrogeological assessment conducted. ▪ Procurement process for a contractor for the establishment of the adaptation villages ongoing
8	NASARU	<ul style="list-style-type: none"> ▪ 800kgs of Amaranthus and 3428kgs of sorghum distributed to various women groups ▪ Trainings on Drought Tolerant crops management and on drip kits installation and management done ▪ 5 sites for the establishment of adaptation villages identified, Environment Impact Assessment (EIA) and hydrogeological assessment conducted. ▪ Procurement process for a contractor for the establishment of the adaptation villages ongoing
9	TARDA	<ul style="list-style-type: none"> ▪ Machanga water pan in Embu is complete ▪ Smallholder irrigation infrastructure project at Masinga is complete and operational. ▪ EIAs, BoQs and designs for construction of a milk cooling plant, fish cooling plant, fruit processing plant, 4 check dams completed. Construction yet to commence
10	VIRED	<ul style="list-style-type: none"> ▪ 2 water pans completed using voucher for work namely Dak

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		<p>Ongolo and Kupuon of average capacity of 4500 cubic meters.</p> <ul style="list-style-type: none"> ▪ 60 Km of blocked drainage channels opened in 3 sub counties using voucher for work ▪ 10,000 bamboo cuttings established ▪ Development of the feasibility studies, designs and bill of quantities for the flood control structures i.e. the 4 dykes, is ongoing ▪ 2 sites for the establishment of evacuation centres identified and the procurement process for the contractor is ongoing ▪ 2 sites for the establishment of adaptation villages identified, Environment Impact Assessment (EIA) and hydrogeological assessment conducted. ▪ Procurement process for a contractor for the establishment of the adaptation villages ongoing
11	WVK	<p>Entity pulled out of the program,</p> <p>NEMA through a board resolution, is initializing the program and planned program activities shall be directly implemented by the Authority through the existing regional and county offices.</p> <ul style="list-style-type: none"> • 5 sites for the establishment of adaptation villages identified, Environment Impact Assessment (EIA) and hydrogeological assessment conducted. • Procurement process for a contractor for the establishment of the adaptation villages ongoing • 1 site identified for the installation of the fish cooling plant and consequent works tendered for • Field implementation committee in Homabay county established to oversee the project implementation

The programme is in its second year of implementation. The funds for year 2 of the programme were received in the month of October 2018. However, the programme was unable to spend the funds due to persistent procurement challenges on the Sub executing entities. Some executing

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entities are Non-Governmental Organizations and are not able to adopt the Government procurement procedures. The matter has since been resolved.

NEMA has since submitted the second year Project Performance Report (PPR) and is awaiting approval and the release of final tranche of the year 3 programme funds.

Towards improving the implementation of the A.F program and as a response to lessons learnt; NEMA in consultation with the Executing entities initiated a remodelled programme design for the ongoing programme towards achieving the following;

- A shift of water harvesting technology from water pans to boreholes, for better longer-term benefits, as applicable. Some proposed technologies in the programme (like small capacity water pans) were viewed as not suitable in the face of extended droughts.
- The proposed training/capacity building elements, to be under taken in where adaptation assets have been established, such that where a water structure is constructed, the demonstration sites are also located and trainings can take place there, using the farmer field concept hence presenting the communities with a longer-term benefit.

The concept of an Adaptation village is the core of the remodelled design and the following facilities were identified as the main structures of the proposed Adaptation villages;

1. Water point -Solarized borehole
2. Water storage facility - Raised steel tanks
3. Fenced area of around about 2-acre space – Chain link fence, concrete posts and a gate
4. Basic village hall- that employs the concept of green architecture
5. Sanitation facilities

NEMA is undertaking all procurement for the programme with exception of the CDA's Component 3 activities of mangrove rehabilitation and coral reef restoration. The activities model of execution is through organized community and there exists valid M.o.Us between the Authority and the community members.

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1.9 Summary of Project Compliance:

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

2.STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

The key development objectives of the *project's 2018-2022* plan are to:

KRA 1: Environmental Quality, Protection and Conservation

Objectives:

1. To improve the quality of the environment
2. To promote sustainable natural resource utilization
3. To promote public behavioral change in environmental Management

KRA 2: Ecological Integrity of Ecosystems

1. To promote conservation and management of aquatic and terrestrial ecosystems
2. To promote conservation and management of environmentally significant areas

KRA 3: Climate Change

1. To support reduction and monitoring of Green House Gases (GHG) emissions
2. To advance implementation of climate change duties by public and private entities
3. To integrate climate risk and vulnerability assessment into all forms of assessment
4. To mobilize and deploy climate Finance
5. To support implementation of CCA, NAP, NDC, NCCAP
6. To promote programmes on Carbon Neutrality

KRA 4: Environmental Governance and Coordination

1. To strengthen the regulatory framework for environmental management

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2. To Promote synergy in management of environmental functions

KRA 5: Green economy for Sustainable Development

1. To promote blue economy
2. To promote green and circular economy
3. To promote the reduction of environment risks

KRA 6: Institutional Capacity

1. To strengthen corporate governance
2. To enhance corporate image
3. To strengthen human capital
4. To enhance financial sustainability
5. To enhance service delivery
6. Risk Management

Progress on attainment of Strategic development objectives

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

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Adaptation fund project – Integrated Programme to Build Resilience to Climate Change & Adaptive	1.Enhancing Climate Change resilience for improved food security in selected Counties 2.Establishing Climate Change	Increased Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya	<ul style="list-style-type: none"> • No. of Established appropriate physical assets and infrastructure for water harvesting, 	<ul style="list-style-type: none"> • 20 boreholes Procurement procedure ongoing • 2000 mangrove seedlings planted

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<p>Capacity of Vulnerable Communities in Kenya”</p>	<p>resilient water management systems to enhance food security in selected Counties</p> <p>3.Increase Climate Change resilience to the effects of sea level rise and shoreline changes through Integrated Shoreline and Mangrove Ecosystem Management (ISMEM) in Kenyan coastal zone</p> <p>4.Disaster risk reduction and increasing preparedness among vulnerable communities</p> <p>5.Strengthening capacity and knowledge management on climate change adaptation</p>		<p>storage and irrigation</p> <ul style="list-style-type: none"> • No. of mangrove seedlings planted • Km. of coral reef restored • No of evacuation centres established • No. of alternative livelihood established • No. flood control structures • No. of appropriate and efficient irrigation methods • No. of structures established under Integrated Shoreline and Mangrove Ecosystem Management 	<ul style="list-style-type: none"> • 2 community conservation areas for coral reef rehabilitation identified. • 2 sites for evacuation centre construction identified and procurement process ongoing • Fish cooling facility under procurement • 4 sites for dyke / flood control structures construction identified and procurement process ongoing • Thome small holder irrigation scheme in Laikipia county ongoing
--	--	--	---	--

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)

Reports and Financial Statements For the financial year ended June 30, 2020

			(ISMEM) plan	<ul style="list-style-type: none"> • Site identified for shoreline stabilization and procurement process in ongoing
--	--	--	-----------------	--

3.CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Corporate Social responsibility has become one of the standard business practices of our time. For companies committed to CSR it means kudos and enhanced overall reputation. – powerful statement of what they stand for in an often-cynical business world.

Social and environmental responsibilities are an integral part of the Authority’s practices. To ensure a harmonized and orderly approach to our CSR activities. NEMA developed its CSR policy

We have over the years strived to mainstream environmental conservation in the development of the country so as ensure the sustainable development of the country. In order to attain this, we have mainstreamed environmental sustainability in the performance contracts of all contracts of all government institutions. We visit these institutions to assist them be more environmentally conscious in their activities. This is done at the Authority’s costs.

We worked closely with the several communities especially the weak and vulnerable. Several activities to commemorate world environment events were organized and held with these communities.

During the financial year 2019/2020, the Authority carried out the following CSR activities

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)

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- Planted 130,520 seedlings (Marsabit county-38720, Mau Forest-39,000, Gazi, Kwale-2,000 mangrove seedlings, Maasai Mara marathon- 5,000, Kajiado county(Oloitoktok)-11,800, 19,000 seedlings during the world wetlands Day in Mau Forest,(3,000 trees distributed and planted by households in Turkana ,1,000 during WDCD, 1,000 Ngong Forests,5,000 African Public Service Day,Kaptagat and sector field stations in Elgeyo Marakwet 18,000)
- Model schools identified in the 3 Counties where the Authority procured water harvesting structures, establishment of vegetable gardens and tree nurseries for the tree ESD model schools.

Employee Welfare

We have reviewed NEMA human resources policies and procedures manual which guides on the recruitment process from vacancy identification to new hire induction. The policy takes into account the gender, women and disability considerations. On careers, we have a progressive career guideline . Biannual and annual staff performance appraisals are conducted and rewards and sanctions determined.

Market place practices

Access to Government Procurement Opportunities(AGPO): The Authority adheres to the Presidential directive on Access to Government Procurement opportunities (AGPO) which includes youth, women and PWDs as individuals or in organized groups.

During the year , the Authority offered AGPO Kshs 76.11 Million against a target of Kshs 100 Million . This is an achievement of 75.5% . We further prequalified the registered groups as affirmative action. The three target groups were trained on government procurement procedures and requirements. The Authority also submitted to PPRA a summary of procurements allocated to the target group in the format provided in in the PPRA website and also submitted to national council for persons with disability, a summary of procurement opportunities allocated to PWDs The Authority will endeavour to collaborate with various organizations to enhance environment education with various target groups.

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)

Reports and Financial Statements For the financial year ended June 30, 2020

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Accounting Officer* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya (KCCAP) 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 and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Accounting Officer* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya (KCCAP) 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 *Accounting Officer* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya (KCCAP) are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2020, and of the Project's financial position as at that date. The *Accounting Officer* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya (KCCAP) further confirm the completeness of the accounting records maintained for the Programme, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)

Reports and Financial Statements For the financial year ended June 30, 2020

The *Accounting Officer* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya (KCCAP) confirm that the Programme has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Programme funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

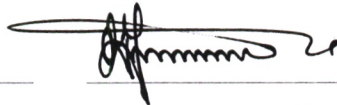
Approval of the Project financial statements

The Programme financial statements were approved by the *Accounting Officer* and the *Programme Coordinator* for Integrated Programme to Build Resilience to Change & Adaptive Capacity of Vulnerable Communities in Kenya (KCCAP) on 28th December 2020 and signed by them.



Accounting Officer

MAMO B. MAMO



Programme Coordinator

WANGARE KIRUMBA



Programme Accountant

CPA OBIERE PETER OTIENO
ICPAK Member Number 13975

**NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity
of Vulnerable Communities in Kenya under United Nations Framework Climate Change
Convention (UNFCCC)**

Reports and Financial Statements For the financial year ended June 30, 2020

5. REPORT OF THE INDEPENDENT AUDITORS ON THE PROGRAMME

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON INTEGRATED PROGRAMME TO BUILD RESILIENCE TO CLIMATE CHANGE AND ADAPTIVE CAPACITY OF VULNERABLE COMMUNITIES IN KENYA FOR THE YEAR ENDED 30 JUNE, 2020 - NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya set out on pages 1 to 26, which comprise of the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya as at 30 June, 2020, 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 Loan Agreement No. KEN/NIE/Multi/2013/1 between the Adaption Fund Board and the Republic of Kenya dated 4 November, 2014 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Low Absorption Rate

A review the of the Financing Agreement revealed that the initial closing date for the project was 1 April, 2019 but this was extended to 30 June, 2020 at no cost. Further,

Report of the Auditor-General on Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya for the year ended 30 June, 2020 – National Environment Management Authority

paragraph 1.7 of the non-financial information indicates that the Project had drawn Kshs.901,442,454 out of the total Donor commitment of Kshs.1,012,714,450 leaving an amount of Kshs.111,272,110.

Further, the statement of receipts and payments indicates that the Project had spent Kshs.496,590,667 as at 30 June, 2020 representing an absorption rate of 49% which includes Kshs.61,499,181 being unspent balance of advances to executing entities. The Management has not explained how it will absorb the remaining 51% funding within the remaining period although the Programme was given a further extension up to 31 December, 2021.

My opinion is however not modified in respect of this matter.

Key Audit Matters

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

Other of matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised based on various stalled and delayed completion of projects, among others. Management has indicated that there were no during the previous issues to respond to contrary to the previous report which had several issues which remain unresolved as the Public Accounts Committee has not deliberated on these matters.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Programme's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Programme or to cease operations.

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Programme 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

05 January, 2021

Report of the Auditor-General on Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of Vulnerable Communities in Kenya for the year ended 30 June, 2020 - National Environment Management Authority

Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)

Reports and Financial Statements For the financial year ended June 30, 2020

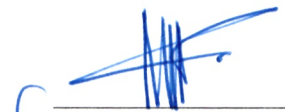
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE

2020

		2019-2020	2018-19	Cum to date
RECEIPTS	Notes			
Proceeds from domestic and foreign grants	9.3	-	399,783,277	901,442,454
Proceeds from Caritas	9.4.2	-	743,151	743,151
Exchange gain/loss	9.4	18,485,249	5,369,955	36,790,457
Total receipts		18,485,249	405,896,383	938,976,062
PAYMENTS				
Purchase of goods and services	9.5	25,978,539	16,894,222	71,945,477
Acquisition of non-financial assets	9.6	7,814,973	1,387,478	18,590,116
Transfers to other government entities	9.7	50,858,001	8,946,194	405,728,307
Other payments: Bank Charges	9.8	109,528	81,401	326,773
TOTAL PAYMENTS		<u>84,761,041</u>	<u>27,309,295</u>	<u>496,590,667</u>
SURPLUS/DEFICIT FOR THE YEAR		<u>(66,275,792)</u>	<u>378,587,088</u>	<u>442,385,395</u>

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)
Reports and Financial Statements For the financial year ended June 30, 2020


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th December 2020 and signed by:



Accounting officer

28/12/2020

Date



Project Coordinator

28/12/2020

Date



Programme Accountant

28th December 2020

Date

ICPAK Member Number 13975

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)
Reports and Financial Statements For the financial year ended June 30, 2020

7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020

		2019-2020	2018-2019
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	.9.9	442,391,339	508,433,968
Outstanding Advances	9.10a	61,516,018	61,499,181
Outstanding Imprests		-	250,000
TOTAL FINANCIAL ASSETS		503,907,357	570,183,149
REPRESENTED BY:			
Cash and cash equivalents b/fwd		570,183,149	209,364,350
Surplus/Deficit for the year		(66,275,792)	378,587,089
Prior year adjustments	9.12	-	(17,768,290)
NET FINANCIAL POSITION		503,907,357	570,183,149

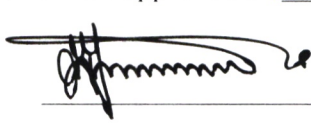
NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)
Reports and Financial Statements For the financial year ended June 30, 2020

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th December 2020 and signed by:



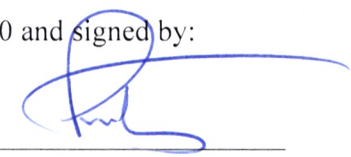
Accounting officer
28/12/2020

Date



Project Coordinator
28/12/2020

Date



Programme Accountant
28th December 2020

Date

ICPAK Member Number 13975

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)
Reports and Financial Statements For the financial year ended June 30, 2020

8.STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

		2019-2020	2018-2019
	Notes		KES
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Proceeds from domestic and foreign grants			399,783,277.00
Exchange loss/gain	9.4.	18,485,249	5,369,955.90
Miscellaneous receipts		-	743,151.00
			405,896,384
Payments for operating expenses			
Purchase of goods and services	9.5	(25,978,539)	(16,894,222)
Transfers to other government entities	9.7	(50,858,001)	(49,788,096)
Other payments (bank charges)	9.8	(109,528)	(81,401.00)
Net cash flow from operating activities		(58,460,819)	(25,921,817)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Non-Financial Assets	9.6	(7,814,973)	(1,387,478)
Net cash flows from Investing Activities		(7,814,978)	(1,387,478)
NET INCREASE IN CASH AND CASH EQUIVALENT		(66,275,792)	(27,309,295)
Cash and cash equivalent at BEGINNING of the year		570,183,149	130,019,231
Cash and cash equivalent at END of the year		503,907,357	570,183,149

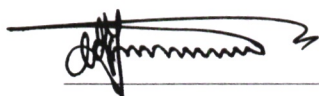
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28th December 2020 and signed by:



Accounting officer

28/12/2020

Date



Project Coordinator

28/12/2020

Date



Programme Accountant

28th December 2020

Date

Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)

Reports and Financial Statements For the financial year ended June 30, 2020

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payment Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Variance
	A	B	C= a+b	D	E=d-c	F=e/c %
Receipts						
Proceeds from domestic and foreign grants	-			-		
Foreign Exchange gain	18,485,249	-	18,485,249	18,485,249		
Total Receipts	18,485,249	-	18,485,249	18,485,249		
Payments						
Transfer to other Government entities	50,858,001		50,858,001	50,858,001		
Purchase of goods and supplies	25,978,539		25,978,539	25,978,539		
Acquisition of non-financial Assets	7,814,973		7,814,973	7,814,973		
Bank Charges	109,528	-	109,528	109,528		
Total Payments	84,761,041	-	84,761,041	84,761,041		

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)
Reports and Financial Statements For the financial year ended June 30, 2020

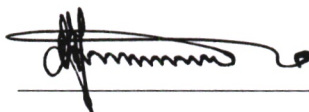
Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.



Accounting officer

28/12/2020

Date



Project Coordinator

28/12/2020

Date



Programme Accountant

2020 December 2020

Date

ICPAK Member Number 13975

10. NOTES TO THE FINANCIAL STATEMENTS

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

9.1 Basis of Preparation

9.1.1 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 imprest and 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.

9.1.2 Reporting entity

The financial statements are for the Integrated Programme to build resilience to climate change and adaptive capacity of vulnerable communities in Kenya under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3 Reporting currency

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

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)

Reports and Financial Statements For the financial year ended June 30, 2020

9.2 Significant Accounting Policies

a) Recognition of receipts

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

• External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

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

Undrawn external assistance

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

• Other receipts

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

b) Recognition of payments

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

• Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed,

NEMA-Integrated Programme to Build Resilience to Climate Change & Adaptive Capacity of Vulnerable Communities in Kenya under United Nations Framework Climate Change Convention (UNFCCC)

Reports and Financial Statements For the financial year ended June 30, 2020

they shall be disclosed as pending bills.

- **Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity

SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) In-kind donations

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

d) 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 Kenya Commercial Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

e) Accounts receivable

For the purposes of these financial statements, imprest and advances to authorized 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.

f) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from

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

g) 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 cash 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 recognized 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 annex1 to these financial statements.

h) 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 the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

i) 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.

j) 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, 2020

k) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

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9.3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 we did not receive grants from Adaptation Fund

Name of Donor	Date received	Amount received in donor currency	Grants received in Kshs	Total amount in Kshs	
				FY 2019/20	FY 2018/19
				USD	Kshs
Grants Received from Multilateral Donors (International Organizations)					
Adaptation Fund Board	22.10.2018	3,954,163	399,783,277	-	399,783,277
Total		3,954,163	399,783,277	-	399,783,277

9.4. Miscellaneous Receipts (Exchange gain/loss)

	2019/20	2018/19
July	8,517,852	(610,875)
08/30/19	(3,040,138)	225,898
09/30/19	1,468,620	295,105
10/31/19	(2,974,438)	3,785,913
11/30/19	(1,747,816)	3,418,581
12/31/19	(6,432,874)	(3,423,978)
01/31/20	(2,579,276)	(4,690,737)
02/28/20	1,029,697	(3,944,026)
03/31/20	16,236,225	3,257,170
04/30/20	11,373,060	3,092,324
05/31/20	(1,522,884)	(121,181)
06/30/20	(1,842,777)	4,085,760

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TOTAL	18,485,249	5,369,955
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9.5 PURCHASE OF GOODS AND SERVICES

	FY 2019/20			FY 2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	527,930	-	527,930	3,321,484	4,957,784
Domestic travel and subsistence	19,801,373	-	19,801,373	12,606,594	56,441,920
Foreign travel and subsistence	1,015,150	-	1,015,150	891,143	4,321,198
Training payments	-	-	-	-	1,485,200
Hospitality supplies and services	1,697,904	-	1,697,904	-	1,728,187
Printing, advertising and – information supplies & services	264,152		264,152		264,152
Purchase of materials and Specialised Services	2,504,030		2,504,030		2,504,030
Routine maintenance	168,000	-	168,000	75,000	243,000
Total	<u>25,978,539</u>	=	<u>25,978,539</u>	<u>16,894,222</u>	<u>71,945,471</u>

9.6 ACQUISITION OF NON-FINANCIAL ASSETS

	FY 2019/20	FY 2018/19	Cumulative to-date

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	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of vehicles	7,439,482	-	7,439,482	-	14,138,102
Purchase of office furniture & general equipment	123,691		123,691	1,387,478	4,200,214
Purchase of computers	<u>251,800</u>		<u>251,800</u>		<u>251,800</u>
Total	<u>7,814,973</u>	=	<u>7,814,973</u>	<u>1,387,478</u>	<u>18,590,116</u>

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9.7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

	Financial 2019/20 Kshs	Year 2018/19 Kshs	Financial Year Cumulative To date Kshs
Transfers to National Government entities & other operating expenses			
Kenya Forestry Research Institute (KEFRI)	5,976,805	-	138,017,559
Tana & Athi River Development Authority (TARDA)	34,177,269	8,946,194	206,964,620
Coast Development Authority (CDA)	<u>10,703,927</u>		<u>60,746,128</u>
TOTAL	<u>50,858,001</u>	<u>8,946,194</u>	<u>405,728,307</u>

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

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9.8 Other Payments (Bank Charges)

2019-2020

Month	2019/20	2018/19
July	5,732	7,736
August	6,480	220
September	7,439	880
October	13,080	1,525
November	16,080	2,400
December	19,800	15,600
January	7,680	2,400
February	14,759	10,320
March	8,160	6,960
April	2,520	9,840
May	1,199	8,040
June	6,599	15,480
TOTAL	109,528	81,401

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9.9 Bank Accounts

	2019/20	2018/19
CASH AND CASH EQUIVALENT C/FWD		
Banks Accounts		
<u>Foreign Currency Accounts (USD)</u>		
Kenya Commercial Bank [A/c No.1165595192]	4,376,105	4,456,115.00
Total Foreign currency balances	4,376,105	4,456,115.00
Local Currency Accounts KES Equivalent (A/c No.1165595192)	466,153,240	455,853,054.00
Local Currency Accounts Kshs account (A/c No.1218639164)	<u>33,140,101</u>	<u>52,580,914.00</u>
Total bank account balances	<u>499,293,341</u>	508,433,968
GCF Readiness	22,636,464	61,499,181
GCF PPF	34,265,538	250,000
Adaptation Fund bank account balance	442,391,339	
Outstanding Advances	61,516,018	61,499,181
Outsatnding imprest		250,000
Cash & cash equivalent C/FWD	503,907,357	570,183,149

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9.10a Outstanding Advances

Name of Officer or Institution	Bal c/d 2018/19(Kshs)	Amount 2019/20(Kshs)	Due Date of Surrender	Total Kshs	Amount Surrendered	Balance Kshs
Kenya Forestry Institute (KEFRI)	36,701,281	5,976,805	30/6/2020	42,678,086	17,194,637	25,483,449
Tana & Athi River Development Authority (TARDA)	21,733,232	34,177,269	30/6/2020	55,910,501	28,462,665	27,447,836
Coast Development Authority (CDA)	3,064,668	10,703,927	30/6/2020	13,768,595	5,183,862	8,584,733
	61,499,181	50,858,001		112,357,182	50,841,164	61,516,018

9.10b

ADAPTATION FUND DISBURSEMENT /EXPENDITURE AS AT 30TH JUNE 2020			
EXECUTING	TOTAL DISBURSEMENT IN KES	TOTAL EXPENDITURE IN KES	BALANCE IN KES

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KEFRI	92,261,941.00	84,308,569	7,953,569
NASARU	7,708,889.00	7,669,361	95
KU	2,002,762.00	1,681,475	321,287
VIRED	32,705,183.00	18,874,706	13,830,281
WORLD VISION	3,338,784.00	-	3,338,784
TARDA	72,173,962.00	72,083,529	90,433
ADRA KENYA	17,732,076.00	11,407,701	6,324,375
CARITAS	31,083,362.00	10,010,901	21,072,461
KENYA RED CROSS	40,326,640.00	40,326,640	-
HORNAID KENYA	45,648,580.00	45,648,580	-
CDA	60,746,128.00	52,161,394	8,584,733
TOTAL	405,728,307	344,212,289	61,516,018

9.12 Prior year Adjustment

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10. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLE (See Annex 2)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Supply of services	-	3,009,900	(2,106,930)	902,970
Total	-	3,009,900	(2,106,930)	902,970

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11 .PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATION

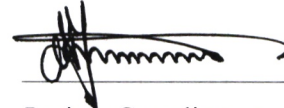
There were no unresolved issues raised by the auditors during the previous audits



Accounting Officer

28/12/2020

Date



Project Coordinator

28/12/2020

Date

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ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilisation Variance	% of Utilisation Variance to Final Budget	Comments on Variance
	A	B	C=a-b	D=c/a %	
RECEIPTS DURING THE YEAR/PERIOD					
Proceeds from domestic and foreign grants	399,783,277	399,783,277	399,783,277	100%	
Miscellaneous receipts	-	-	-		
Total receipts	399,783,277	399,783,277	399,783,277	100%	
PAYMENTS DURING THE YEAR/PERIOD					
Transfer to other government Entities	50,858,001	50,858,001	50,858,001	100%	
Purchase of goods and services	25,978,539	26,978,539	25,978,539	100%	
Acquisition of Assets	7,814,973	7,814,973	7,814,973	100%	
Bank charges	109,528	109,528	109,528	100%	
Total payments	84,761,041	84,761,041	84,761,041	100%	

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Annex 2- PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
	a	b	c	d=a-c		
Supply of services						
1. Aquaclean services Ltd	191,400	18-10-2019	133,980	57,420	-	To be paid in 2020/21FY
2. Makazi Mbiya	475,000	18-10-2019	332,500	142,500	-	To be paid in 2020/21FY
3. Carol Bwire	692,500	11-11-2019	484,750	207,750	-	To be paid in 2020/21FY
4. Evans Totona	95,000	18-10-2019	66,500	28,500	-	To be paid in 2020/21 FY
5. Ecoserve Consultants	475,000	18-10-2019	332,500	142,500	-	To be paid in 2020/21 FY
6. Simeon C.M.Ochieng	691,000	11-11-2019	483,700	207,300	-	To be paid in 2020/21 FY
7.Mohammed Hassan Boya	390,000	06-11-2019	273,000	117,000	-	To be paid in 2020/21 FY
Sub-Total	3,009,900		2,106,930	902,970		
Grand Total	3,009,900		2,106,930	902,970		

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APPENDICES

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations

