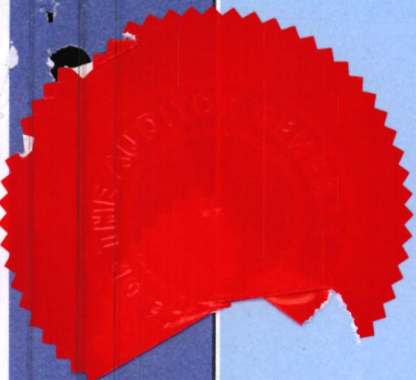
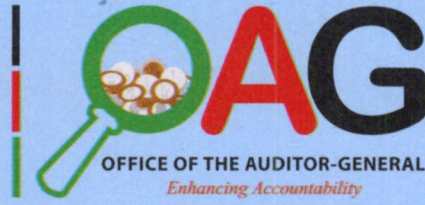


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REPORT

OF

THE AUDITOR-GENERAL

ON

FINANCING LOCALLY-LED CLIMATE
ACTION (FLLoCA) PROGRAM

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF LAIKIPIA



PROJECT NAME: FINANCING LOCALLY- LED CLIMATE ACTION

IMPLEMENTING ENTITY: LAIKIPIA COUNTY EXECUTIVE

PROJECT GRANT/CREDIT NUMBER: IDA V 319 – KE (P173065)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

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1. Acronyms and Definition of Terms

I. Acronyms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
FLLoCA	Financing Locally- Led Climate Action Program
CCIS	Climate Change Institutional Support
CCRI	Climate Change Resilient Investment
PCRA	Participatory Climate Risk Assessment
CCAP	County Climate Change Action Plan
WCCPC	Ward Climate Change Planning Committee
CCA	Climate Change Adaptation/County Climate Action
CCU	County Climate Change Unit
CRF	County Revenue Fund
ES	Environmental Safeguard
ESIA	Environment and Social Impact Assessment
FY	Financial Year
Ksh	Kenya Shilling
NEMA	National Environment Management Authority
SPA	Special Purpose Account
TNT&P	The National Treasury and Planning
CSOs	Civil Society Organizations
SDGs	Sustainable Development Goals
CECM	County Executive Committee Member

II. Definition of Terms

- **Comparative FY** means Financial year preceding the current financial year
- **Administrator** means the County climate change fund administrator appointed in accordance with section 10 of the Laikipia County Climate Change Act 2021 Act.
- **Climate change** means a change in the climate system which is caused by significant changes in the concentration of greenhouse gases as a consequence of human activities and which is in addition to natural climate change that has been observed during a considerable period.
- **Climate change adaptation** means adjustment in natural or human systems in response to actual or anticipated adverse effects of climate change or stimuli or their effects to moderate or exploit beneficial opportunities.

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- **Climate change awareness** means publicity and capacity activities aimed at creating an awareness about Climate Change in the County.
- **Climate change mitigation** means measures undertaken to prevent or reduce the emission of greenhouse gases.
- **Climate finance** means monies or financing available for or mobilized by the National Government, County Government, international agencies, or non-government entities to finance climate change adaptation, mitigation and interventions.
- **County government** means the Laikipia County Government.
- **Financial year** means a period of twelve months ending on 30th June each year which is in conformity with the timelines for the County budget outlines in sections 125 and 131 of the Public Finance Management Act.
- **Steering committee** means the County Climate Change Fund Steering Committee established under the Laikipia County Climate Change Act 2021 Act.

2. Project Information and Overall Performance

2.1 Name and registered office

❖ **Name:** Financing Locally Led Climate Action, (FLLoCA)

FLLoCA is an innovative program, jointly funded by the Government of Kenya and the World Bank to create resilience at community levels to mitigate the impact of climate change. The program started in the course of FY 2021/22 and will run for four fiscal years.

At the core of FLLoCA are two intergovernmental fiscal grants that are, in principle, available being the County Climate Institutional Support (CCIS) Grant, and the County Climate Resilience Investment (CCRI) Grant.

CCIS Grant is meant to help and incentivise county government to get legal, institutional and organisational arrangements in place to be able to budget, plan for and implement for Climate Change Adaptation through County Climate Action. (CCA).

CCRI Grant is a performance-based grant with regards to Climate Change Adaptation; the better a county performs relative to all other counties, the more resources it will receive for CCA Investments.

The FLLoCA program is a Kenyan government initiative, supported by the World Bank and other donors, aimed at enhancing climate resilience through community-driven actions. The program focuses on capitalizing National and County Climate Change Funds, building county-level capacity for planning, budgeting, reporting, and implementing local climate actions in partnership with communities, and strengthening national-level capacity for coordination, monitoring, and reporting. In Laikipia County, the FLLoCA program emphasizes community engagement and capacity building to address climate change challenges. The County Government has been actively identifying CSOs to represent Laikipia at the national level for the FLLoCA program, recognizing the crucial role these organizations play in advancing climate action and amplifying community voices. Overall, the FLLoCA program in Laikipia County seeks to empower local communities, strengthen institutional capacities, and implement sustainable climate actions mitigated impacts of climate change.

❖ **Objectives of the FLLoCA Program**

The overall goal of the FLLoCA Programme is to deliver locally-led climate resilience actions and strengthen county and national governments' capacity to manage climate risks. FLLoCA provides county-level performance grants that will result in a portfolio of climate resilience actions or investments addressing communities' priorities. Implementation of such County Climate Action (CCA) Plans is the first targeted Program outcome. The second outcome is an increased capacity of county Governments to manage climate risks.

he impacts of climate change.

The program aims to support and strengthen climate action at the local level, particularly in vulnerable regions. Its primary objectives in Laikipia are as follows:

1. Promote Locally-Led Climate Action

Empower local communities, institutions, and stakeholders to take the lead in identifying and implementing climate resilience and mitigation strategies tailored to their specific needs.

2. Enhance Climate Resilience

Build resilience in communities to reduce vulnerability to climate risks such as drought, floods, and rising soil erosion, especially in northern Laikipia areas prone to extreme weather events.

3. Strengthen Governance and Institutional Capacity

Improve the capacity of the county government and local institutions to plan, implement, and monitor climate action initiatives effectively and transparently.

4. Promote Inclusive Participation

Ensure equitable participation of marginalized groups, including women, youth, and indigenous communities, in decision-making processes related to climate action.

5. Encourage Innovative Financing Mechanisms

Mobilize and channel financial resources to local actors, fostering innovative and sustainable financing mechanisms for climate action.

6. Support Sustainable Development

Align local climate action initiatives with broader (SDGs), such as poverty alleviation, food security, and environmental conservation.

7. Foster Knowledge Sharing and Learning

Create platforms for the exchange of knowledge, best practices, and lessons learned to scale up effective local climate solutions. The FLLoCA program reflects a paradigm shift toward locally-led development and climate resilience, emphasizing the importance of community engagement and context-specific solutions in addressing global climate challenges.

Financing Locally- Led Climate Action Project
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❖ **Project Address**

The project headquarters offices are in Rumuruti Town,

Laikipia County Headquarters Kenya.

Government Road, Opposite DCC'S Office

P.O. Box: 131-20321

Telephone: (254) 740 031 031

climatechange@laikipia.go.ke

www.laikipia.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The program effective date is 1st February, 2022
Project End Date:	The Program end date is June 30, 2027
Project Coordinator:	Mr. John Letai
Project Development Partner:	World Bank, International Development Association (IDA), Government of Denmark (DANIDA) and Government of Sweden (SIDA), Government of Germany (KfW) and Government of Kenya (GoK)

2.3 Project Overview

Line Ministry or State departments/ County Department	The National treasury & County Department of Water, Environment and Agriculture
Project number	IDA V 319 – KE (P173065)
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> (i) Financing Locally-Led Climate Action (FLLoCA) Program’s objective is to deliver locally-led climate resilience actions and strengthen county and national governments’ capacity to manage climate risk. (ii) FLLoCA Program is expected to strengthen County Government capacity to plan, budget, implement and monitor climate mitigation and adaptation actions, with a focus on sub-county (ward and community) levels. (iii) The main purpose of the CCRI Grant is to encourage and financially facilitate County Governments to implement the County Climate Action Plans (CCAPs) as prepared in a participatory manner, whilst at the same time incentivizing them to increase County contributions into the County Climate Change Fund (CCCF) and mainstreaming climate action into the regular operations of the county departments.

Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: i) Establishing the institutional arrangements for Climate Action; ii. Preparation of participatory Climate Action Plans, establish County Determined Contributions as derived from the National Determined Contribution (NDC), conducting County Vulnerability Assessments, preparation of Climate Finance guidelines, Standards, etc; and iii. Meeting the Minimum Performance Conditions to be able to access the much larger, County Climate Resilience Investment Grant
Other important background information of the project	The project aims to build a movement for climate action in Kenya. FLLoCA thereby builds on and seeks to strengthen existing county citizen engagement mechanisms.
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (i) Water (ii) Environment (iii) Agriculture
Project duration	5 Years

Project Information and Overall Performance (Continued)

2.4 Bankers



The following are the bankers for the project:

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2.5 Independent Auditor

The project is audited by:
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya.

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
<p>Leah Njeri</p> 	<p>County Executive Committee Member in charge of Department of Water Environment, Natural Resources & Climate Change</p>	<p>Bachelor of Arts.</p>	<p>The CECM for Water, Environment and Natural Resources provides overall leadership and policy direction for FLLoCA implementation, ensuring alignment with county and national climate action plans. The role includes coordinating stakeholders, overseeing project execution, ensuring compliance with the PFM Act and donor requirements, approving reports, and mobilizing resources. The CECM also drives transparency, supports capacity building, and communicates progress to the County Executive, Assembly, and development partners.</p>
<p>Samuel Lemanyishoe Abraham</p> 	<p>Chief Officer for Water Environment, Natural Resources and Climate Change</p>	<p>Holds Master of Arts in Diplomacy Development & International Security; Bachelor's Degree in International Relations and Security Studies.</p>	<p>He is currently serving as the Chief Officer and in his capacity has demonstrated strategic leadership in optimizing departmental resources both financial and human. Plays a pivotal role in steering the implementation of the CIDP within the department ensuring effective budget absorption and realization of strategic objectives. His tenure encompasses formulation implementation and monitoring of legislation and policies related to Water, Environment, Climate Change and Natural Resources sectors.</p>

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<p>John Letai</p> 	<p>Director Climate Change</p>	<p>Bachelor of Science in Natural Resources and Post Graduate Diploma in Project Planning</p>	<p>A Climate Change Director holds a strategic leadership role in driving organizational responses to climate change. Their responsibilities often span across policy-making, sustainability planning, and guiding environmental initiatives. Secure funding for climate-related initiatives and manage the allocation of resources to sustainability projects.</p>
<p>Edson Monda</p> 	<p>Climate Change Officer</p>	<p>Bachelor of Science in Environmental science</p>	<p>To support the implementation of FLLoCA project activities and the Laikipia County Climate Change Act among other programs and projects. Conduct research and analysis on climate change trends and best practices including Carbon Markets. Develop, manage, and update a database for the Directorate's programs and projects. To support dissemination of relevant information to various stakeholders and the public on Climate Change issues.</p>
<p>Lewis Mutuku</p> 	<p>Climate Change M&E Officer</p>	<p>Bachelor of Science in Management of Environment and Agro Ecosystems</p>	<p>Develop and implement a comprehensive Monitoring and Evaluation (M&E) plan, including clear indicators, data collection methods, and reporting schedules. Design and manage data collection processes, including surveys, interviews, focus groups, and field visits.</p>

*Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

<p>Ruth Njeri</p> 	<p>Climate Change Procurement Officer</p>	<p>Diploma in supply chain management</p>	<p>Responsible for sourcing, negotiating and purchasing goods and services needed by an organization, ensuring cost-effectiveness, quality, and timely delivery while adhering to budget and compliance requirements.</p>
<p>Grace Wanjiku</p> 	<p>Program Accountant</p>	<p>Bachelor's Degree in Business Administration accounting option</p>	<p>Responsible for managing financial records, preparing reports, ensuring compliance with regulations, analysing financial data, and assisting in budgeting and forecasting to support informed decision-making within an organization.</p>
<p>Lydia Mokeira</p> 	<p>Accountant for the department of Water, Environment, Natural resources & Climate Change)</p>	<p>A Certified Public Accountant (Kenya) with Bachelor's Degree in Commerce Banking and Finance option.</p>	<p>Develop and manage project budgets, ensuring alignment with FLLoCA guidelines and forecasts. Track and reconcile project costs, process supplier/vendor invoices, and ensure timely payments.</p> <p>Analyze budget variances, prepare financial reports and forecast for stakeholders. Maintain accurate financial records—contracts, change orders, draw packages—and assist audit readiness.</p> <p>Ensure compliance with program regulations, grant conditions, and donor reporting requirements.</p>

➤ **The County Climate Change Steering committee**

The functions of the County Climate Fund Steering Committee include to:-

- a. Oversee implementation of county climate change activities financed by the Fund.
- b. Support the Executive Member to mobilize resources for Climate Change financing consistent with the approved county Framework;
- c. Develop necessary linkages for the Fund with the other county climate change activities.
- d. Coordinate with other relevant stakeholders monitor compliance of the Fund administration to ensure compliance with the public finance management principles under article 201 of the Constitution of Kenya, the Procurement and Asset Disposals Act and the Public Finance Management Act;
- e. Ensure that projects financed by the Fund are approved by the County Planning Committee in conformity with the agreed criteria and the County Climate Change Finance Framework;
- f. Oversee the execution of the County Climate Finance Budget;
- g. Mobilize funding for projects, programs and activities listed in the Climate Finance Framework;
- h. Facilitate coordination of Climate Finance projects and programs with other programs in the County;
- i. Regularly review operations of the Fund to ensure consistency with the County Climate Change Finance Framework; and
- j. Any other matter relevant to Climate Change Finance in the County.

➤ **The County Technical committee**

As established in part II section 7 (1) of the Laikipia County Climate Change Act, 2021 The functions of the County Climate Fund Technical Committee includes ;

- (a) To develop projects eligibility criteria.
- (b) To receive, compile, evaluate and approve the projects submitted by the Ward Planning Committee based on the agreed criteria, and prepare the County Climate Finance Budget.
- (c) Based on criteria, ensure equitable allocation of the moneys available in the Fund with regard to the projects received from the Ward Planning Committee.

- (d) Provide monitoring and evaluation for projects financed by the Fund.
- (e) Provide the essential linkages between the Steering Committee and the County Assembly with regard to management of the Fund.
- (f) Coordinate capacity building for Climate Change Awareness and Climate Finance in the County.

➤ **The Ward Climate Change Planning Committee**

There is established Ward Planning Committee in each Ward in Laikipia County

As established in part II section 13 (1) of the Laikipia County Climate Change Act, 2021 its roles include;

- (a) Consult with the community on the relevant climate finance activities.
- (b) Facilitate public participation at the ward level.
- (c) Receive project proposals from the community at the ward level.
- (d) Develop technical components of project proposals.
- (e) Procure goods and services for projects, including development of procurement plans for each project at ward level.
- (f) Monitor implementation of projects at the ward level.
- (g) Prepare the budget at the ward level.
- (h) Preparing the ward level project reports.
- (i) Any other duty assigned by the County Planning Committee.

2.7 Funding Summary of The FLLoCA Program

The Project on Financing Locally-Led Climate Actions (FLLoCA) is a Performance for Results initiative implemented over a five-year period from 2022 to 2027. As funding is allocated annually based on performance, the Climate Change Unit is not in a position to determine the total approved budget for the entire duration of the project. Since its inception, the program has received funding from the World Bank through the National Treasury and counterpart contributions from the County Government of Laikipia. In the financial year 2022/2023, Laikipia County received a grant of Kshs. 22,000,000 through the Climate Change Special Purpose Account, out of which Kshs. 14,912,850 was utilized, leaving a balance of Kshs. 7,087,150.

In the financial year 2023/2024, the county received Kshs. 169,508,484, comprising Kshs. 63,500,000 from the County Government, Kshs. 93,249,746 from the Climate Change Resilience Initiative (CCRI), and Kshs. 12,758,738 from the Northern Rangeland Trust. Out of this, Kshs. 71,825,694 was utilized, leaving a balance of Kshs. 97,682,790.

In the 2024/2025 financial year, Laikipia County received Kshs. 104,000,000, comprising Kshs. 11,000,000 from the County Climate Institutional Support (CCIS) grant and Kshs. 93,000,000 as the county's own contribution. The county incurred total expenditures amounting to Kshs. 105,462,335 during this period. This expenditure was met through the current year's receipts and part of the balances brought forward from previous years. From the CCRI grant the project was allocated Ksh 104,466,831 as at 18th July 2025 which is yet to be received.

As at 30 June 2025, Laikipia County had received a cumulative total of Kshs. 295,508,484 under the Climate Change Account. Total expenditure to date amounts to Kshs. 195,799,300, leaving a closing balance of Kshs. 99,709,184. This balance will be carried forward to support ongoing and project activities, including investments aimed at enhancing climate resilience and institutional capacity.

The amount of money received to date is highlighted in the funding summary below:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date June 30, 2025		Undrawn balance to date	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant						
CCIS: World Bank (IDA Through the National Government)	-	11,000,000	-	11,000,000	-	-
CCRI: World Bank (IDA Through the National Government)	-	104,466,831	-	-	-	104,466,831
(ii) Loan	-		-			
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(iii) Counterpart funds	-		-			
County Government of Laikipia	-	93,000,000	-	93,000,000	-	-
Total	-	208,466,831	-	104,000,000	-	104,466,831

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2025)		Cumulative amount paid to date – (30 th June 2025)		Unutilised balance to date (30th June 2025)	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
CCIS: World Bank (IDA Through the National Government)	-	33,000,000	-	32,020,719	-	979,281
CCRI: World Bank (IDA Through the National Government)	-	93,249,746	-	71,838,931	-	21,410,815
	-	-	-	-	-	-
(i) Loan	-	-	-	-	-	-
FY 2024/25name of development partner	-	-	-	-	-	-
FY 2024/25name of development partner	-	-	-	-	-	-
	-	-	-	-	-	-
(ii) Counterpart funds	-	-	-	-	-	-
County Government of Laikipia	-	169,258,738	-	91,939,650	-	77,319,088
Total	-	295,508,484	-	195,799,300	-	99,709,184

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

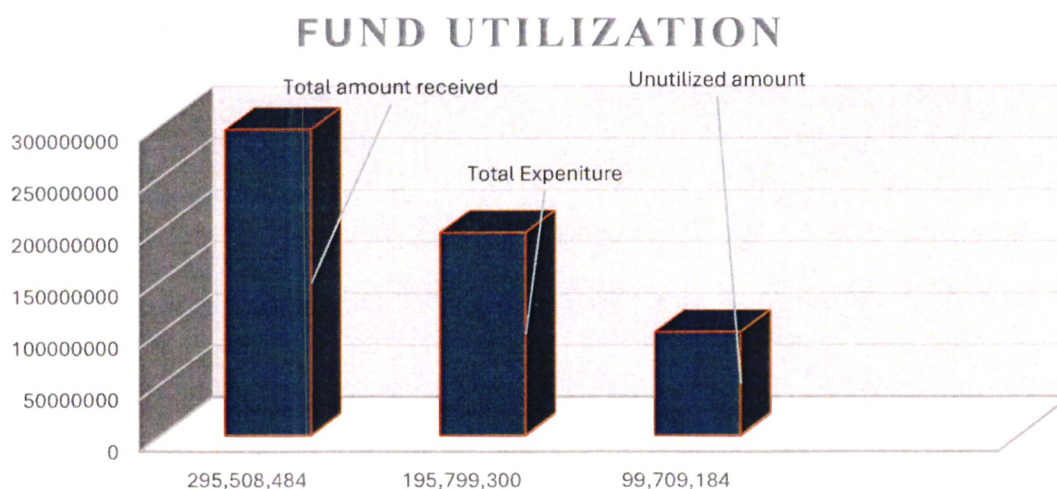
i) Budget Performance Against Actual Amounts

The Financing Locally Led Climate Action (FLLoCA) programme in Laikipia County received a cumulative allocation of Kshs. 295,508,484 during the current financial year. This funding was intended to support priority community-driven climate resilience projects identified through the County Climate Change Fund (CCCF) planning process.

During the financial year 2024/2025, the County Government of Laikipia had allocated Kshs. 96,000,000 as its counter contribution to the FLLoCA program. However, by 30 June 2025, only Kshs. 93,000,000 had been received, leaving a balance of Kshs. 3,000,000 that had not yet been transferred to the program account. Of this remaining amount, Kshs. 2,000,000 was later removed through a supplementary budget. In addition, the program received Kshs. 11,000,000 from the County Climate Investment Support (CCIS), bringing the total actual receipts for the year to Kshs. 104,000,000.

As at 30 June 2025, Laikipia County had received a cumulative total of Kshs. 295,508,484 under the Climate Change Account. Total expenditure to date amounts to Kshs. 195,799,300, leaving a closing balance of Kshs. 99,709,184. This balance will be carried forward to support ongoing and project activities, including investments aimed at enhancing climate resilience and institutional capacity

S/NO	DETAILS	AMOUNT
1	Cumulative amount received	Kshs. 295,508,484
2	Total Expenditure	Kshs. 195,799,300
3	Unutilized balance	Kshs. 99,709,184



- Overall, the budget absorption rate of 66.3% indicates a moderate level of financial performance. While the expenditure level suggests steady implementation progress, there remains significant scope for accelerating disbursements to ensure timely delivery of planned outputs

ii)Physical Progress

Outputs Achieved:

- Several community-level climate resilience projects initiated and implemented under the FLLoCA framework, including water supply systems, environmental conservation activities, and climate-smart agriculture support.
- Strengthening of local institutional capacity for project management and financial accountability.
- Outcomes Achieved:
 - Improved community access to water and sanitation facilities.
 - Increased awareness and adoption of climate change adaptation measures in targeted communities.
 - Enhanced capacity of county institutions to implement locally led climate action.
- Overall physical progress is estimated at approximately 66%, aligned with the proportion of funds utilized. The project since inception in 2023 financial year has had major outputs which include
 - Purchase of borehole consumables for 26 boreholes.
 - Equipping of boreholes namely Kinamba Bus Park, Kinguka Kanga, Majimengi ,Wamura and Eloiloi.
 - Rehabilitation of Kaharati borehole, Naituria and Loshaki .
 - Establishment of modern tree nurseries .
 - Supply and delivery of assorted tree seedlings .
 - Supply and delivery of skip bins .
 - Management of solid waste .
 - Desilting of Tiamamut dam .
 - Drilling of Ethi borehole .
 - Supply and delivery of water tanks .
 - Supply and delivery of hardware detergents and personal protective gears .
 - Supply and delivery of breeding stocks, live animals, beehives
 - Pipeline extension of Lerai water project .
 - Pipeline extension of kigumo water project.
 - Capacity development through formation and training of the 15 Ward Climate Change Planning Committees.
 - Development of 15 Ward Participatory Climate Risk Assessment Reports (PCRAs) and ward Climate Change Action Plans (WCCAPs) .
 - A county Participatory Climate Risk Report (PCRA) and a five-year County Climate Change Action Plan (CCAP).

The Key impacts/outcomes of the project include;

- Increased level of awareness raising on climate change, its effects and associated impacts
- Increased resource allocation to climate change related projects from the county assembly and more financial commitments from the executive.
- Enhanced community resilience and adaptive capacity among the target communities. Their ability to cope with the effects of climate change has increased through innovative mitigation and adaptation measures
- Increased number of stakeholders engaging on climate change at the community level and formation of a climate change technical working group.

FLLoCA -Laikipia County FY 2024/2025 Key Milestones & Impact

❖ Kinamba Bus Park Multipurpose Water

On April 30, 2025, the Department of Water, Environment, Natural Resources, and Climate Change, in partnership with the FLLoCA program, officially commissioned and handed over the Kinamba Bus Park Multipurpose Water Project to the Nyahururu Water and Sanitation Company (NYAWASCO). The project was officially commissioned by His Excellency Governor Joshua Irungu, EGH. The borehole, with a production capacity of 22,000 litres per hour, will provide clean and reliable water to Kinamba Town and its surrounding areas significantly enhancing water access and sanitation services. A major milestone from this development is the operationalization of the fully equipped theatre and dialysis units at Ndindika Hospital, now made possible through this dependable water supply marking a significant step forward for public health and community well-being.





❖ **Agroforestry And Improve Local Food Security**

The Department of Water, Environment, Natural Resources and Climate Change has distributed 5748 fruit tree seedlings in Thingithu Ward as part of the Financing Locally-Led Climate Action (FLLOCA) Program. The fruit trees were as follows;

- Cherry guava- 600
- Loquat -598
- Grafted Hass avocado -1500
- Mango- 990
- Grafted pixia oranges -900
- Citrus lemons- 800
- - Apples- 36

The distributed seedlings, carefully selected to thrive in the region's climate, will contribute to long-term ecological and economic benefits for the community. This initiative aims to enhance environmental sustainability, promote agroforestry and improve local food security by encouraging residents to integrate fruit trees into their farms and homesteads.



❖ **Strengthen Rainwater Harvesting In Public Institutions**

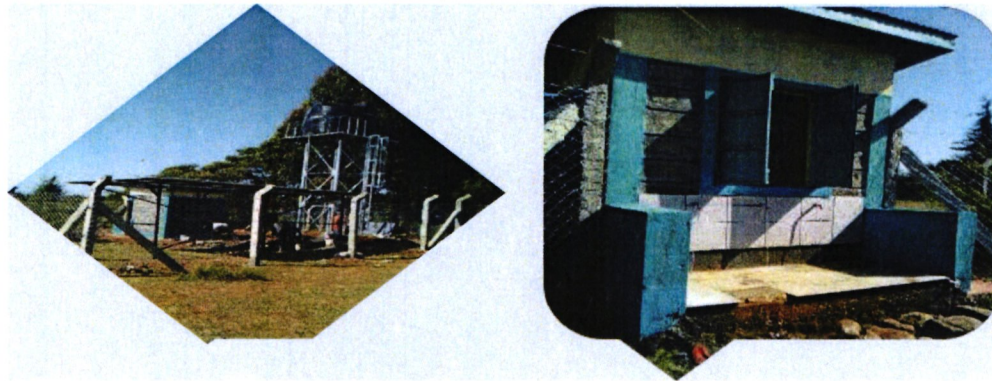
The Department of Water, Environment, Natural Resources and Climate Change, in partnership with the FLLoCA program flagged off 33 water tanks—each with a capacity of 10,000 litres—for distribution to public institutions across Laikipia County. The flag-off ceremony was presided over by H.E. Governor Joshua Irungu, EGH. This strategic initiative aims to strengthen rainwater harvesting efforts, enhance water security, and build climate resilience at the institutional level. By equipping schools, health centres, and other public facilities with these high-capacity storage tanks, the program addresses the increasing challenges of climate variability, including prolonged droughts and erratic rainfall. Through this investment in sustainable infrastructure, the Department and its partners are championing long-term, locally-driven solutions that empower communities to adapt and thrive in the face of a changing climate.



To further support community water needs, 25 water storage tanks each with a capacity of 3,000 litres were distributed to two women’s organizations in Kinguka. These efforts demonstrate the county’s commitment to sustainable water solutions and empowering local communities.

❖ **Improving access to clean and sustainable water, through the Mugumo ECDE Borehole in Marmanet**

In a remarkable step toward improving access to clean and sustainable water, the Mugumo ECDE Borehole in Marmanet has been successfully solarized through a collaborative partnership between the Department of Water, Environment, Natural resources and Climate change and Living Water International. The Department of Water undertook the drilling of the borehole to a depth of 145 meters, while Living Water International complemented these efforts by spearheading the solarization and full equipping of the borehole. By utilizing solar energy, the facility now operates sustainably and cost-effectively, hence minimizing operational costs. The borehole yields approximately 7000 litres per hour—an output that substantially enhances water availability for households, schools, and small-scale farming in the surrounding areas.



❖ **Improving Livelihoods and Boosting Local Economies Through Honey Production**

A total of 200 bee hives were distributed by the Department of Water, Environment, Natural Resources, and Climate Change in partnership with the FLLOCA program to four self-help groups in Thingithu Ward. The distribution included: 120 Kenya Top Bar Hives and 80 Langstroth Hives. These hives were allocated to the following groups within the county. This initiative is set to improve livelihoods, promote sustainability, and boost local economies through honey production.

- Sweet Water Joy Self-Help Group
- Baraka Farmers Self-Help Group
- Blessed Farmers Self help Group
- Mirera Farmers Self-Help Group

In addition to the hives, several accessories were provided to support the beekeepers:

- 15 bee suits
- 10 gloves
- 42 metallic hive stands
- 2 centrifugal honey extractors
- 8 recapping forks
- 2 stainless steel honey presses
- 5 honey strainers
- 10 feeder boxes
- 20 catcher boxes
- 15 bee smokers
- 10 hive tools
- 10 bee brushes



❖ **Rangeland Restoration and Eradication of Opuntia in Mukogodo East.**

On April 4, 2025, the Department of Water, Environment, Natural Resources and Climate Change launched the Rangeland Restoration and Eradication of Opuntia Project in Lower Mayianat Community Land, Mukogodo East Ward. The project, implemented under the FLLOCA Program, aims to restore rangeland health and productivity for an integrated livelihood support thereby improving food security, livelihoods and climate adaptation efforts. With the official handover to the contractor, the project will be implemented by Mukogodo East WCCPCs in collaboration with Mayianat Community Land Management Committee who will oversee the project's management, ensuring its long-term sustainability and alignment with local development needs. The project to be implemented using community labour



will also ensure provision of financial resources to community members to enhance household food income, improve vulnerability and adaptive capacity/ community resilience. The handover ceremony was led by the department's County Executive Committee Member (CECM), Ms. Leah Njeri, and the Director of Climate Change, Mr. John Letai. Also present were Climate Change Unit members, the ward administrator, members of the ward climate change committee and officials of mayianat community land management committee.



❖ **Capacity-Building Initiative And Climate Change Awareness**

The Program conducted a robust climate change awareness and capacity-building initiative across the four wards of Laikipia North. The effort aimed to equip local communities with the knowledge and tools necessary to adapt to the evolving climate landscape. The exercise was led by the Director Climate Change. At the heart of the trainings were the WCCPCs, who played a central role in engaging community members on the importance of resilience planning. These sessions focused on practical, community-led strategies that empower residents to anticipate, prepare for, and respond to climate-related shocks. The initiative emphasized locally driven climate action, highlighting the significance of integrating traditional knowledge with scientific approaches. Community members were encouraged to identify their vulnerabilities and co-create adaptive solutions through participatory planning.



❖ **Rehabilitation of degraded forest areas enhance biodiversity, and combat the escalating effects of climate change.**

In a significant stride toward the ecological restoration of Lusoi Hill Forest, the Department of Water, Environment, Natural Resources, and Climate Change, in partnership with the Kenya Forest Service (KFS), has distributed 15,000 tree seedlings to the Lusoi local community. This initiative is part of a wider program to rehabilitate degraded forest areas, enhance biodiversity, and combat the escalating effects of climate change. The restoration efforts also aim to revive vital water catchment zones, reduce soil erosion, and promote sustainable livelihoods through agroforestry. Aligned with the national goal of growing 15 billion trees by 2032 and Laikipia County's annual target of 37 million trees, the program reflects a strong commitment to environmental sustainability. By actively engaging local community and the Lusoi Hill Community Forest Association, the initiative not only fosters environmental stewardship but also deepens community ownership in conservation efforts.



iii) Absorption rate for each year since the commencement of the project.

In the combined financial years of 2022/2023 and 2023/2024, the County Government of Laikipia received a total of Kshs. 191,508,484. In 2024/2025, the county received an additional Kshs. 104,000,000, comprising Kshs. 93,000,000 from the County Government (out of a Kshs. 96 million allocations, with Kshs. 2,000,000 later removed through a supplementary budget) and Kshs. 11,000,000 from the County Climate Investment Support (CCIS).

In total, the Climate Change Account has received Kshs. 295,508,484 since inception and has spent Kshs. 195,799,300, leaving a balance of Kshs. 99,709,184 as at 30 June 2025. The absorption rate stands at approximately 66.26%, reflecting strong utilization of resources toward climate resilience and adaptation initiatives across the county.

iv) Implementations challenges and recommended steps.

- At inception the PCRA and CCAP were hurriedly undertaken denying communities an opportunity to propose more projects to enhance climate change adaptation and mitigation
- Delay in disbursement of Climate Change resilience Support Grant (CCRI) for the 2024/2025 financial year grants leading to delay in the initiation and implementation of projects at the ward/community level
- Community expectation and climate action priorities are higher than they may be addressed. This has led to over expectation and anxiety among communities on the viability of the program
- Budget deficits attributed by sharp decline in local revenues collected impacting negatively on the counter funding from the Laikipia County Government.
- Delayed disbursement of the equitable share of revenue to counties from the National Treasury.
- Inadequate infrastructure and capacity to run the County Climate information system and limited staff with an understanding of climate change and awareness programs to be implemented across the divide.
- Limited Human resource with adequate technical capacity to implement climate change projects. The coordination Climate Change Unit has been having inadequate staff to execute its mandate.
- Inadequate knowledge on Climate Change issues.

Recommendations

- Forging inter-collaborative engagements with relevant MDAs under the floca program .
- Future planning should factor in more time for procurement, mobilization, and follow-up .
- Enhanced awareness and sensitisation meetings for governors, CECM and Chief Officers considering that some of them are new and yet to understand and appreciate their support is critical to the success of the program.

- Counties are being encouraged to embrace peer to peer learning as a way of addressing some of the weaknesses identified .
- Need to expand the program to other county sectoral stakeholders to facilitate wide and faster coverage such as ways of analyzing and disseminating climate information to various groups and facilitate program ownership.
- Need to revisit the Participatory Climate Risk Assessment Reports and Climate Change Action Plans at the ward level to ensure inclusion of more climate related projects as the process was done in a hurry limited the proposals from the communities.

2.9 Summary of Project Compliance:

i) Significant Cases of Non-Compliance

During the reporting period, the FLLoCA programme in Laikipia County generally adhered to applicable laws, regulations, and policy guidelines governing public investment management. The FLLoCA programs consistently strived to comply with all applicable laws and regulations governing its implementation. The project adheres to all relevant National Treasury circulars related to FLLoCA, CCIS, and CCRI projects, and operates within the framework of the Public Finance Management (PFM) Act, 2012. It is also aligned with the national development blueprint, Kenya Vision 2030.

At the county level, FLLoCA is anchored in key policy and legal frameworks, including the Laikipia County Climate Change Policy (2020), the Laikipia County Climate Change Fund Act (2021), and the associated Fund Regulations. The program is funded by the World Bank, and the County Government of Laikipia—through the commitment of H.E. the Governor—has signed a Project Participation Agreement, affirming the county’s dedication to the objectives, principles, and implementation frameworks of the FLLoCA initiative. However, the following notable instances of non-compliance or partial compliance were observed:

- Delays in Adhering to Treasury Circular Timelines-Certain procurement and project initiation processes exceeded timelines outlined in National Treasury circulars on project implementation and fund absorption, resulting in slower rollout of activities.
- Deviations from Approved Work Plans-A small number of sub-projects experienced changes in scope without formal approvals, contrary to the project investment management procedures under the PFM Act.

ii) Consequences Suffered or Likely to be Suffered

Like other projects FLLoCA is governed by the laws of Kenya enshrined in the 2010 constitution. Non-compliance to these laws will lead to arrest prosecution and imprisonment. Non-compliance with project budgets, implementation and procurement processes will lead to investigations and prosecutions as well as imprisonment .

- **Delayed Project Completion:** Several planned outputs were not delivered within the initial timelines, leading to partial achievement of annual targets.
- **Reduced Absorption Rate:** The unspent balance of Kshs. 99,709,184 (33.7% of allocation) is partly attributable to the non-compliance with implementation timelines.
- **Risk to Future Funding:** Persistent delays in donor reporting could result in slowed or withheld disbursements in future funding cycles.
- **Community Disengagement:** Delays and scope changes in sub-projects risk reducing public confidence and beneficiary satisfaction.

iii) Mitigation Measures

Several measures have been undertaken by the Laikipia County to mitigate against the consequences of non-compliance. These include

- ✓ Enactment of the Laikipia County Climate Change Policy 2020, Laikipia County Climate Change Fund Act 2021 and Laikipia County Climate Change Fund Regulations 2024.
- ✓ Signing of the FLLoCA Project Participation Agreement by H.E. Governor in 2021.
- ✓ Undertaking all project procurements in line with the Public Procurement and Disposal Act of 2015
- ✓ All financial transactions are done in line with the PFM Act of 2012.

To address and prevent future non-compliance, the following measures have been implemented or are planned:

- a) **Strengthening Compliance Monitoring**-The County Treasury and Climate Change Unit have introduced a quarterly compliance checklist to track adherence to National Treasury circulars, PFM Act provisions, and donor agreement requirements.
- b) **Capacity Building**-Training sessions for project management teams on regulatory requirements and timely reporting have been conducted at both county and ward levels.
- c) **Improved Planning and Coordination**-Revised work plans with realistic timelines have been developed to align procurement schedules, disbursement plans, and activity implementation.
- d) **Enhanced Stakeholder Engagement**-Regular joint reviews with external financiers and implementing partners to identify and resolve compliance issues early.
- e) **Digital Reporting Tools**-Introduction of an online project monitoring and reporting platform to speed up data consolidation and timely submission of mandatory reports.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

Section 96 of the grant manual provides for:

Financial Reporting: Counties will present quarterly financial reports on the use of the grants to the Controller of Budget (CoB), showing CCIS, CCRI and other CCCF expenditures, copy of which will be provided to the PIU.

Physical progress reporting: Counties will present 6-monthly physical progress reports to the PIU, in the format as provided in Appendix 9, within one month after the end of each half year (end of July and end of January).

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

- a) To deliver locally-led climate resilience actions and strengthen County Governments' capacity to manage climate risk.
- b) To strengthen County Government capacity to plan, budget, implement and monitor climate mitigation and adaptation actions, with a focus on sub-county (ward and community) levels
- c) The main purpose of the CCRI Grant is to encourage and financially facilitate County Governments to implement the County Climate Action Plans (CCAPs) as prepared in a participatory manner, whilst at the same time incentivizing them to increase County contributions into the County Climate Change Fund (CCCF) and mainstreaming climate action into the regular operations of the county departments.

The development progress achievement includes:

- a) Enactment of climate change relevant policies and legislation to enable climate finance flows.
- b) Establishment of dedicated County Climate Change Unit (CCU)
- c) Mainstreaming climate action and resilience building in County planning and budgeting.
- d) Increased County investment budgets that promote social resilience outcomes.
- e) Facilitated preparation of participatory climate risk assessment and implementation of County Climate Action Plans (CCAPs).
- f) Engagement of communities inclusively in climate risk assessment, planning, monitoring, and implementation.

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.

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

Project	Objective	Outcome	Indicator	Performance
Equipping of Kinguka Kanga Water Project (Marmanet Ward)	To improve access to safe and reliable water supply	Households have reliable year-round access to piped water	No. of households served	Project completed; serving over 142 households
Equipping of Eloiloi Borehole (Salama Ward)	To improve access to safe and reliable water supply	Households have reliable year-round access to piped water	No. of households served	Project completed; serving over 244 households
Equipping of Wamura Water Project (Ngobit)	To improve access to safe and reliable water supply	Households have reliable year-round access to piped water	No. of households served	Project completed; serving over 170 households
Equipping of Kinamba Buspark Borehole (Githiga Ward)	To improve access to safe and reliable water supply	Households have reliable year-round access to piped water	No. of households served	Project completed; serving over 142 households
Equipping of Mugumo Water Project (Umande)	To improve access to safe and reliable water supply	Households have reliable year-round access to piped water	No. of households served	Project completed; serving over 70 households
Supply & Delivery of Tanks (3000 litres)	To enhance water storage for households in vulnerable areas	Improved water security for dry seasons	No. of tanks delivered	59 tanks delivered in Mukogodo East & West serving over 70 households
Borehole Consumables (Countywide)	To sustain water access by maintaining borehole infrastructure	Continued water supply to community	No. of boreholes operational	Consumables delivered for 26 boreholes
Supply of Tanks – Ilgvesi, Mukogodo East	To increase water storage at household level	Increased household preparedness to drought	No. of tanks distributed	16 tanks delivered
Delivery of 72 Breeding Galla Bucks	To enhance livestock productivity through better genetics	Improved goat breeds and livelihood diversification	No. of breeding bucks distributed	216 breeding bucks delivered across 3 wards

Delivery of Beehives & Accessories	To promote climate-smart livelihoods through beekeeping	Alternative income sources for community	No. of beehives distributed	400 beehives distributed and other accessories in Mukogodo West and thingithu
Supply and Delivery of Tree Seedlings for Environmental Restoration	To support reforestation and climate change mitigation	Increased forest cover and community participation	No. of tree seedlings supplied	38,958 seedlings distributed in Segera, Tigithi, Olmoran, Thingithu, and Githiga wards
Construction of Masonry Tank – Mukogodo East	To enhance rainwater harvesting infrastructure	Better water storage capacity for livestock and domestic use	No. of tanks constructed	1 masonry tank completed
Rehabilitation of Naituria, Kaharati, Majimengi, Lerai and Loshaki Boreholes	To increase surface water storage during rainy seasons	Improved access to water for livestock	No. of boreholes rehabilitated	5 boreholes rehabilitated
Drilling of Ethi Borehole – Mukogodo East Ward	To develop a new water source in a water-stressed area	Access to safe water for community and livestock	No. of boreholes drilled	1 borehole successfully drilled
Construction of Tree Nursery – Rumuruti and Nanyuki	To promote afforestation and availability of indigenous seedlings	Tree seedlings accessible locally for planting	Tree nurseries established	2 tree nurseries completed
Supply, Delivery and Installation of Skip Bins	To improve waste management infrastructure	Enhanced solid waste collection and disposal	No. of skip bins installed	5 skip bins installed
Pipeline Extension of Kigumo Water Project	To expand access to piped water	Increased household water access in underserved areas	Pipeline length extended (3900m)	Project completed
Pipeline Extension of lerai Water Project	To expand access to piped water	Increased household water access in underserved areas	6km Pipeline length extended	Project completed

Compaction of Dumpsite	To enhance solid waste management	Improved waste management and environmental hygiene	Dumpsite area compacted	Project completed
Supply of Tanks – Ilgwesi, Mukogodo East	To increase water storage at household level	Increased household preparedness to drought	No. of tanks distributed	16 tanks delivered
Desilting of Tiamamut dam	To improve access to safe and reliable water supply	Households have reliable year-round access to piped water	No. of households served	Project completed; serving over 230 households
Pipeline extension of Doldol water project	To improve access to safe and reliable water supply	To expand access to piped water	Increased household water access in underserved areas	Project completed; serving over 500 households

4. Environmental and Sustainability Reporting

Introduction

The FLLoCA program is a flagship initiative of the Government of Kenya, supported by the World Bank and development partners. It delivers locally-led climate resilience actions while building the institutional capacity of both national and county governments to manage climate risks. The program's sustainability strategy focuses on systems building, community ownership, and integration of climate action into public finance. Sustainability in FLLoCA goes beyond continuity of services to include resilience, inclusivity, and accountability.

A. Sustainability Strategy and Profile

FLLoCA is anchored on two grants:

- **County Climate Institutional Support (CCIS) Grant** – supports readiness through county legal frameworks, County Climate Change Units (CCUs), and County Climate Change Funds (CCCFs).
- **County Climate Resilience Investment (CCRI) Grant** – funds implementation of County Climate Action Plans (CCAPs) developed through inclusive ward-level planning.

Key Achievements

- Successful establishment of CCUs and operationalization of CCAPs.
- Integration of climate action into County Integrated Development Plans (CIDPs).
- Improved compliance with Minimum Performance Conditions (MPCs) and higher Annual Performance Assessment (APA) scores.

Challenges

- Slow county allocation of own-source funds to CCCFs.
- Gaps in coordination and climate budgeting capacity.

Despite these, FLLoCA has laid a strong foundation for long-term climate-responsive governance.

B. Environmental Performance

FLLoCA applies a robust Environmental and Social Management System (ESMS), consistent with national laws and World Bank standards.

Key environmental performance actions during the reporting period:

- Compliance with Environmental Management and Coordination Act (EMCA, CAP 387).
- Mandatory Environmental and Social Safeguards Instruments (ESSIs) and licensing before project commencement.

- Integration of biodiversity conservation, waste management, and climate-smart investments (renewable energy, efficient water use, natural resource management).

Shortcomings and Mitigation:

The county experienced delays in environmental assessments. The Program Implementation Unit (PIU) addressed these through targeted technical assistance.

Environmental performance is reviewed annually through APAs, covering safeguards, grievance redress, and risk mitigation.

C. Employee Welfare

FLLoCA implementation relies on county-employed officers. While the program does not hire staff directly, it mandates counties to designate officers to the Climate Change Unit and provide them with adequate resources and training

Key elements of employee welfare under FLLoCA:

- Promotion of gender equity and inclusivity in staffing of CCU and WCCPCs.
- Capacity building the staff in climate finance, procurement, safeguards, community engagement and performance-based planning.
- Compliance with the Occupational Safety and Health Act (2007) during implementation of infrastructure-related projects.
- Environmental and social focal points assigned to monitor project sites to ensure health and safety standards.

D. Marketplace Practices

i. Responsible Supply Chain

- FLLoCA upholds transparent and accountable supply chain practices. The Public Procurement and Asset Disposal Act (PPADA, 2015) governs procurement at the county level. The program promotes equity in supplier selection by encouraging youth, women, and PWD-owned enterprises to bid for county tenders. Conduct competitive bidding for works and services funded under FLLoCA and honor contracts in a timely and fair manner.

ii. Responsible ethical practices

FLLoCA upholds ethical standards and anti-corruption commitments through:

- Public disclosure of budgets and allocations.
- Active citizen oversight through ward committees and grievance redress systems.
- Adherence to zero-tolerance corruption declarations and audit compliance mechanisms.

iii. Regulatory impact assessment

All FLLoCA-supported activities undergo regulatory screening in line with Kenyan laws and World Bank standards. Citizen participation is institutionalized through consultations, participatory monitoring, and grievance redress platforms. These safeguards ensure that climate investments protect both ecological integrity and citizen rights, while enhancing transparency and accountability in public spending

E. Community Engagement

FLLoCA emphasizes citizen participation to ensure inclusive and transparent climate action. Mechanisms include:

- Ward-level consultations and participatory monitoring.
- Feedback platforms and grievance redress systems.
- County-level legislation such as the Laikipia Climate Change Act, 2021.

These approaches ensure that investments safeguard both ecological integrity and citizen rights.

Conclusion

The FLLoCA program demonstrates a comprehensive and sustainable model for climate action in Kenya. By embedding climate governance within county systems, ensuring community ownership, and adhering to global best practices, the program strengthens resilience while promoting accountability, inclusivity, and long-term sustainability.

5. Statement of Project Management Responsibilities

The Chief Officer for the County department of Water Environment, Natural Resources and Climate Change and the Project Coordinator 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 period ended on June 30, 2025. This responsibility includes (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances. The Chief Officer for the County department of Water Environment, Natural Resources and Climate Change and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards. The Chief Officer for the County department of Water Environment, Natural Resources and Climate Change and the Project Coordinator are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the period ended 30 June, 2025, and of the Project's financial position as at that date. The Chief Officer for the County department of Water Environment, Natural Resources and Climate Change and the Project Coordinator further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control. The Chief Officer for the County department of Water Environment, Natural Resources and Climate Change and the Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

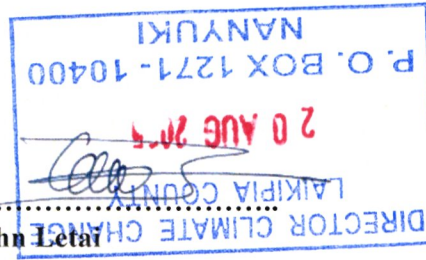
*Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Approval of the Project Financial Statements

The Project financial statements were approved by the Chief Officer for the County department of Water Environment, Natural Resources and Climate Change and the Project Coordinator on 20th August 2025 and signed by:



.....
Samuel Lemanyishoe
Chief Officer - Water Environment
Natural Resources & Climate Change



.....
John Letar
Fund Administrator/ Director Climate Change

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REPORT OF THE AUDITOR-GENERAL ON FINANCING LOCALLY-LED CLIMATE ACTION (FLLoCA) PROGRAM FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF LAIKIPIA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Financing Locally-Led Climate Action (FLLoCA) Program - County Government of Laikipia set out on pages 1 to 36,

Report of the Auditor-General on Financing Locally-Led Climate Action (FLLoCA) Program for the year ended 30 June, 2025 – County Government of Laikipia

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

In my opinion, 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 Financing Locally-Led Climate Action (FLLoCA) Program - County Government of Laikipia as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Laikipia County Climate Change Act, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Undisclosed Payables

The statement of financial performance and Note 9 to the financial statements reflect use of goods and services amounting to Kshs.61,810,882, which includes an amount of Kshs.19,242,638 in respect to specialized materials and services. Included in this payment is an amount of Kshs.1,473,145 for the supply and delivery of borehole consumables for Kinamba Bus Park Borehole in Githiga Ward. A local purchase order was issued on 18 January, 2024, delivery note dated 2 February, 2024, and the supplier's invoice dated 13 August, 2024, indicating that the liability was incurred in the financial year ended 30 June, 2024. However, the statement of financial position and Note 23 to the financial statements reflect nil balance under trade and other payables as at 1 July, 2024, and the liability was not included in the opening payables schedule or disclosed as part of the trade and other payables balance.

In the circumstances, the accuracy and completeness of the trade and other payables balance of nil amount could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Financing Locally-Led Climate Action (FLLoCA) Program - County Government of Laikipia 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts final budget and actual amounts on comparable basis of Kshs.209,769,740 and Kshs.208,769,740

respectively, resulting in under-funding of Kshs.1,000,000 or 0.5% of the budget. Similarly, the Program spent an amount of Kshs.110,626,752 against actual receipts of Kshs.208,769,740 resulting to an under-utilization of Kshs.98,142,988, or 47% of the actual receipts.

The under-expenditure affected the planned activities and Program may have impacted negatively to service delivery to the public.

My opinion is not modified in respect of this matter.

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. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Years' Audit Matters

The following issues raised on projects implementation by Financing Locally-Led Climate Action (FLLoCA) Program - County Government of Laikipia in the previous audit reports remain unresolved;

1. Non-Compliance with Fund Administrator Qualification Requirements.
2. Irregular Evaluation Process in Purchase of Items.
3. Irregular Payment for Supply of Borehole Consumables.
4. Irregularities in the Supply and Delivery of Indigenous and Exotic Seedlings.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Fund Administrator Qualification Requirements

Audit review established that the current Fund Administrator was nominated by the County Secretary and Head of Public Service on 7 September, 2023 and subsequently appointed by the County Executive Committee Member for Finance on 12 January, 2024. However, no evidence was provided to confirm that the nomination and appointment process was conducted through a competitive selection process. Further, and as previously reported, the appointed officer does not possess membership with the Institute of Certified Public Accountants of Kenya (ICPAK) as stipulated under Section 10(3)(a) of the Laikipia County Climate Change Act, 2021 which requires the Fund Administrator to be a qualified accountant registered with ICPAK.

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

2. Breach of Contract Terms

The statement of financial performance and Note 9 to the financial statements reflect Kshs.61,810,882 in respect to the use of goods and services. This included an amount of Kshs.15,452,186 in respect to the purchase of certified seeds, tree seedlings, and breeding stocks. However, the following anomalies in the contracts were observed;

2.1 Establishment and Maintenance of Modern Tree Nurseries and Supply and Delivery of Tree Seedlings

The expenditure includes a payment of Kshs.4,695,796 in respect to the establishment and maintenance of modern tree nurseries and supply and delivery of tree seedlings in Nanyuki Ward, under procurement contract No. LCG/C01/MWE/FLLoCA/13/2024-25 signed on 19 November, 2024. The contract stipulated a completion period of one hundred and twenty (120) days, which elapsed on 18 March, 2025. However, works were completed on 23 April, 2025, which was approximately thirty (30) days later, thus breaching the terms of the contract.

2.2 Supply and Delivery of Assorted Tree Seedlings

The expenditure includes a payment of Kshs.2,718,334 in respect to the supply and delivery of assorted tree seedlings under procurement contract

No. LCG/A32/MWE/FLLoCA/10/2024-25 signed on 19 November, 2024. The contract provided that the provision of services and goods begin on 19 November, 2024 after the issuance of the order and be completed within thirty (30) days. However, the seedlings were supplied on 21 March, 2025, or approximately four (4) months later, and hence breach of the contract terms.

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

3. Irregular Expenditure on Retreats Conducted Outside Duty Station

The statement of financial performance and Note 9 to the financial statements reflect expenditure on the use of goods and services totalling Kshs.61,810,882. This expenditure included domestic travel and subsistence expenses of Kshs.5,365,300, which includes an amount of Kshs.391,800 paid to various Program's officers in respect of two retreats outside the official duty station. This was contrary to Paragraph 7 of The National Treasury Circular No. 20/2015 of 4 November, 2015 on workshops and retreats, which requires the accounting officers to ensure that all workshops and retreats with majority of the participants drawn from one duty station are held within the precincts of the duty station.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

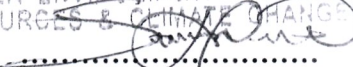
28 October, 2025


**Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025**

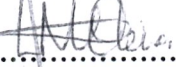
7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	2024-2025
		Kshs
Revenue		
Revenue Transfers	6	104,000,000
Miscellaneous Revenue	7	-
Total revenue		104,000,000
Expenses		
Employee costs	8	-
Use of goods and services	9	61,810,882
Depreciation and amortization expense	10	1,954,502
Transfer to other Government Entities	11	-
Other Transfers/Subsidies/Grants	12	-
Certified Works	13	41,904,870
Total expenses		105,670,254
Other gains/(losses)		
Gain/Loss on sale of assets	14	-
Gain/Loss on foreign exchange transactions	15	-
Impairment loss	16	-
Surplus/ (deficit)		(1,670,254)

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


 Samuel Lemanyishoe
 Chief Officer - Water
 Environment Natural
 Resources & Climate
 Change
 COUNTY GOVERNMENT NANTONGI
 P.O. BOX 10418
 NANTONGI


 John Letai
 Fund Administrator/
 Director Climate Change
 COUNTY GOVERNMENT NANTONGI
 P.O. BOX 10418
 NANTONGI

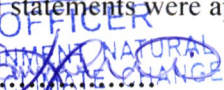

 Lydia Mokeira
 Project Accountant
 ICPAK Member No:34607

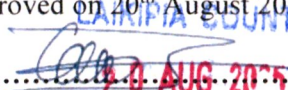
*Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

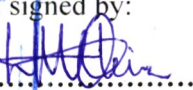
8. Statement of Financial Position as at 30th June 2025

	Note	Period Ended June 2025	1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	99,709,184	104,769,740
Receivables	18	-	-
Inventories	19	-	-
Prepayment	20	-	-
Total Current Assets		99,709,184	104,769,740
Non-Current Assets			
Property, Plant and Equipment	21	7,358,848	2,402,350
Intangible Assets	22	-	-
Total Non- Current Assets		7,358,848	2,402,350
Total Assets (a)		107,068,033	107,172,090
Liabilities			
Current Liabilities			
Trade and Other Payables	23	1,566,196	-
Third Party Deposits	24	-	-
Total Current Liabilities		1,566,196	-
Total Liabilities (b)		-	-
Net Assets (a-b)		105,501,836	107,172,090
Represented By:			
Accumulated Surplus		105,501,836	107,172,090
Total Net Assets		105,501,836	107,172,090

The financial statements were approved on 20th August 2025 and signed by:


Samuel Lemanyishoe
 Chief Officer - Water
 Environment Natural
 Resources & Climate
 Change
 COUNTY GOVERNMENT OF LAIKIPIA
 P. O. BOX 1271 - 10400 NANYUKI


John Letai
 Fund Administrator/
 Director Climate Change
 P. O. BOX 1271 - 10400
 NANYUKI


Lydia Mokeira
 Project Accountant
 ICPAK Member No:34607

Financing Locally- Led Climate Action Project
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9. Statement of Changes in Net Assets

Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	104,769,740
Adjustments:	
Asset Recognition	2,402,350
Liabilities recognition	(-)
As at 1st July 2024	107,172,090
Surplus/(Deficit) for the year	(1,670,254)
As at 30th June 2025	105,501,836

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

The financial statements were approved on 20th August 2025 and signed by:

CHIEF OFFICER
 WATER ENVIRONMENT NATURAL
 RESOURCES & CLIMATE CHANGE
 COUNTY GOVERNMENT OF LAIKIPIA
 P.O. BOX 1271-1040 NANYUKI
 20 AUG 2025
 Samuel Lemanyishoe
 Chief Officer - Water
 Environment Natural
 Resources & Climate
 Change

DIRECTOR CLIMATE CHANGE
LAIKIPIA COUNTY
 P.O. BOX 1271-1040 NANYUKI
 20 AUG 2025
 John Letai Fund Administrator
 Director Climate Change
 Lydia Mokeira
 Project Accountant
 ICPAK Member No:34607

*Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

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

Description	Note	FY2024-2025
		Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers		104,000,000
Miscellaneous Revenue		-
Total receipts		104,000,000
Payments		
Employee costs		-
Use of goods and services		60,244,686
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		41,904,870
Total payments		102,149,556
Net cash flow from operating activities	26	1,850,444
Cashflow from investing activities		
Acquisition of Motor Vehicle		(6,911,000)
Proceeds from sale of Assets		-
Acquisition of Intangible assets		(-)
Net cash flows from investing activities		(6,911,000)
Cash flow from financing activities		
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents		(5,060,556)
Cash and cash equivalent at 1st July 2024	17	104,769,740
Cash and cash equivalent at end June 2025	17	99,709,184

*Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods	-	104,769,740	104,769,740	104,769,740	-	100%
Receipts					-	
Revenue Transfers	96,000,000	(2,000,000)	94,000,000	93,000,000	1,000,000	99%
Donations from development partners	-	11,000,000	11,000,000	11,000,000	-	100%
Total Revenue	96,000,000	113,769,740	209,769,740	208,769,740	1,000,000	
			-		-	
Payments					-	
Employee costs	-	-	-	-	-	-
Use of goods and services	50,100,000	68,261,844	118,361,844	61,810,882	56,550,962	51%
Transfer to other Government Entities	-	-	-	-	-	-
Purchase of motor vehicle	7,500,000	-	7,500,000	6,911,000	589,000	92%
Certified Works	38,400,000	45,507,896	83,907,896	41,904,870	42,003,026	50%
Total Payments	96,000,000	113,769,740	209,769,740	110,626,752	99,142,988	
Surplus	-	-	-	98,142,988	(98,142,988)	

Budget notes

- Underutilization in the Use of goods and services was due to delays in procurement of materials and services due to prolonged tendering processes, as well as the late commencement of some ward-level activities, led to reduced expenditure within the reporting period.*
- Underutilization in the Certified Works was due to Slower-than-expected progress in infrastructure works due to contractor mobilization delays and adverse weather conditions affecting site works.*

***Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025***

3. The difference between original and final budget were due to Reallocation adjustments between revenue transfer allocations and development partner funding and Roll-over of prior year unspent balances into the current budget cycle.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	98,142,988
2	Trade payables	1,566,196
3	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	99,709,184

➤ The closing cash and cash equivalents of Kshs. 99,709,184 reconcile with the budget surplus of Kshs. 98,142,988 after adjusting for trade payables of Kshs. 1,566,196.

12. Notes to the Financial Statements

1. General Information

Financing Locally Led Climate Action is established by and derives its authority and accountability from Laikipia County Climate Change Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. FLLoCA's principal activity is to increase local level resilience to climate change and other hazards by strengthening the capacity of the county governments to deliver locally led climate change adaptation and resilience actions.

2. Statement of Compliance and Basis of Preparation

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

These financial statements were authorized for issue by the accounting officer on 30th June 2025

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and;</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

*Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

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

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

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

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

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

iii) Early adoption of standards

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

*Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on 28 June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by FLLoCA upon receiving the respective approvals to conclude the final budget. Accordingly, FLLoCA recorded no additional appropriations on the FY 2024/2025 budget following the Council/ Board's approval. FLLoCA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 under section 11 of these financial statements.

c) Property, plant and equipment

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

Notes to the financial statements

d) Leases

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

e) Intangible assets

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

f) Research and development costs

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

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

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

Notes to the financial statements

g) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

Based on the business model and the cash flow characteristics, FLLoCA classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets equity subject to certain criteria being met.

Amortized cost

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

***Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025***

Notes to the financial statements

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

h) Inventories

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

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

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

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

Notes to the financial statements

Inventories (Continued)

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

i) Provisions

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

Contingent liabilities

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

Contingent assets

FLLoCA 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 FLLoCA in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

FLLoCA creates and maintains reserves in terms of specific requirements

Changes in accounting policies and estimates

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

Notes to the financial statements

k) Employee benefits

Retirement benefit plans

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

l) Foreign currency transactions

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

m) Borrowing costs

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

n) Related parties

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

Notes to the financial statements

o) Service concession arrangements

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

p) Cash and cash equivalents

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

q) Subsequent events

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

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes

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

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Notes to the financial statements

6. Revenue Transfers

Description	FY 2024/25
	KShs
Unconditional Transfers	
GoK Counter Part funding	93,000,000
Transfers from Development partners	11,000,000
Total Unconditional Transfers (a)	104,000,000
Conditional Transfers	
Transfers from Development partners 1	-
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	104,000,000

(Funding responsible for financing locally led climate change resilience)

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (Current Period)
	Kshs	Kshs		Kshs
GOK Funding	93,000,000	-		93,000,000
Development Partner 1- International Development Association (IDA)	11,000,000	-	-	11,000,000
Subtotal	104,000,000	-	-	104,000,000
Deferred Income realized	-		-	-
Transfers in Kind	-		-	-
Total	104,000,000	-	-	104,000,000

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	-
Total	-

8. Employees Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	-
Total	-

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9. Use of Goods and Services

De scription	FY 2024/25
	Kshs
Purchase of live animals	8,368,514
Purchase of certified seeds, tree seedlings, breeding stock .	15,452,186
Domestic travel and subsistence	5,365,300
Fuel and lubricants	1,000,000
General office supplies	489,320
Accrued Expenses	1,566,196
Training payments	5,920,920
Hospitality supplies and services	1,484,000
Administrative costs	657,780
Specialized materials and services	19,242,638
Routine maintenance – vehicles and other transport equipment	350,000
Environment Assessment cost	1,914,028
Total	61,810,882

10. Depreciation and Amortization expense

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	1,954,502
Intangible Assets	-
Total	1,954,502

11. Transfer to Other Government Entities

Description	FY 2024/25
	Kshs
Department -	-
County -	-
Total	-

12. Other Transfers/Subsidies/Grants

Description	FY 2024/25
	Kshs
Transfers to Non-Government Organizations	-
Total	-

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13. Certified Works

Description	FY 2024/25
	Kshs
Road Works	-
Water Works	41,904,870
Total	41,904,870

14. Gain/Loss on Sale of Assets

Description	FY 2024/25
	Kshs
Property, plant and equipment	-
Total gain/loss on sale of assets	-

15. Gain/Loss on foreign exchange transactions

Description	FY 2024/25
	Kshs
Gain on foreign exchange transactions	-
Total Gain/Loss	-

16. Impairment Loss

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	-
Total Impairment Loss	-

Notes to the financial statements

17. Cash and Cash Equivalents

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
Cash in Bank	99,709,184	104,769,740
Cash on hand	-	-
Total Cash and Cash Equivalents	99,709,184	104,769,740

Project Bank Accounts

Details	FY 2024/25	1 st July 2024
	Kshs	Kshs
Foreign Currency Accounts		
Central Bank of Kenya [A/c No.....]	-	-

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Total Foreign Currency balances	=	=
Local Currency Accounts		
Central Bank of Kenya [1000546786]	99,709,184	104,769,740
Total local currency balances	-	=
Total bank account balances	99,709,184	104,769,740

18. Receivables

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
Counter Part Funding	-	-
Total Receivables	-	-

Ageing analysis for Receivables

Description	FY 2024/25		1 st July 2024	
	Kshs		Kshs	
	FY 2024/25	% of the total	FY 2023/24	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

19. Inventories

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
Consumable stores	-	-
Construction stores	-	-
Total inventories	-	-

20. Prepayments

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
Rent	-	-
Total inventories	-	-

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Notes to the financial statements

21. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets (machinery & Equipment)	Infrastructure Assets, roads, rails	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2024 (opening balances)	-	1,312,491	1,089,859	-	-	2,402,350
Additions	6,911,000	-	-	-	-	6,911,000
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
As At 30 June 2025	6,911,000	1,312,491	1,089,859	-	-	9,313,350
Depreciation And Impairment						
At 1 July 2024	-	-	-	-	-	-
Depreciation charge for the period	1,152,064	187,499	614,940	-	-	1,954,502
Impairment loss	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-
As At 30 June 2025	-	-	-	-	-	-
Net Book Values	5,758,936	1,124,993	474,920	-	-	7,358,848
At 1 July 2024	-	1,312,491	1,089,859	-	-	2,402,350
As At 30 June 2025	5,758,936	1,124,993	474,920	-	-	7,358,848

(FLLoCA depreciates its assets in accordance with the National Public Assets and Liabilities Management Framework, using the straight-line method to allocate the cost of assets over their estimated useful lives. The depreciation rates applied are consistent with those prescribed under the national guidelines.)

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22. Intangible Assets

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

23. Trade and Other Payables

Description	FY 2024/25		1 st July 2024	
	Kshs		Kshs	
Trade payables	1,566,196		-	
Employee payables	-		-	
<i>Other payables (specify)</i>	-		-	
Total trade and other payables	1,566,196		-	
Ageing analysis: (Trade and other payables)	FY 2024/25	% of the Total	FY2023/24	% of the Total
Under one year	1,566,196	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	1,566,196		-	

(Trade payables comprising unpaid suppliers' invoice for supplies delivered within the current financial year and due.)

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Notes to the financial statements

24. Third-Party Deposits

Description	FY 2024/25		1 st July 2024	
	Kshs		Kshs	
Contractor's Retention	-		-	
Gratuity	-		-	
Total deposits	-		-	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

25. Deferred Income

Description	FY 2024/25		1 st July 2024	
	Kshs		Kshs	
Development partner 1	-		-	
Development partner 2	-		-	
Total Deferred Income	-		-	

Deferred Income Movement Schedule

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

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Notes to the financial statements

26. Cash Generated from Operations

Description	FY 2024/25
	Kshs
Surplus/Deficit for the year	(1,670,254)
Adjusted for:	
Depreciation	1,954,502
Non-cash grants received	(-)
Impairment	-
Gains and losses on disposal of assets	-(-)
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	1,566,196
Increase in payments received in advance	-
Net cash flow from operating activities	1,850,444

27. Special Deposit Accounts

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

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

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Special Deposit Accounts Movement Schedule

Description	FY 2024/25	1 st July 2024
	Kshs	Kshs
(i) A/c Name [A/c No.....]		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-

28.Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

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Notes to the financial statements

Other related parties include:

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

Description	FY 2024/25
	Kshs
Transactions with related parties	
a) Sales to related parties	
Sales of electricity to govt agencies	-
Rent income from govt. Agencies	-
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Others (specify)	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for - employees	-
Payments for goods and services for -	-
Total	
d) Key management compensation	
Directors' emoluments	-
Compensation to key management	-
Total	-

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Notes to the financial statements

29.Events after the Reporting Period

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

30.Ultimate And Holding Entity

FLLoCA is a Semi-Autonomous Government Agency under the department of Water, Environment and Climate change. Its ultimate parent is the Government of Kenya.

31.Currency

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

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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
OAG/ IRO/ LAIKIPIA FLLoCA /2023/2024/ (14)	<p>1.Under-Absorption of the Budget-</p> <p>During the year under review, the project had a balance brought forward of Kshs.7,087,150 and received additional funding of Kshs 63,500,000, Kshs 93,249,738 and Kshs 12,758,738 from the County Government, Climate Change Resilient Investment and from the Northern Rangeland Trust respectively. The funding totaled Kshs 176,595,634 as available funds. However, the program utilized Kshs.71,825,694, resulting in under-absorption of Kshs 104,769,740, or 59% of the budget.</p> <p>In the circumstances, the program experienced delays in executing planned activities and delayed in disbursement of funds to specific project components.</p>	There was under-absorption of the budget in the period under review. This was due to delayed disbursement of funds and subsequent delay and completion of the procurement process. The management sought authority to undertake the projects in the following accounting period.	Not Resolved	2025/ 2026
	<p>2.Non-compliance with Public Sector Accounting Standards Board (PSASB) Reporting Requirements</p> <p>Review of the financial statements revealed errors in presentation contrary to the Public Sector Accounting Standards Board template as follows:</p>	Management acknowledges the noted disclosure errors, which arose from clerical oversight. The financial statements have been realigned to the PSASB template, and stronger internal reviews plus staff capacity-building will be implemented to ensure full compliance in future reporting.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>i. The statement of receipt and payment discloses purchase of goods and services to be in note 6. However, purchase of goods and services is under note 2.</p> <p>ii. The statement of receipt and payment discloses acquisition of non-financial assets to be in note 8. However, acquisition of non-financial assets is under note 3.</p> <p>iii. The Statement of financial assets and liabilities discloses cash and cash equivalents to be under note 11. However, cash and cash equivalent is under note 4.</p> <p>iv. The Statement of financial assets and liability discloses imprest and advances to be under note 12 but imprest and advances is under note 5.</p> <p>v. The Statement of financial assets and liability discloses third party deposits and retention to be under note 13 but third party deposits and retention is under note 6.</p> <p>vi. The Statement of financial assets and liability discloses Fund Balance brought forward. to be under note 14 but Fund Balance B/fwd. is under note 6.</p> <p>In the circumstances, management did not comply with the Public Sector Accounting Standards Board template.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>3.Non-Compliance with Fund Administrator Qualification Requirements</p> <p>The current Fund Administrator holds a Bachelor of Science in Natural Resources and a Postgraduate Diploma in Project Management. However, these qualifications do not align with the requirements specified under the Act, as they do not include the requisite academic background of ICPAK membership. This is contrary to Section 10(3)(a) of the Laikipia County Climate Change Act, 2021 that specifies that the Fund Administrator must be in good standing with the institute of certified public accountants of Kenya. In the circumstance, Management is in breach of the law.</p>	<p>The management has agreed with Fund Administrator requirement. The management has taken up the matter and is working closely with HR to ensure that the shortage of staff is addressed and the requirement is met.</p>	<p>Not Resolved</p>	<p>FY 2025-2026</p>
	<p>4.Late Submission of Financial Statements</p> <p>During the year under review, Management submitted the financial statements to the Auditor-General on 8 November, 2024 instead of the statutory deadline of 30 September, 2024. This was contrary to the Treasury Circular Ref: AG.4/16/3 Vol. 4 / (6) of 04 July, 2024 by the National Treasury which requires all public entities to submit financial statements by 30 September, 2024 in compliance with section 164 (4)(a) of the Public</p>	<p>The management ascertains that the financial statements were submitted the same time with financial statements for the executive.</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>Finance Management Act, 2012 on preparation of the financial statements.</p> <p>In the circumstances, Management was in breach of the law.</p>			
	<p>5.Irregular evaluation process in purchase of items</p> <p>The statement of receipt and payment, along with Note 3 to the financial statements reflects acquisition of non-financial assets balance of Kshs.48,485,484. Included in this figure is Kshs 2,641,289 attributable to Purchase of office furniture & general equipment.</p> <p>Further, included in this amount is Kshs 399,799 paid to a supplier in respect to supply and delivery of camera vide payment voucher No. 4519-FLLoCA-105 dated 12 October, 2023.It was noted that the tender was awarded to the winning bidder who was awarded marks for submitting a valid single business permit under technical evaluation stage but the permit was actually not submitted. This is contrary to Section 133 (1) of the Public Procurement and Asset Disposal Act, 2015 that provides that the successful best and final offer shall be the best rated tender using evaluation criteria set forth in the tender documents.</p> <p>In the circumstances, management was in breach of the law</p>	<p>The successful bidder submitted a valid Single Business Permit, which is on file in the procurement records and was verified during evaluation. It was not attached to the payment voucher, leading to the misunderstanding. The award complied with Section 133(1) of the Public Procurement and Asset Disposal Act, 2015. Going forward, key supporting documents will be attached to payment vouchers for ease of audit verification.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>6.Irregular Payment for Supply of Borehole Consumables</p> <p>The statement of receipt and payment and Note 3 to the financial statements reflects acquisition of non-financial assets balance of Kshs 48,485,484. Included in the balance is Construction of civil works amounting to Kshs. 6,400,523. Review of the payment voucher and procurement file on desilting of supply of borehole consumables was awarded to a local contractor for a contract sum of Kshs.14,928,109 revealed the following irregularities:</p> <p>i. The tender was opened on 17 October, 2023 however, the tender opening minutes did not indicate the amount each bidder had quoted for the supply of delivery of borehole consumables.</p> <p>ii. Regret letters were issued to the unsuccessful bidders on 23 October, 2023 however, no evidence was provided to show that they were received by the unsuccessful bidders. The amount quoted by the lowest evaluated bidder was also not disclosed in the regret letters.</p> <p>iii. The goods were received in stores before they were inspected to determine if they are of the right quality and quantities evidenced by an inspection and acceptance report contrary to section 48(3) of the Public</p>	<p>Management noted the audit observation regarding the procurement process for the desilting and supply of borehole consumables and wishes to clarify the following:</p> <p>i. Tender Opening Minutes – While the tender opening minutes of 17 October 2023 did not record the amounts quoted by each bidder, all financial proposals were securely retained in the bid documents and formed the basis of evaluation. The omission in the minutes was purely administrative and did not affect the integrity or outcome of the evaluation process. Going forward, bid amounts will be recorded in the tender opening minutes as required.</p> <p>ii. Regret Letters – Regret letters were prepared and issued on 23 October 2023. Unsuccessful bidders were contacted and requested to collect them from our offices, but they did not turn up. This step met the requirement to notify unsuccessful bidders. Nonetheless, to improve efficiency and record-keeping, management will also send regret letters electronically via email in future.</p> <p>iii. Inspection and Acceptance – The goods were bulky and delivered in multiple batches on 27 and 28 November 2023, received by the</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>Procurement and Asset Disposal Act, 2015 which states that the inspection and acceptance committee shall immediately after the delivery of the goods, works or services inspect and where necessary test the goods received. The goods were received in store on 27 and 28 of November, 2023 while inspection and acceptance committee was appointed on 29 November, 2023 and inspection done the following day on 30 September, 2023.</p> <p>In the circumstances, management was in breach of the law</p>	<p>technical officer. They remained unused and in good condition until the Inspection and Acceptance Committee, appointed on 29 November 2023, carried out inspection on 30 November 2023. This arrangement ensured compliance with the requirement to inspect goods before acceptance, as the verification occurred prior to use or payment for substandard items.</p> <p>In view of the above, management is of the position that the procurement process substantially complied with the Public Procurement and Asset Disposal Act, 2015. The noted procedural lapses did not result in any prejudice to the procuring entity or other bidders. Nonetheless, improvements in documentation and process timelines will be implemented to prevent similar observations in future.</p>		
	<p>7.Irregularities in the Supply and Delivery of Indigenous and Exotic Seedlings</p> <p>The statement of receipt and payment, along with Note 3 to the financial statements reflects acquisition of non-financial assets a balance of Kshs 48,485,484. Included in the balance is purchase of certified seeds, breeding stocks and live animals totaling to Kshs.1,499,960.</p>	<p>We acknowledge the observation. The seedlings were delivered and inspected on 16 August 2023 by the appointed Inspection and Acceptance Committee, and on 17 August 2023 they were transferred to the stores nursery where they were kept under proper care until distribution on 13 November 2023 to coincide with the onset of the rainy season, which is the most suitable period</p>	Resolved	

*Financing Locally- Led Climate Action Project
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>Review of the payment voucher and procurement file for supply and delivery of 21,428 assorted trees seedlings indigenous and exotic species county wide which was awarded to uproot landscape experts at cost of Kshs.1,499,960 revealed the following irregularities:</p> <p>Inspection and acceptance committee was appointed and inspection done on 16 August, 2023 however, the seedlings were received on 13 November, 2023 which is 3 months form the date of inspection casting doubt whether what was delivered is what was inspected.</p> <p>No evidence was provided showing that the seedlings were delivered county wide as indicated in the request for quotation document. Further, no explanation was provided as to where the 21,428 seedlings were planted/issued after they were delivered.</p> <p>In the circumstances, the accuracy and validity of purchase of certified seeds, breeding stocks and live animals amounting Kshs.1,499,960 could not be confirmed.</p>	<p>for planting and ensures higher survival rates. The gap between inspection and distribution did not involve any change or substitution of seedlings, and stores records, including inventory logs, confirm that the seedlings inspected are the same ones distributed. This arrangement was undertaken to safeguard the quality of the seedlings and ensure value for money, and going forward, all holding, storage, and distribution activities will be fully documented to avoid any doubts regarding the authenticity of inspected goods.</p> <p>The 21,428 assorted tree seedlings were delivered and inspected on 16 August 2023, transferred to the stores nursery on 17 August 2023, and distributed on 13 November 2023 during the onset of the rainy season to various wards across the county in line with the request for quotation. The seedlings were issued to Sub-County Environment Officers, who subsequently distributed them to public institutions, community sites, and designated afforestation areas to enhance survival rates and achieve project objectives. While formal distribution schedules and planting site records were not maintained, the seedlings were stored,</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Time frame :
	<p>10 YNG JULY</p>	<p>handled, and issued in a manner that safeguarded their quality and ensured they were the same items inspected at delivery. Going forward, we will maintain detailed distribution records and planting site confirmations to strengthen accountability and provide clear evidence of delivery.</p>		


CHIEF OFFICER
 WATER ENVIRONMENT NATURAL
 RESOURCES & CLIMATE CHANGE
 Samuel Lemanyishoe
 Chief Officer - Water Environment Natural Resources &
 Climate Change
 COUNTY GOVERNMENT OF LAIKIPIA
 P. O. BOX 1271 - 10400 NANYUKI


DIRECTOR CLIMATE
 LAIKIPIA COUNTY
 John Letai
 Fund Administrator/ Director Climate Change
 P. O. BOX 1271 - 10400
 NANYUKI


*Financing Locally- Led Climate Action Project
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Annex 2: Reconciliation of inter-entity transfers

Project Name: Financing Locally- Led Climate Action Project				
Break down of transfers from the State Department of -				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		13/02/2025 REF NO: FT25044RD9JK	20,000,000	2024/2025
		06/03/2025 REFNO:FT25065Q2GB4	30,000,000	2024/2025
		03/07/2025 REF NO:FT25184VTR9R	41,000,000	2024/2025
		03/07/2025 REF NO:FT25184W281W	2,000,000	2024/2025
		Total	93,000,000	
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		06/09/2024 REF NO:FT24250WRC7X	11,000,000	2024/2025
		Total	11,000,000	
C.	Others			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Total	-	-
		Total (A+B+C)	104,000,000	

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


 LAIKIPIA COUNTY
 20 AUG 2025
 JOHN LETAI
 Project Coordinator
 P.O. BOX 1271- 10400
 FLLOCA NANYUKI


 LYDIAH MOKEIRA
 Head of Accounting Unit
 Water Environment & Climate Change County Department

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Annex 3: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) FY2023-24	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) FY 2024-25
Land	-		-	-	-
Buildings and structures	-		-	-	-
Motor vehicle	-	6,911,000	-	-	6,911,000
Transport equipment	-	-	-	-	
Office equipment, furniture and fittings	1,499,990	-	-	-	1,499,990
ICT Equipment	2,049,799	-	-	-	2,049,799
Machinery and Equipment		-	-	-	
Biological assets	-	-	-	-	-
Infrastructure Assets- Roads, Rails		-	-	-	
Heritage and cultural assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work in Progress	-	-	-	-	-
Total	3,549,789	6,911,000	-	-	10,406,789

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Annex 4: Other Support Documents

i. Bank Reconciliations statement as at 30th June 2025

F.O. 30

REPUBLIC OF KENYA
BANK RECONCILIATION
CBK CLIMATE CHANGE ACCOUNT CASHBOOK
CBK A/C No. 1000546786

as at 30 June 2025

Station Laikipia County

	Shs	Shs	Shs
Balance as per bank certificate:			61,680,664.00
Less:-			
1. Payments in Cash Book not yet Recorded in Bank Statement (Unpresented Cheques)	6,440,704.05		
Add:-			
2. Receipts in Bank Statement not Yet Recorded in Cash Book	0.00	6,440,704.05	(6,440,704.05)
3. Payments in Bank Statement not Yet Recorded in Cash Book	0.00		
4. Receipts in Cash Book not yet Recorded in Bank Statement	44,499,224.25	44,499,224.25	44,499,224.25
Bank Balance as per cash book			99,709,184.20

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

Prepared by: Accountant MICHAEL M. WAMBUA Name MWETA sign [Signature] Date 15/7/25
 Verified by: Accounts Controller Annex W. Njoroge Name [Signature] sign [Signature] Date 15/7/2025
 Reviewed by: County Treasurer Caleb Kibungo Name [Signature] sign [Signature] Date 15/7/25

1. PAYMENTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT (UNPRESENTED CHEQUES)

Date	Payee	Amount
30-Jun-25	GRACE WANJIKU NJOROGE	12,000.00
30-Jun-25	PURITY WANGARI MAINA	12,600.00
30-Jun-25	JULIUS GIKONYO MWANGI	12,600.00
30-Jun-25	JOSPHAT GACHERU MBUTHIA	12,600.00
30-Jun-25	RUTH NJERI WARUI	18,900.00
30-Jun-25	JULIUS GIKONYO MWANGI	21,000.00
30-Jun-25	JAAYO ANDREW LENOGES	21,000.00
30-Jun-25	JOHN PAMITA LETAI	21,000.00
30-Jun-25	PURITY WANGARI MAINA	21,000.00
30-Jun-25	CAROLINE WATHIRA MUGO	28,000.00
30-Jun-25	RESON NYAMBANE MONDA	31,500.00
30-Jun-25	GRACE WANJIKU NJOROGE	31,500.00
30-Jun-25	SAMUEL NDUNGU KANYINYA	31,500.00
30-Jun-25	LEWIS MUTUKU MWEU	31,500.00
30-Jun-25	ZACHARY GATROI MAINA	31,500.00
30-Jun-25	ANN WANJIRU NDEGWA	31,500.00
30-Jun-25	JOHN PAMITA LETAI	33,600.00
30-Jun-25	SALIM WANJOHI MWANGI	33,600.00
30-Jun-25	MISHECK MURUTHI GACHERU	42,000.00
30-Jun-25	SAMUEL ABRAHAM LEMANYISHOE	42,000.00
30-Jun-25	LYDIAI MOKSIRA ONYANGO	42,000.00
30-Jun-25	MARY WANJIKU WACHIRI	50,400.00
30-Jun-25	COMMISSIONER OF VAT	56,000.00
30-Jun-25	COMMISSIONER OF VAT	42,000.00
30-Jun-25	COMMISSIONER OF VAT	7,708.00
30-Jun-25	COMMISSIONER OF VAT	17,541.05
30-Jun-25	PUBLIC PROCUREMENT REGULATORY AUTHO	26,302.20
30-Jun-25	Brno Construction Limited	31,938.00
30-Jun-25	TANKISIL PROMAN CONSULT LTD	298.80
30-Jun-25	Primaries Investment Limited	439,356.00
30-Jun-25	Primaries Investment Limited	928,728.80
30-Jun-25	SARYCOM INVESTMENTS LTD	999,840.25
30-Jun-25		1,499,224.25
30-Jun-25		1,820,466.00
30-Jun-25		6,440,704.05

2. RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK

Date	Reference	Received From	Details	Amount

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1. PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK		2. RECEIPTS IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT	
Date	Reference	Reference	Date
	Payee	Received From:	
	Details	Details	
	Amount	Amount	
	0	2,000,000	
		41,000,000	
		1,499,224	
		44,499,224	

Financing Locally- Led Climate Action Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

ii. Board of Survey Report

REPUBLIC OF KENYA

F.O. 51

Report of the board of Survey on the Cash and Bank Balances of LAKWIPU COMMUNITY CLIMATE
ADAPTATION FUND as at the closer of business on 30/06/2025

The Board, consisting of (Names and Official titles)

NAME:	TITLE:
1 <u>John Muriu</u>	<u>Accountant</u>
2 <u>DAVID GICHAKI</u>	<u>REVENUE</u>
3 <u>DAVID WACHIRA</u>	<u>AUDITOR</u>
4 <u>John Mungiri</u>	<u>Procurement</u>
5	

Assembled at the office of County Account Office at 4:45 PM (time) on the 8/7/2025 and the following cash was produced:-

Notes	Kshs. <u> </u>
Silver	Kshs. <u> </u>
cheques (as per details on reverse)	Kshs. <u> </u>
Total	Kshs. <u> </u>

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

The cash consists of Kenyan Currency and does not contain any demonetized coin or notes. The Cash book reflected the following balances as at the close of business on the 30/6/2025

Cash in hand	Ksh. <u> </u>
Bank balances	Ksh. <u>6,650,664.00</u>
Cheques (as per details on reverse)	Ksh. <u> </u>
	Ksh. <u>6,650,664.00</u>

The Bank Certificate of balance showed a sum of Ksh. standing to the credit of the account on 30/06/2025

The difference between this figure and the bank balance as shown by the cash book is accounted for in the bank reconciliation statement (F.O. 30) attached

TITLE	NAME	SIGNATURE	DATE
Team Leader	<u>John Muriu</u>	<u>[Signature]</u>	<u>08/07/2025</u>
Member	<u>DAVID GICHAKI</u>	<u>[Signature]</u>	<u>8/07/2025</u>
Member	<u>David Wachira</u>	<u>[Signature]</u>	<u>08/07/2025</u>
Member	<u>John Mungiri</u>	<u>[Signature]</u>	<u>08/07/2025</u>
Member	<u>MICHAEL M. WAMBANI</u>	<u>[Signature]</u>	<u>08/07/2025</u>