

REPUBLIC OF KENYA

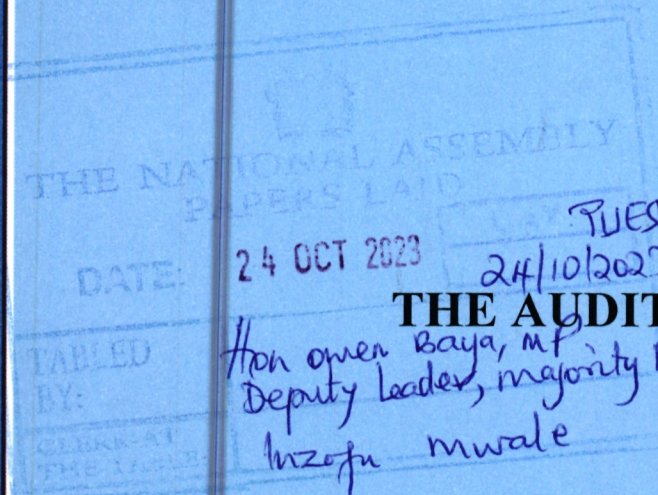


OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT



OF

THE AUDITOR-GENERAL

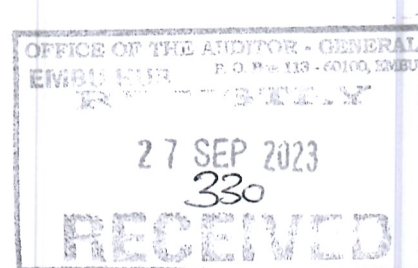
ON

**UPPER TANA CATCHMENT NATURAL
RESOURCE MANAGEMENT PROJECT IFAD
LOAN NO. 1-867-KE; IFAD ADDITIONAL
FINANCING LOAN NO.2000002597-KE; AND
SPANISH TRUST FUND LOAN NO. I-E-8-KE**

**FOR THE YEAR ENDED
30 JUNE, 2023**

**MINISTRY OF WATER, SANITATION AND
IRRIGATION**

Revised 30/6/2022



**PROJECT NAME: UPPER TANA CATCHMENT NATURAL RESOURCE
MANAGEMENT PROJECT**

**IMPLEMENTING ENTITY: MINISTRY OF WATER, SANITATION AND
IRRIGATION .**

**PROJECT CREDIT NUMBER. IFAD LOAN NO. I-867-KE; SPANISH FOOD
SECURITY TRUST FUND I-E-8-KE AND IFAD ADDITIONAL FINANCING
LOAN NO.2000002597-KE.**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

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ABBREVIATIONS AND ACRONYMS

AWPB	-	Annual Work Plan & Budget
CFA	-	Community Forest Association
CIG	-	Common Interest Group
CPC	-	County Project Coordinator
CPCC	-	County Project Coordinating Committee
CPFT	-	County Project Facilitation Team
EUR	-	Euro
FDA	-	Focal Development Area
FDAC	-	Focal Development Area Committee
FFS	-	Farmer Field Schools
FY	-	Financial Year
GoK	-	Government of Kenya
KFS	-	Kenya Forest Service
KES	-	Kenyan Shilling
KWS	-	Kenya Wildlife Service
MDG's	-	Millennium Development Goals
MKEPP	-	Mt. Kenya East Pilot Project
MTEF	-	Medium Term Expenditure Framework
MTR	-	Medium Term Review
OAG-K	-	Office of Auditor General - Kenya
PCT	-	Project Coordinating Team
PDR	-	Project Design Report
PFMP	-	Participatory Forest Management Plan
PLA	-	Project Lead Agency
PRA	-	Participatory Rural Appraisal
PSC	-	Project Steering Committee
SCMP	-	Sub Catchment Management Plan
SDG	-	Sustainable Development Goals
SDR	-	Special Drawing Rights
ToR	-	Terms of Reference
USD	-	United States Dollar
UTaNRMP	-	Upper Tana Catchment Natural Resources Management Project
WA	-	Withdrawal Application
WRA	-	Water Resources Authority
WRUA	-	Water Resource Users Association
WSTF	-	Water Sector Trust Fund

CURRENCY UNITS, WEIGHTS AND MEASURES

Currency Unit	=	Kenya Shilling (KES.)
USD 1	=	KES. 120
1 SDR	=	USD 1.553
EUR 1	=	KES. 130
Fiscal Year	=	1 st July to 30 th June

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name The Project's official name is Upper Tana Catchment Natural Resource Management Project (UTaNRMP)

Objective The goal of the Project is to contribute to reduction of rural poverty in the Upper Tana River Catchment. The objectives of the Project are to increase sustainable food production and incomes for poor rural households living in the project area; and sustainable management of natural resources for provision of environmental services.

Address The Project Head Office is Embu Town, Embu County, Kenya.

The Project Addresses: Project Lead Agency: Ministry of Water, Sanitation and Irrigation, Maji House, P.O Box 49720, Nairobi.

Registered office and Contacts: Upper Tana Catchment Natural Resource Management Project (UTaNRMP)
Embu Office, Embu – Meru Road, Kangaru Area, P.O Box 996, Embu.

County offices The Project County offices are as listed below:

- a) Murang'a County Project Coordinator, P.O. Box 304, Murang'a Town
- b) Kirinyaga County Project Coordinator, P.O. Box 360, Kerugoya Town
- c) Nyeri County Project Coordinator, P.O. Box 1343, Nyeri Town
- d) Meru County Project Coordinator, P.O. Box 1152-60200, Meru Town
- e) Tharaka Nithi County Project Coordinator, P.O. Box 263, Chuka Town
- f) Embu County Project Coordinator, P.O. Box 542, Embu Town

Contacts: The following are the Project contacts

Telephone: (254) 068 22 31376

E-mail: info@utanrmp.or.ke; utanrmp@gmail.com; Website: www.utanrmp.go.ke

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Project information and overall performance (continued)

1.2 Project Information

Project Start Date:	The project start date is 23 rd May 2012
Project End Date:	The project end date is 30 th June 2023
Project Coordinator:	The Project Coordinator is Ms Muthoni F. Livingstone
Project Sponsor:	The Project sponsors include GoK, IFAD, Spanish Trust Fund and Beneficiary community.

1.3 Project Overview

The Upper Tana Catchment Natural Resources Management Project was designed as an eight (8) year project (2012-2020). It was granted additional funding and extension of thirty (30) months implementation period w.e.f 1st July 2020. The completion and closure dates are now 31st December 2022 from initial 31st December 2020 and 30th June 2023 from 30th June 2021 respectively. It targets 300,000 households (1,500,000 individuals) as direct beneficiaries.

The Project area is the Upper Catchment Tana catchment area which covers 17,420 km² covering six counties namely: Embu, Nyeri, Kirinyaga, Murang'a, Meru and Tharaka Nithi counties. The area includes the Mt. Kenya and Aberdares National Parks and surrounding Forest Reserves and the river basins (**Ena** - Gitimbogo, Thura, Gangara; **Kapingazi/Rupingazi** - Kiye, Thambana, Nyanjara, Gichangai, Itabua and Kathita; **Kathita** - Rugusu, Kathita Munyi, Gachiege, Kanyango, Ngaciuma, Kinyaritha, Kuuru, Riiji; - **Mutonga/Kithinu** - Naka, Nithi, Maara South, Maara North and Thuci; Maragua, Murubara, Nairobi, Ragati, Rujiweru, Rupingazi, Saba Saba, Thangatha, Thanantu, Thiba, Thika/Sasumua, Thingithu Amboni/ Muringato, Iraru, Kayahwe, Chania, Mara, Mariara, Mathioya, Nyamindi, Ruguti, Rwamuthambi, Sagana, Ura).

Line Ministry of the project	The Project is under the supervision of Ministry of Water, Sanitation and Irrigation.
Project Number	IFAD Loan No.I-867-KE; No.2000002597-KE and Spanish Trust Fund Loan No.I-E-8-KE
Strategic goals of the project	<p>The strategic goal of the project is to “contribute to reduction of rural poverty in the Upper Tana river catchment”. The Project’s development objectives are reflected in the poverty-environment nexus namely: (i) increased sustainable food production and incomes for poor rural households living in the project area; and (ii) Sustainable management of natural resources for provision of environmental services.</p> <p>The objectives are in line with: (i) Kenya’s Vision 2030 blueprint which aims at creating a “globally competitive and</p>

	<p>prosperous country with a high quality of life by 2030” and transforming Kenya into “a newly-industrializing, middle-income country providing a high quality of life to all its citizens in a clean and secure environment (ii) IFAD’s goal of investing in rural poor to achieve higher incomes and improved food security.</p>
<p>Threats to Upper Tana Catchment</p>	<p>The Upper Tana catchment has experienced considerable land degradation and a drastic reduction of surface water availability during the dry season, and poor water quality during the wet season mainly due to high silt loads. The area is densely populated, with large concentrations of poor and very poor people, particularly in the mid-altitude zone. Landholdings are small and diminishing as population grows, crop yields are low and declining due to fertility depletion and erosion, and rural households are poorly linked to markets and services. The result has been a reduction of tree cover both in the forest reserve and in the farmlands. The reduced tree cover, inappropriate land use practices in the farmlands and overgrazing in the pastoral lowlands have resulted into increased soil erosion rate and hence higher sediment load for the Tana River and its tributaries.</p>
<p>Project components</p>	<p>These are the key intervention areas that guide the Project’s delivery. There are four components namely</p> <p>a) Community Empowerment Component: is designed to support empowerment of communities to sustainably manage natural resources while also improving their livelihoods, food security and nutrition.</p> <p>b) Sustainable Rural Livelihoods Components: aims to have Natural resource-based rural livelihoods sustainably improved through adoption of Income Generating Activities (IGAs) through CIGs and adaptive research and demonstrations.</p> <p>c) Sustainable Water and Natural Resources Management Component: is designed to have Land, water and forest resources sustainably managed for the benefit of the local people and wider community through sustainably managing water resources of the Upper Tana catchment and Sustainably managing forest and agricultural ecosystems.</p> <p>d) Project Coordination and Management: This component is designed to ensure that the project is effectively and efficiently managed through establishment of fully functional governance, management, monitoring and reporting systems and effectively managing and disseminating Knowledge about NRM to stakeholders.</p>

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Project implementation approach	The Project is being implemented using the following approaches; Ecosystem and River Basin approach, Participatory and integrated targeting and community development approach, (Special Interest Groups and Common Interest Groups), Extension approach among others.
Expenditure categories	The Project has six (6) expenditure categories for purposes of spending and accounting for the loan proceeds namely I- Vehicles, Equipment and Materials, II- Sensitization, training workshops and studies, III-Grants and Awards, IV-Technical Assistance, V-Civil Works and VI- Salaries, Allowances, operations and Maintenance
Current situation that the project was formed to intervene	The rationale for the project is based on the nexus between rural poverty and ecosystem health in a densely populated and environmentally fragile watershed of critical national and global significance. The high prevalence of rural poverty contributes to environmental degradation which in turn reduces sustainable livelihood opportunities, as well as creating negative environmental externalities including forest degradation, human-wildlife conflict, encroachment in water sources and reduced availability and quality of water to downstream users. The project therefore recognizes the need to arrest the rapid loss of the life-supporting functions of the Tana River ecosystem.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> i. Rural communities empowered through sensitizing and training them on sustainable management of natural resources; Development of Community Action Plans (CAPs), Participatory Forest Management Plans (PFMPs) and Sub-Catchment Management Plans (SCMPs). ii. Natural resource-based rural livelihoods sustainably improved through: On-farm trials and demonstrations; Multiplication and distribution of clean seed; Provision of grants to Common Interest Groups (CIGs) on their Income Generating Activities (IGAs). iii. Land, water and forest resources sustainably managed for the benefit of local people and the wider community through: Strengthening of Water Resource Users Associations (WRUAs) and provision of grants to implement activities on their SCMPs; Construction and improvement of water facilities for domestic and irrigation; Strengthening of established CFAs and provision of grants to implement the activities in their PFMPs; Construction of wildlife control fence;

	<p>Rehabilitation of forest areas in Mt. Kenya and Aberdares.</p> <p>iv. Project effectively and efficiently managed through: Fully functional governance, management, monitoring and reporting systems; Knowledge on NRM effectively managed and disseminated to stakeholders.</p>
Project duration	<p>The Project was designed as an eight (8) year project (2012-2020). It was granted additional funding and extension of thirty (30) months implementation period w.e.f 1st July 2020. The completion and closure dates are now 31st December 2022 from initial 31st December 2020 and 30th June 2023 from 30th June 2021 respectively..</p>

Project Information and Overall Performance (Continued)

1.4 Bankers

The following are the bankers for the period ended 30th June 2023:

1. Foreign Designated Accounts' Holder:

Commercial Bank of Africa Ltd

Upper Hill Branch

Mara and Ragati Road

P.O. Box 30437-00100

Nairobi

Swift code: CBAKENX

Tel Phone: +254-020-2884000, 2734555

IFAD Loan USD Account Number - 6995660033

Spanish Loan EUR Account Number - 6995680037

Central Bank of Kenya, P.O .Box 60000 – 00200 Nairobi

The National Treasury/Upper Tana CNRM Project

IFAD Additional Loan Account No.1000474904

2. Local Project Accounts' Holder (Kshs.): Cooperative Bank of Kenya Ltd:

Location	Bank Branch	IFAD Loan A/C	Spanish Loan A/C
Embu –PCT Office	Embu	01141408097000	01141408098000
Kirinyaga County	Kerugoya	01141567136200	01141567135000
Nyeri County	Nyeri	01141511763300	01141511763301
Tharaka- Nithi County	Chuka	01141571141900	01141571141901
Embu County	Embu	01141408115800	01141408111400
Murang'a County	Murang'a	01141573167101	01141573167100
Meru County	Meru	01141418943000	01141418943001
Others			
KALRO-Embu	KCB-Embu		1113204664

1.5 Auditors

The Project is audited by the Auditor General, Office of Auditor General Kenya (OAG).

1.6 Project Governance, Roles and Responsibilities

Project Governance

The Project (UTaNRMP) recognizes the vital role played by sound governance arrangements towards realizing effective financial management and proper accountability over the use of Project's resources for successful implementation. Project governance refers to the way the project exercises its power and authority as envisaged within the project documents, rationally, for the Project's successful delivery.

The governance framework for the Project allows all its key stakeholders to conduct themselves in a manner consistent with the expected highest professional, ethical, moral and legal standards. It ensures effective segregation of duties with clear checks and balances vested in various institutions/offices including County Team, Project Coordinating Team (PCT), Project Steering Committee (PSC), Lead Agency, IFAD, Borrower and other implementers.

The Project's governance framework is therefore anchored in the following documents among others:

Project Loan Agreement, the PFM Act-2012, Project Design Report, IFAD Letter to the Borrower, Project Implementation Manual, Grants and Civil Works manuals, Finance and Procurement Manuals, PPRA Act 2015, and other relevant Acts and regulations.

The Project's institutional governance framework comprises of:

i. **Project Steering Committee (PSC):**

Is established at the national level with membership from key stakeholders (Ministries/State Departments/Agencies as well as key community organizations) with direct impact to the Project scope. Its role is to provide oversight and policy guidance to project implementation. Specifically, the PSC is responsible for ensuring that the Project activities (financing and implementation) are in compliance with the Government and IFAD policies; approving the respective AWP/B and ensuring implementation performance.

ii. **The Lead Project Agency**

Ministry of Water, Sanitation and Irrigation is responsible for successful Project's delivery and provides oversight role and policy direction to the project; review the project's AWPB progress against set targets and approve accordingly; supervises PCT among others. The Ministry is responsible for ensuring Project budget is captured as appropriate in the Ministry's development budget estimate as well as providing counterpart funding.

iii. **IFAD**

Is responsible for reviewing and approving project's withdrawal applications, expenditure justifications, no objection requests, AWPB, expenditure category re-allocation request; and participating in implementation support mission among others.

iv. **Office of Auditor General Kenya (OAG-K)**

This is a supreme (an independent) audit office under the constitution of Kenya 2010 that is mandated to Audit all GoK Ministries, Departments and Agencies' financial performance and present their statutory report to Parliament. OAG is the independent auditor responsible for UTaNRMP statutory audit and subsequent submission of the audit report to the Project and the Borrower (The National Treasury) latest by 31st December each year.

v. **Beneficiary Communities:**

Participate with PCT in budgeting process via Participatory Rural Appraisals

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(PRAs)/Community Action Plans (CAPs) and is entitled to information about the approved budget for ownership. They develop and implement proposals based on approved Community Action Plans, Sub-Catchment Management Plans, and Participatory Forest Management Plans. They are expected to timely avail their part of contribution (especially for matching grants) and periodical physical and financial progress reports.

vi. **Project Coordinating Team (PCT):**

The office is based in Embu and is responsible for the day to day project management and coordination functions. The PCT comprises of the Project Coordinator and a team of Technical Officers who include; Project Financial Controller, Water Resources Coordinator, Rural Livelihood Coordinator, Community Empowerment Coordinator, Land and Environment Coordinator, Knowledge Management and Learning Officer, Monitoring and Evaluation Officer, Procurement Officer, one (1) Procurement Assistant and two (2) Assistant Project Accountants. PCT is also supported by other 9 administrative staff.

vii. **County Project Coordinating Committee (CPCC), County Project Facilitation Teams (CPFTs) and Sub County Implementation Teams (SCIT):**

For the purpose of facilitating and harmonizing implementation at the county level, the Senior Officials at the counties form the policy organ (CPCC), the technical heads of collaborating departments forms the County Project Facilitation Teams (CPFTs) under the leadership of the County Project Coordinators (CPCs). The roles of the CPFT include: Coordinating preparation of county AWPBs in line with the sectoral priorities and PDR in the respective counties; Coordinates, guides and participate in the development of Community Action Plans (CAPs) by ensuring participatory identification of projects to be financed under UTaNRMP; Carry out M&E of project activities in the county; and offers oversight in implementation of community grants.

Key Project Staff and their qualifications

Names	Title designation	Key qualification	Responsibilities
Muthoni F. Livingstone +254722596987 fmlivingstone2004@yahoo.com	Project Coordinator	Masters in Project Planning, B, Philosophy in Economics, BA Economics; PGD in Rural Development.	Head of the Project Coordination Team and is also the AIE Holder for the Project
Samwel O. Onyango +254721461438 samholyj@gmail.com	Project Financial Controller	Masters in Business Administration (MBA) – Finance, B.Com, CPA-K	In charge of Project Financial Management matters
Francis Koome Simon +254720804169 koomefs@yahoo.com	Water Resource Coordinator	Masters in Project Planning; BSc in Agric. Eng.	In charge of Project Water Resources Management

Names	Title designation	Key qualification	Responsibilities
			including civil works
Paul M. Njuguna +254722889362 njugunapmacharia@yahoo.com	Land and Environment Coordinator	Masters in Project Planning; PGD in Forest Resource Survey, BSc, Forestry	In charge of Project Land and Environmental Conservation matters
Boniface M. Kikuvi +254733854414 bmkikuvi@yahoo.com	Rural Livelihood Coordinator	MSc Agric. Ext, BSc Agric.	In charge of Project Rural Livelihood Activities
Joyce Mathenge +254722451787 Joycemathenge9@gmail.com	Community Empowerment Coordinator	Masters in Project Planning and Mgt; BA Sociology	Community Empowerment activities
Grace N. Mwangi +254722408948 Gmwangi50@gmail.com	Monitoring & Evaluation Officer	MA in Development studies; BA Economics, M&E Certified	In charge of Project Monitoring & Evaluation
Simon G. Mumbere +254721283943 simonmumbere@aol.com	Knowledge Management & Learning Officer	MSc-IS; BSc, Comptia A+ CCNA	Knowledge management matters
Samuel B. Obwocha +254723256624 blessedobwocha@gmail.com	Procurement Officer	MKISM, MCIPS, BA-Economics, MSc Supply Chain Mgt	In charge of Project Procurement
Rodgers K. Musyoka +254722443801 nthokie@yahoo.com	Assistant Project Accountant	CPA-K, B.Com	Deputise Project Financial Controller
Beatrice Mugure Mathenge +254723717556 mugbetty@gmail.com	Project Agribusiness Coordinator	Masters of Project Planning & Mgt; Degree in Agribusiness Mgt; KIPPRA Young Professionals Programme	In charge of project group agribusiness development activities.
Florence N. Osebe +254726366296 onyinkwaflorence@gmail.com	Assistant Project Accountant	CPA-K, B.Com	Deputise Project Financial Controller
Obadiah Kipkoech Kosgei +254721582504 kosobody@gmail.com	Project Procurement Assistant	Master of Science in Procurement & Contract; B.Com (Purchasing & Supplies); Diploma CIPS	Deputise Project Procurement Officer

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Names	Title designation	Key qualification	Responsibilities
		UK- Level 6	
A. Wanjiku Migwi +254 721 810 091 cpcembu@yahoo.com	County Project Coordinator – Embu County	Bachelor of Counselling Psychology and Diploma in Hydrology	Coordinates County level Project activity implementations
Nicholas Nyaga +254 721 649 757 nyagaitumu@yahoo.com	County Project Coordinator – Kirinyaga County	BSC Hydrology	Coordinates County level Project activity implementations
James Maina +254 723 702 912 kanaimaina@gmail.com	County Project Coordinator – Murang'a County	Diploma in Hydrology	Coordinates County level Project activity implementations
Lawrence Mureithi +254 721 270 402 mmuthungu@yahoo.com	County Project Coordinator – Nyeri County	Masters in Project Planning and Management, BSC Agriculture	Coordinates County level Project activity implementations
Alex Kimotho +254 727459545 alexmkimotho@gmail.com	County Project Coordinator – Meru County	Diploma in Surface Water Technology (Hydrologist); Higher National Diploma Counselling Psychology; ;	Coordinates County level Project activity implementations
Jacob Kinyua Kiragu + 254 721228330 kiragu.kinyua@yahoo.com	County Project Coordinator – Tharaka Nithi County	BSC Community Development; Dip. Water Engineering	Coordinates County level Project activity implementations

Note: Since the Project entered into its closure period from 1st January 2023, a number of technical staff including Rural Livelihood Coordinator; Land, Environment & Ecosystem Coordinator; Procurement Officer; Community Empowerment Coordinator; Agribusiness Coordinator left the Project on 31st December 2022 in line with completion and closure conditions as per financing agreement.

1.7 Funding summary

The Project is funded by Government of Kenya (GoK), IFAD loan, Spanish Food Security Trust Fund loan and the Local Community. The Project was for duration of 8 years, from 23rd May 2012 to 31 December 2020 with an approved budget of USD.68.845 Million (equivalents of KShs

6.885 Billion). However, there is IFAD Additional Financing of USD.13.601 Million (equivalent to Kshs 1.45 Billion) to be implemented within an extended period of 30 months. This makes a total funding to be USD.87.366 (including additional GoK USD.2,2 million and Communities USD.2.5 Million). This took the Project completion and closure dates to 31st December 2022 and 30th June 2023 respectively.

Below tables shows summary as per financing source and category in dollars:

Table 1.3.1: Breakdown of project funding by Source

	Source	USD (Millions)	% Contribution
1.	IFAD Loan	33.00	39
2.	Spanish Trust Fund	17.00	20
3	IFAD Additional Loan	13.60	18
4	GOK	13.699	14
5	Community	10.067	9
	Total	87.366	100

Source: Project Design Report (February 2012) and Additional financing (July 2020).

Table 1.3.2: Loan allocation by Category

No	Category	IFAD Loan (SDR)	IFAD Loan USD	Spanish Loan (EUR)	Spanish Loan USD	IFAD Additional Loan (EUR)
I	Vehicles, Equipment and Materials	2,300,000	3,571,765	1,385,000	1,839,453	2,000,000
II	Sensitization, Training workshops and studies	3,980,000	6,180,706	2,395,000	3,180,859	1,140,000
III	Grants and Awards	6,835,000	10,614,353	4,120,000	5,471,875	4,540,000
IV	Technical Assistance	540,000	838,588	325,000	431,641	480,000
V	Civil Works	2,920,000	4,534,588	1,760,000	2,337,500	1,050,000
	Salaries, Allowances, operations and					1,370,000
VI.	Maintenance	2,550,000	3,960,000	1,535,000	2,038,672	
	Unallocated	2,125,000	3,300,000	1,280,000	1,700,000	1,170,000
	TOTAL	21,250,000	33,000,000	12,800,000	17,000,000	11,750,000

Source: Financing Agreement: May 2012 and July 2020

While the above tables reflect the proposed funding summary as per project design report, the actual funding status summary for the Project is captured in the below tables

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Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Allocation as per Loan Agreement		Amount received to date – (30 th June 2023)		% of funds received against allocation	Undrawn balance to date (30 th June 2023)		% of undisbursed funds against allocation
	US\$/EUR	KES EQUIVALENT	US\$/EUR	KES		US\$/EUR	KES EQUIVALENT	
(i) Loan	(A)	(A')	(B)	(B')		(A)-(B)	(A')-(B')	
IFAD Loan - USD	21,250,000	2,991,318,361	21,249,393	2,991,232,983	100	607	85,379	0
IFAD/Spanish Trust Fund Loan - EUR	12,800,000	1,498,742,684	12,677,934	1,484,450,095	99	122,066	14,292,589	1
IFAD Additional Loan - EUR	11,750,000	1,400,000,000	11,091,067	1,407,290,135	94	658,933	-7,290,135	6
Government of Kenya - USD	13,699,566	1,369,956,600	13,161,947	1,319,528,000	96	537,619	50,428,600	4
Community contribution - USD	10,066,131	1,006,613,100	10,167,670	1,000,167,670	101	-101,539	6,445,430	-1
Total		8,266,630,745		8,202,668,883	99		63,961,862	

B. Application of Funds

Source of funds	Amount received to date – (30 th June 2023)		Cumulative Amount paid to date – (30 th June 2023)		Under utilized balance to date (30 th June 2023)	
	US\$/EUR	KES	US\$/EUR	KES	US\$/EUR	KES EQUIVALENT
(ii) Loan	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
IFAD Loan	21,249,393	2,991,232,983	21,249,393	2,991,232,983		0
IFAD/Spanish Trust Fund Loan	12,677,934	1,484,450,095	12,677,934	1,484,450,095		0
IFAD Additional Loan	11,091,067	1,407,290,135	11,091,067	1,407,290,135	0	0
Government of Kenya	13,161,947	1,319,528,000	11,522,274	1,238,486,176	1,639,673	81,041,824
Community contribution	10,167,670	1,000,167,670	10,167,670	1,000,167,670		-
Total		8,202,668,883		8,121,627,059	1,639,673	81,041,824

[The amounts received to date should tie/agree to what is captured in the Statement of Receipts and Payments as applicable.]

Project information and overall performance (continued)

NB. The total receipt from IFAD/Spanish loans, GoK and Beneficiary Community contribution is Kshs. 8,202,668,883. The IFAD/Spanish funds of Ksh.5,882,973,104 (72%) includes AIA of Ksh.560,560,304.34. Community contribution of Ksh. 1,000,167,670 was raised and spent at source. Total funding from IFAD and GoK excluding community contribution is Ksh. 7,202,501,213.

Despite GoK's total actual revenue receipt of Kshs. 1,319,528,000, the Government has also contributed in form VAT and Customs duty exemption for the motor-vehicles and motor-cycles worth Kshs.65,787,113 (which involve non- cash movement) leading to a total GoK total receipt of Kshs. 1,385,315,113 equivalent of 100 per cent of the targeted contribution since the start of the project.

The total percentage of the project cost (including community contribution) funded is 99 per cent.

1.8 Summary of Overall Project Performance:

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

Financier	YR10 (1 st July 2022 – 30 th June 2023)			CUMULATIVE YRS 1-10 (23 rd May 2012 – 30 th June 2023)		
	Budget (Kshs)	Actual Expenditure (Kshs)	% of Absorption	Budget (Kshs)	Expenditure Kshs (to date)	% Of Absorption
IFAD/Spanish	600,000,000	556,182,494	93	7,337,557,121	5,882,973,102	80
GOK	120,000,000	110,958,490	93	1,454,337,900	1,238,486,176	85
TOTAL	720,000,000	667,140,984	93	8,791,895,021	7,121,459,278	81

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

At output level the Project has: completed 301 Community Action Plans; Conducted exchange visits for 673(334M, 249F) members drawn from 58 WRUAs and 702 members (403M, 299F) from 33 CFAs; 481(323M, 158F) from 68 youth groups and 1243 FDAC/CIGs officials; Conducted community exit meetings for 1567 common interest groups, strengthened 101project management committees (PMC) represented by 418 officials (194M, 224F) who were trained on roles, governance, operations & maintenance, to enhance operations of the water infrastructures; Established 1482 on-farm trials; Carried out 330 soil fertility demonstrations; Established 885 Farmer Field Schools (FFSs); Produced 734 Tons certified seeds; Constructed one (1) seed store at KALRO Embu and fitted it with a cold-room; Rehabilitated Tissue Culture laboratory at KALRO-Embu; A total of 3782 Farm plans have been done; A total 74 Soil and water catchment areas have been established and 37 catchment committees trained, A total of 24 workshops on participatory scenario planning and development of 24 weather advisories pamphlets for October –November and December (OND) and March ,April and May (MAM) rains developed and distributed;. A total of 2403 CIGs have been funded to implement income generating activities. 222 catchment committee members have been trained from 37 catchment areas that have been established; A total of 6 workshop on participatory scenario planning and development of 12 weather advisories for October –November and December (OND) rains were achieved.

Constructed and equipped two (2) water laboratories in Murang'a and Embu; Constructed 111 boreholes; Completed 36 common intake and domestic water supply; Installed 326 roof water harvesting for demonstration in public institutions; Upgraded fifty two (52) irrigation scheme to irrigate 2,515 hectares; constructed 36 dams/pans/rock catchments; Rehabilitated/constructed 21

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environmental hotspots; Rehabilitated 57 shallow wells; Protected and developed 154 springs; Trained 2164 committee members of water groups on operation and maintenance. Completed implementation of Gacee-Thinkuru Intake in Tharaka south Sub-county

Constructed wildlife control fence of 87km; Supported 2439 schools in the school greening programme with 868,400 assorted tree seedlings with estimated survival rate of 85%; Rehabilitated 2,413 Ha of degraded forest land at a density of 700 stems/ha; Supported 7,450 farmers to participate in on-farm tree planting with each farmer planting an average of 100 assorted tree seedlings thus a total of 996,400 seedlings planted with an average survival rate of 80%; Conserved 236 Km of riverine with giant bamboo and other indigenous water friendly tree species; Installed 698 (564 domestic and 134 institutional) energy saving stoves; Trained 91 community artisans in the fabrication of energy saving stoves; Constructed 35 efficient charcoal producing kilns; Developed 13 and reviewed 29 Participatory Forest Management Plans; Funded 311 Common Interest Groups to implement their NRM micro-projects through matching grants; Supported 33 Community Forest Associations with 75 Grants¹ to implement their PFMPs at level II,III and IV of the Community Forest Association Development and Financing Cycle (CDFC) through the Water Sector Trust Fund; Completed wood biomass survey, baseline survey, Hydrological survey, Soil and water conservation survey, Gender survey, Youth participation in Project activities survey, mid-term impact survey, Final impact survey; Procured 16 motor vehicles, 63 computer sets, 6 tractors and trailers, 106 motor bikes.

At outcome & impact level the Project's interventions have resulted to: 92.6% of impact survey respondents were members of community groups, which was an improvement from the status at baseline (67%) and mid-term (81.3%); Inclusion of women and youth in leadership positions of the community funded activities has improved from 35% at baseline to 67% out of which youth constitute 3%. Improvement in women participation in decision making from 12.1% at baseline to 17.5%.

81% of Farmer Field Schools (FFSs) members are reported to have adopted the technologies. Non-FFS members adopted the technologies through the FFS members at a ratio of 1:1 ratio where one (1) FFS member is estimated to have trained one (1) more farmer. Yields and productivity resulting from FFS trainings are reported to have increased by 270%. Livestock productivity improved for dairy goats with milk production increased from 0.2litres to 2 litres while that of dairy cows increased from 5 litres to 15 litres.

Distance to access domestic water from nearest water source has reduced by 12% and time spent in accessing water reduced by 49%. In instances where households were buying water before rehabilitation of the water sources, the cost reduction are reported at 76%.

The proportion of IWUA members accessing irrigation water before rehabilitation/extension through UTaNRMP's funding had improved from 48% to 97%. Area under irrigation increased by 215%.

The overall base flow increase is approximately 39% compared to the baseline of 1.09 Cumecs in 2015 to 1.36mecs in 2021.

The decrease in sediment load during the wet season is about 92% based on the baseline levels at 106.15 g/s in 2015 to 44g/s in 2021.

The decrease in turbidity during wet season is about 35% based on the baseline levels at 228NTU in 2015 to 152.35 NTU in 2021

Wildlife control Fence was innovatively constructed through Public Private Partnership strategy (PPP) in 2 years instead of 6 years as envisaged in the Project design. This implies that the project was time efficient at the rate of 67%,

¹14 grants are repeated due to the funding levels graduation approach as guided by the CFA development and funding cycle

The incidences of human wildlife conflicts have reduced from an average of 117No to 3No annual before and after the fence respectively representing 97% reduction.

The Cost of controlling human wildlife conflicts by Kenya Wildlife Service and Kenya Forest Service has reduced by 99%. Human deaths have been reduced to zero from a high of 9 human deaths annually before the fence.

98% of the recipients of the energy saving demonstration stoves are reporting reduction of 62% in use of fuel wood translating to fuel wood cost reduction of 64% among farmers who buy the wood fuel. 59% of indirect savings are reported among farmers who source fuel wood from their farms. Time taken to cook githeri has been reduced by 50%.

iii) Comment on value-for-money achievements

Taking into account the prudent investment on goods and services, procured in line with GoK/IFAD guidelines during the period under review, there is value for money towards delivery of the Project goals and objectives. Interventions in areas of wildlife control fence, forest rehabilitation, soil and water conservation, promotion of new agricultural production technologies, matching grants to beneficiary communities towards income generating activities, construction of water laboratories, efficient supply of both clean domestic and irrigation water (small scale irrigation schemes, springs, boreholes, dams and shallow wells rain water conservation technologies, rain water harvesting –dams, pans ,water tanks, rock catchments) are some of the key areas where the resources were efficiently and effectively applied.

All these interventions support the rural communities in generating incomes and thus reduce poverty and ensure food security besides realizing a clean secure environment which is the Project's objectives. The equipment which have been procured e.g. motor -vehicles, agricultural tractors, motor-cycles facilitate staff in implementation thus enhancing timely service delivery.

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

	CUR REN CY	PY1	PY2	PY3	PY4	PY5	PY6	PY7	PY8	PY9	PY10&11	TOTAL
SPAN ISH	EUR.	795,000	313,000	1,744,315	1,090,026	2,261,548	1,987,512	1,840,959	1,300,066	1,345,508		12,677,934
	KES	86,810,1 05	36,619,43 5	195,646,4 24	124,799,35 0	259,983,8 57	243,195,3 70	212,010,7 76	149,437,44 8	175,947,3 31		1,484,450,0 95
IFAD 1	USD		2,099,900	4,401,781	5,568,099	4,512,970	5,888,491	5,035,581	2,356,110	76,319		29,939,251
	KES		178,470,5 01	419,058,6 87	565,772,81 3	463,615,1 38	601,848,4 19	509,564,9 86	244,353,63 3	8,267,374		2,991,221,5 51
IFAD 2	EUR									2,025,000	9,066,068	11,091,06 8
	KES									260,141,0 17	1,147,149,1 18	1,407,290 ,135
GOK	KES		50,000,00 0	140,000,0 00	100,000,00 0	135,000,0 00	124,537,5 00	150,000,0 00	250,000,00 0	250,000,0 00	119,990,500	1,319,528 ,000
TOT AL KES		86,810,1 05	265,089,9 36	754,705,1 11	790,572,16 3	858,598,9 95	969,581,2 89	871,575,7 61	643,791,08 1	694,355,7 21	1,267,139,6 18	7,202,489 ,780

v) Key implementation challenges and recommended way forward.

Delayed community contributions especially cash contributions due to harsh economic conditions resulting to the project giving more time during implementation; prolonged drought resulting to less water from the sources leading to more capacity building on management of the sources including

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operation and maintenance trainings; dwindling number of technical staff resulting to seeking support from outside the affected Counties.

1.9 Summary of Project Compliance:

Generally, the Project has complied with all the rules, guidelines and regulations as agreed among the key stakeholders (IFAD and GoK) during the period under review.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

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

Upper Tana Catchment Natural Resources Management Project (UTaNRMP) was designed as an eight (8) year project and was granted extension of additional 30 months w.e.f 1st July 2020. The completion and closure dates are now 31st December 2022 from the earlier 31st December 2020 and 30th June 2023 from the earlier 30th June 2021 respectively. It is funded by Government of Kenya, International Fund for Agricultural Development (IFAD), Spanish Trust Fund and the Local community. The Project is multi-sectoral and the Project Lead Agency (PLA) is the Ministry of Water, Sanitation and Irrigation. The Project is being implemented in the Upper Tana Catchment along the tributaries of four (4) river basins from the Mt.Kenya East Pilot Project (MKEPP) and 24 river basins (12 high priority river basins and 12 other river basins).

The goal of the project is to "contribute to reduction of rural poverty in the Upper Tana river catchment". This goal is pursued via two Project Development Objectives (PDOs) which reflect the poverty-environment nexus: a) Increased sustainable food production and incomes for poor rural households in the project area; and b) Sustainable management of natural resources for provision of environmental services.

The Project's Development Objectives are in line with key Government and IFAD policy frameworks that include:

- i. The Government's Big 4 Agenda;
- ii. Kenya's Vision 2030;
- iii. Sustainable Development Goals;
- iv. The 2011-25 IFAD Strategic Objectives ;
- v. IFAD Kenya Country Strategic Opportunities Programme (COSOP) 2020- 2025,
- vi. Kenya's Agricultural Sector Transformation and Growth Strategy (ASTGS) 2019-2029, and
- vii. The objectives of the respective County Government's Integrated Development Plans.

The total Project cost is US\$ 83.37 million. The donor funds are a loan to the National Government on a highly concessional terms with a service charge of 0.75% per annum and a maturity period of 40 years including a grace period of 10 years starting from the date of approval of the loan.

The approved Project budget for FY.2022/2023 was KES 720,000,000 (EUR. 5,538,462) out of which KES 120,000,000 (EUR. 923,077) or 17% of the budget was to be funded by GoK while KES 600,000,000 (EUR. 4,615,385) or 83% was to be funded by IFAD. The entire budget was under revenue. The expenditure as at 30th June 2023 was KES.667,140,983 translating to 93% of the approved budget.

Key Project achievements/outputs summary during 2022/2023 by Component:

Community Empowerment Component Conducted community exit meetings for 1567 common interest groups, strengthened 101 project management committees (PMC) represented by 418 officials (194M, 224F) who were trained on roles, governance, operations & maintenance, to enhance operations of the

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water infrastructures, held one component meeting to prepare for the component continued support to funded groups.

Sustainable Rural Livelihood Component: 222 catchment committee members have been trained from 37 catchment areas that have been established; A total of 6 workshop on participatory scenario planning and development of 12 weather advisories for October –November and December (OND) rains were achieved. The developed Six (6) weather advisory pamphlets were distributed to different stakeholders for information and use; 115 CIGs under 4th call 2nd batch were funded to a total amount of kshs 535,750 while 401 CIGs under 5th call were funded to total amount of Kshs 212,247,266. Trained group members from eight (8) irrigations on agronomy and safe use of pesticides and set up demos on the major crops selected choice/farm management, business planning and collective marketing. A total of 308 (167M,141F) farmers were trained from 12 irrigation schemes on market linkage; A total of 1663 Farm plans have been developed; In collaboration with KALRO Embu, a total of 3000 plantlets of Irish potato comprising (1000 shangi,500 Dutch robijin,500wanjiku,500 Unika and 500 Tigoni) have been propagated while five satellite nurseries for hardening distributed banana seedlings have been established.

Sustainable management of water resources Sub-Component:

Completed implementation of Gacee-Thinkuru Intake in Tharaka south Sub-county. The project also supported 19 Water Resource Users Associations (WRUAs) to implement and complete their 2nd milestone of activities under the 3rd call proposals and the 4th call proposals. Carried out procurement of pipes and fittings for 14 water projects that had remedial works and community groups completed the installations of the pipes. A total of 68 projects (59 springs, 6 pans, 3 sand dams) were constructed. Both wet and dry season water quality and quantity monitoring was completed in the 90 designated monitoring points, analysis done and a report compiled. Chemicals and reagents were acquired for the two water laboratories in Muranga and Embu counties.

Follow up on the documentation and sustainability of 229 Project Management committee members of the civil works activities supported by the WRUAs was also done. The sub-component was also able to distribute 362 completion certificates.

Sustainable Management of Forest and Agricultural Ecosystem Sub-Component. The achievements during the 2022-23 financial year include: Continued the construction of the 60Km wildlife control fence from Sagana State Lodge to Tigithi River in Nyeri County with 60Km having been completed; constructed 2 No. out of the planned 4No. elephants' grids in Lower Imenti in Meru County; held 2No. fence community sensitization meetings spread from Kandune to Mere in Kabarú Forest Station and Warazo Location under Naromoru Forest Station; held 6No. Project fence senior management committee meetings; held 9 fence technical committee inspections and meetings; supported 32 schools to undertake beating up under the school greening programme; Funded 17No. successful 4th call CFAs to implement their 2nd milestones' activities; Held 1No. sector /component meeting; supported 5No Environment sector desk officers participate in the Annual Forestry Society of Kenya annual scientific conference and Annual General Meeting in Mombasa.

Project Management and Coordination Component: The achievements during the period under review were: Four (4) PSC meetings conducted; Three (3) statutory financial reports submitted to the Lead Agency;

Supported 2021/2022 Audit by OAG and Project received unqualified Audit report; Conducted PSC supervision; Conducted joint monitoring involving PCT and county teams and sampled CIGs 2nd & 3rd call call, civil works, Gender Action and Learning System (GALS) champions, Human wildlife control fence in Nyeri, WRUAs 3rd & 4th call; Conducted 6 County-based Exit workshops; Conducted Endline Impact Assessment Survey; Conducted Project Completion Review; Production of 2000 wall calendars for year 2023.

Other support provided to Project teams included: Computer Infrastructure; M&E and Accounting Information System Databases; Hosting of virtual Meetings; Website maintenance.

Support was also provided to PCT and County Project Coordinators offices for smooth and efficient implementation and coordination of project activities in form of maintenance of motor vehicles, office stationery, timely PCT salaries and collection of SOEs.

Cumulative physical Progress Summary by Component as at 30th June 2023

Community Empowerment

The aim of the component is to empower communities to manage natural resources sustainably through engaging communities by building their capacity to develop Community Action Plans to improve NRM while also improving their livelihoods, food security and nutrition.

The component has been able to: Delineate 301 Focal Development Areas (FDAs); 861 sensitization and awareness meetings along the river basins to sensitise communities on the project goals and objectives reaching 148,465 (M 75,717, F 72748) community members; further 37 community exit meetings to prepare community for the closure of the project and to enhance sustainability strategies were held in each sub county reaching 2763(1651, 1112) community beneficiaries. The meetings had representation from 301 FDAs; Conducted 301 Participatory Rural Appraisal (PRA) culminating in the development of 301 Community Action Plans (CAPs) and formation of 301 Focal Development area Committees (FDACs); Sensitised 1023 (250 F, 773 M) chiefs and assistant chiefs on the project which proved a very useful endeavour during mobilisation meetings for PRAs and other project awareness meetings since they played a major role in mobilisation of communities; Held six (6) meetings in the counties to sensitise staff on the project so that they can effectively participate and guide communities in project implementation.

Printed 90,000 brochures and leaflets for use during awareness meetings and 5,000 community project diaries for computation and capture of community contribution to project activities for sustainability; Procure six (6) sets of Public Address equipment for use during the awareness and mobilization meetings.

The Project trained 574 officers on PRA methodologies and supported communities to develop and review 301 and 185 Community Action Plans (CAPs) respectively,; trained 60,007(27003M,33004F) Project Management Committee(PMC) members on governance & management (drawn from civil works and Common Interest Groups); 1368 members of Common Interest Groups & Focal Development Area Committees(FDAC), 580 members from WRUAs, 700 members from CFAs, 288 members from youth groups participated in exchange visits; trained 205(124M,81F) community and 61 (33M,28F) officers , 93 (64M, 29F) chiefs and assistant on Gender Action and Learning System (GALS) and household methodologies for gender mainstreaming. 11,030 (4969M,6061F) community members reached through GALS outreach and so far have reported using the GALS visioning tool at household level; 268 technical officers were trained in gender mainstreaming, group dynamics and a further 10 social development officers in conflict resolution and management to enhance their skills in handling conflicts within water user associations and Common Interest Groups (CIGs); and a total of 124 officers have been trained in climate change to support community groups mitigate the effects of climate change.

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A total of 155 dairy cows groups benefit sharing plans (BSP) under 1st to 4th call 1st batch CIGs were consultatively developed with the groups to enhance equity for the 2605 members. 4th call 2nd batch and 5th call CIGs have adopted this benefit sharing plan; a model by-laws to guide groups' implementation and sustainability on technical and governance issues was developed and groups trained to align the model by laws to their enterprise/activity operations.

Studies conducted by the component include: Gender baseline study (2014) to guide gender mainstreaming activities; Youth study (2017) to determine the cause of low youth participation in the project activities. The findings of both studies have guided the project on how to mainstream gender and target the youth to enhance community inclusion and equity towards project interventions. Consequently 79 sensitization meetings for youth only were conducted during the 4th call in 2018/19 financial year, resulting to a total of 443 youth proposals seeking funding in comparison to the other calls out of which only 136 proposals had been cumulatively recommended for funding.

Training Needs Assessment (TNA) was conducted in 2014 to guide the capacity building activities for technical officers and the communities involved in project implementation.

Sustainable Rural Livelihood

The component has cumulatively: Facilitated establishment of 1482 on-farm trials; Facilitated set up of 1190 of soil and water conservation demos; Carried out 330 soil fertility demonstrations; Facilitated establishment and support 885 Farmer Field Schools (FFSs); Produced certified seeds through KALRO Embu to a level of 734 tons which includes legumes (beans, cowpeas and green grams) and root crops including cassava, sweet potatoes and Irish potatoes; A total of 3782 Farm plans have been done. A total of 102 staff were trained on soil and water conservation; A total 74 Soil and water catchment areas have been established and 37 catchment committees trained, A total of 24 workshop on participatory scenario planning and development of 24 weather advisories pamphlets for October –November and December (OND) and March ,April and May (MAM) rains developed and distributed; Procured 73 motorcycles and 10 vehicles for use by staff who are supporting project implementation; Constructed one (1) seed store at KALRO Embu and fitted it with a cold-room; A total of 2403 CIGs have been funded to implement income generating activities; The agribusiness sub component has facilitated development of an Agribusiness strategy; An agribusiness training manual was developed; 67 ToTs were oriented on agribusiness and they have trained 467 groups (CIG,CFA,WRUA & IWUA) on business & entrepreneurial skills. Table 2.2 shows the performance of the component against the PDR targets.

Sustainable Management of Water Resources

The sub component contributed to the component's outcome on "Land and water resources sustainably managed for the benefit of the local people and wider community". Towards this, the sub component has cumulatively: Constructed and equipped two (2) water laboratories in Murang'a and Embu both at WRA sub-regional offices; Carried out 34 water and sanitation campaigns in all the high priority river basins and the 4 tributaries of river basins formally under MKEPP-NRM; Constructed 111 boreholes; Completed 36 common intake and domestic water supply; Installed 326 roof water harvesting for demonstration in public institutions; Upgraded fifty five (55) irrigation scheme to irrigate 2,515 hectares; constructed 27 dams/pans/rock catchments; Rehabilitated/constructed 21 environmental hotspots; 57 shallow wells and 95 springs, 59 WRUAs have been funded with grants through WSTF; Designed and printed 10,000 brochures and 500 posters for use during water and sanitation campaigns; Attained 761 sessions of radio broadcasts on three vernacular radio stations in the project area on integrated natural resources management; Trained 2164

committee members of water groups on operation and maintenance and on-farm water management. One (1) hydrological survey was completed.

Sustainable Management of Forest and Agricultural Ecosystems

Cumulative achievements include: Constructed 95Km of solar powered wildlife control fence (Initial 60Km from Thuchi to Thingithu Rivers and 35Km of additional 60Km from Sagana State Lodge to Tigithi Rivers in Nyeri County, procured fencing materials for an additional 60KM, rehabilitated a total of 3122Ha of degraded forest areas-2413Ha directly by KFS(1,913 Ha @700 stems/ha and 500Ha for 2018/19FY at 1000 stems/Ha) with an average survival rate of 80% and an additional 709Ha under the CFA grants administered through the Water Sector Trust Fund; planted 996,400 assorted tree seedlings in 2439 schools (1972 public and 467 faith based with 1803 schools planting 500 seedlings each and 636 schools planting 150 seedlings each,) with an average survival rate of 85% under school greening programme; 7,450 farmers have been supported to plant 745,000 assorted tree seedlings on their farms with a survival rate of 80%; Held demonstrations on 134 institutional and 564 domestic energy saving stoves; constructed 36 efficient charcoal producing kilns; Trained 91 (58 male and 33 female) community artisans in the fabrication of energy saving stoves; conserved 236km of riverine with Giant Bamboo seedlings and other indigenous water friendly species at a density of 400 stems/Km on both sides of the river with an average survival rate of 65%; Supported 35 Community Forest Associations with 75 Grants² to implement their PFMPs at level II,III and IV of the Community Forest Association Development and Financing Cycle (CDFC) through the Water Sector Trust Fund; Funded and supported 329 Common Interest Groups to implement their NRM project proposals through matching grants; completed the Woody Biomass Survey in the Upper Tana Catchment 2014; undertaken the Environmental and Social Audit of project activities in 2018 which was approved by NEMA in 2019; completed the Final Environmental and Social Audit of UTaNRMP activities in June 2022 which is at NEMA for approval; completed a Wildlife control fence social economic and ecological study 2019; procured 15 vehicles, 7 tractors/trailers, 33 motorbikes, 33GPSs and 33 still cameras to support in project activity implementation; supported the development/review of 47No PFMP's;

Project	Objective	Outcome	Indicator	Performance
Upper Tana Catchment Natural Resource Management Project	Increased sustainable food production and incomes for poor rural households in the project area; and sustainable management of natural resources for provision of environmental services.	Rural communities empowered for sustainable management of natural resources	Number of community action plans (CAPs) with at least one key action implemented	301 CAPs
		Natural resource-based rural livelihoods sustainably improved	Proportion of trained farmers adopting new technologies (%) CIG members adopting Income Generating Activities	81% of Farmer Field Schools (FFSs) members were reported to have adopted the technologies. 42,270 members of CIGs adopted income generating activities.

²14 grants are repeated due to the funding levels graduation approach as guided by the CFA Development and Financing Cycle

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		<p>Land, water and forest resources sustainably managed for the benefit of local people and the wider community</p>	<p>Number of hectares of farmland under water related infrastructure constructed/rehabilitated</p> <p>Number of households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</p> <p>Hectares of forest rehabilitated</p> <p>Percent reduction of Human-wildlife conflict incidences</p> <p>Number of households reporting a significant reduction in the time spent for collecting water or fuel</p>	<p>2515 hac under irrigation.</p> <p>41,040 of households adopting environmentally sustainable and climate-resilient technologies and practices</p> <p>2,962 hac</p> <p>97% reduction</p> <p>27,400 households reporting reduction in time spent on collection of water or fuel</p>
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3. ENVIRONMENT AND SUSTAINABILITY REPORTING

Upper Tana Catchment Natural Resource Management Project (UTaNRMP) aims at transforming livelihoods through sustainable natural resources management in the catchment. The whole purpose of the project is to reduce poverty and improve the living standards of the people as they also conserve the environment. The clarion call is to ensure the people served by the Project appreciate the service delivery which is not only timely but efficient, effective and sustainable. The project operations ensures equity in resource allocation and management both at staff and community levels through application of participatory approaches, partnerships and effective participation of all stakeholders especially the beneficiary communities at all stages of the project cycle; targeting to ensure inclusion of the vulnerable in project activities through differentiated community contribution approaches and amounts; fairness and competitiveness is ensured during procurement; All the interventions of the Project are properly aligned to the prevailing government policy pronouncements. Below is a brief highlight of our achievements in various areas;

1. Sustainability strategy and profile

The sustainability of Project's activities are pegged on community ownership and contributions, use of government structures/systems and institutional mandates and addressing community felt needs through participatory development of community action plans. The communities are engaged during the project planning, implementation and, monitoring and evaluation. Calls for proposals on funding are made to which the communities apply to implement their priorities as per their participatory plans such as the Community Action Plans for Common Interest Groups, Sub-catchment Management Plans for the Water Resources Users Associations and the Participatory Forest Management Plans for Community Forest Associations. The beneficiary communities contribute a matching cost to their overall priority project cost which ensures ownership.

2. Environmental performance

The project activities address livelihoods and environmental conservation. While the Kenyan Constitution 2010 assures all citizens of a good and healthy environment, the project uses an integrated approach where all interventions must address environmental sustainability. The Project adhere to international and local environmental requirements where interventions that require an Environmental and Social Impact Assessments have the same done before implementation, Environmental and Social Audits are done on time while specific environmental interventions such as tree planting in schools, forests, hilltops and farmlands are part of the project design. The project has reached 2439 schools with over 1.06 million pupils/students through the school greening programme where 966,000 seedlings have been planted with a survival rate of 80%. 3000 ha of degraded forests rehabilitated, 7450 farmers planting an average of 100 seedlings each on their farms while the 60Km wildlife control fence in Mt Kenya ecosystem has ensured zero human loss in the last 5 years as biodiversity conservation is enhanced.

3. Employee welfare

The UTaNRMP staff are hired competitively through GoK/IFAD laid down procedures to ensure professionalism and competency in service delivery. Various short term trainings are frequently offered to improve staff skills and service delivery. The staff are normally engaged on a one year renewable contracts and their performance is appraised bi-annually by Project Steering Committee. The reward system is as guided by the project design report and various GoK/IFAD mission recommendations. The offices are kept clean and well equipped and transport to support Project's service delivery is adequately provided. The staff also enjoy comprehensive medical insurance cover as per GoK/IFAD guidelines.

4. Market place practices-

The project ensures best practices in procurement through adherence to IFAD and GOK rules and regulations on competitive bidding, contract management and payment on delivery. The advertisements are normally done via various media (national/international) for wider catchment and in line with prevailing legal framework. All procurement documents are clearly indicated that UTaNRMP is a corruption free project. All procurement committees are adhoc; procurement documents are availed through the website while all correspondence on procurement is through writing. Where community projects are involved, the beneficiary community representatives are involved in the various procurement process adhoc committees.

5. Community Engagements-

In its efforts to contribute towards meeting its objectives, the project has been supporting social but environmentally biased functions including tree planting and environmental awards to public institutions and faith based schools within the project area. It is worth noting that the Projects key interventions are geared towards directly benefiting the communities on a sustainable manner.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for the State Department for Water and Sanitation, Ministry of Water, Sanitation and Irrigation and the Project Coordinator for Upper Tana Catchment Natural Resource Management Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023.

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

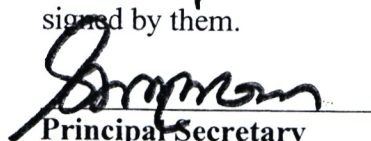
The Principal Secretary for the State Department for Water and Sanitation, Ministry of Water, Sanitation and Irrigation and the Project Coordinator for Upper Tana Catchment Natural Resource Management Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

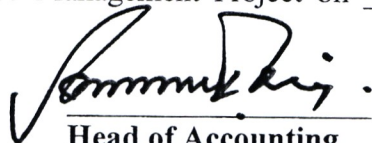
The Principal Secretary for the State Department for Water and Sanitation, Ministry of Water, Sanitation and Irrigation and the Project Coordinator for Upper Tana Catchment Natural Resource Management Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The Principal Secretary for the State Department for Water and Sanitation, Ministry of Water, Sanitation and Irrigation and the Project Coordinator for Upper Tana Catchment Natural Resource Management Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the State Department for Water and Sanitation, Ministry of Water, Sanitation and Irrigation and the Project Coordinator for Upper Tana Catchment Natural Resource Management Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary* for the State Department for Water and Sanitation, Ministry of Water, Sanitation and Irrigation and the Project Coordinator for Upper Tana Catchment Natural Resource Management Project on 03/07/2023 2023 and signed by them.


Principal Secretary
Name: Dr. Kipronoh Ronoh P.


Head of Accounting
Name: James K Karori
ICPAK Member No. 3972


Project Coordinator
Name: Muthoni F. Livingstone


Project Finance Controller
Name: Samwel O. Onyango, ICPAK Member No. 4629

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

REPORT OF THE AUDITOR-GENERAL ON UPPER TANA CATCHMENT NATURAL RESOURCE MANAGEMENT PROJECT IFAD LOAN NO. 1-867-KE; IFAD ADDITIONAL FINANCING LOAN NO.2000002597-KE; AND SPANISH TRUST FUND LOAN NO. I-E-8-KE FOR THE YEAR ENDED 30 JUNE, 2023 - MINISTRY OF WATER, SANITATION AND IRRIGATION

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines, and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

Report of the Auditor-General on Upper Tana Catchment Natural Resource Management Project IFAD Loan No. 1-867-KE; IFAD Additional Financing Loan No.2000002597-KE; and Spanish Trust Fund Loan No. I-E-8-KE for the year ended 30 June, 2023 - Ministry of Water, Sanitation and Irrigation

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Upper Tana Catchment Natural Resource Management Project set out on pages 1 to 21, which comprise the statement of financial assets as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Upper Tana Catchment Natural Resource Management Project as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the IFAD Loan No. 1-867-KE; IFAD Additional Financing Loan No.2000002597-KE; and Spanish Trust Fund Loan No. I-E-8-KE.

Basis for Opinion

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

Emphasis of Matter

Cash and Cash Equivalents Balance

As disclosed in Note 7.A, the statement of financial assets reflects cash and cash equivalents balance of Kshs.81,041,824. The Project had been designated as an eight (8) year project from 2012 – 2018 and granted an additional funding and extension of thirty (30) months implementation period with completion and closure dates of 31 December, 2022 and 30 June, 2023, respectively.

After the closure of the Project's operations, the cashbooks reflected a bank balance of Kshs.81,041,824. However, Management did not provide reasons for failure to return the balance to The National Treasury.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects budgeted receipts of Kshs.720,000,000 and actual receipts of Kshs.469,482,688 resulting to a revenue shortfall of Kshs.250,517,312 or 35% of the budget.

Similarly, the statement reflects budgeted expenditure of Kshs.720,000,000 and actual expenditure of Kshs.667,140,984 resulting to an under-expenditure of Kshs.52,859,016 or 7% of the budget.

The Project underspent by Kshs.52,859,016 which is equivalent to expected services but not delivered to the intended beneficiaries.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Fund for Agricultural Development (IFAD), I report based on my audit, that:

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 October, 2023

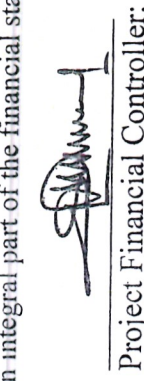
Report of the Auditor-General on Upper Tana Catchment Natural Resource Management Project IFAD Loan No. 1-867-KE; IFAD Additional Financing Loan No.2000002597-KE; and Spanish Trust Fund Loan No. 1-E-8-KE for the year ended 30 June, 2023 - Ministry of Water, Sanitation and Irrigation

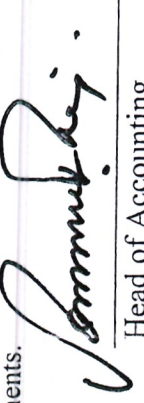
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2023.

	Note	2022/2023		2021/2022		Total	Cumulative to date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties		
		KShs	KShs	KShs	KShs		KShs
RECEIPTS							
Transfer from Government entities	1	20,000,000	-	20,000,000	-	20,000,000	1,319,528,000
Loan from external development partners	2	449,482,688	-	449,482,688	-	449,482,688	5,882,973,214
TOTAL RECEIPTS		469,482,688	-	469,482,688	-	469,482,688	7,202,501,214
PAYMENTS							
Compensation of employees	3	93,309,534	-	93,309,534	-	93,309,534	860,984,437
Purchase of goods and services	4	53,731,707	-	53,731,707	-	53,731,707	654,266,415
Acquisition of non-financial assets	5	162,443,125	-	162,443,125	-	162,443,125	3,125,730,491
Matching Grants to CIGs	6	357,656,618	-	357,656,618	-	357,656,618	2,480,478,018
TOTAL PAYMENTS		667,140,984	-	667,140,984	-	667,140,984	7,121,459,390
SURPLUS/ (DEFICIT)		-	197,658,296	-197,658,296	-	24,994,287	81,041,824

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


Principal Secretary
Name: Dr. Kipronoh Ronoh P.


Project Financial Controller:
Name: Samwel O Onyango
CPAK Member No.4629


Head of Accounting
Name: James K. Karori
ICPAK Member No.3972

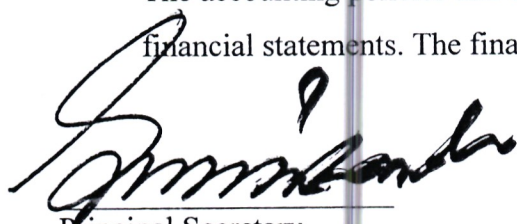
(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. It is recognised that the receipts are equal to the payments made and therefore there is no surplus deficit.)

Upper Tana Catchment Natural Resource Management Project
Annual Report and Financial Statements for the Financial year ended June 30, 2023

7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2023

	Not e	2022-2023	2021-2022
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7.A	81,041,824	278,695,563
Cash Balances	7. B		4,556
Total Cash and Cash Equivalents		81,041,824	278,700,119
Accounts Receivables	8		0
TOTAL FINANCIAL ASSETS		81,041,824	278,700,119
FINANCIAL LIABILITIES			
Deposits and Retention monies	10		0
NET ASSETS		81,041,824	278,700,119
		-	
REPRESENTED BY			
Fund balance b/fwd	11	278,700,119	303,694,406
Surplus/(Deficit) for the year		-197,658,296	-24,994,287
NET FINANCIAL POSITION		81,041,824	278,700,119

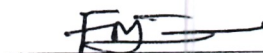
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 3/07/2023 and signed by:



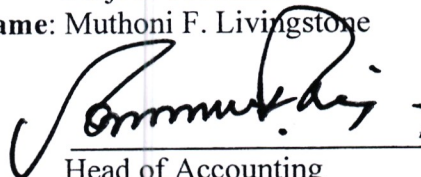
Principal Secretary
Name: Dr. Kipronoh Ronoh P.



Project Financial Controller:
Name: Samwel O Onyango
ICPAK Member Number:4629



Project Coordinator
Name: Muthoni F. Livingstone

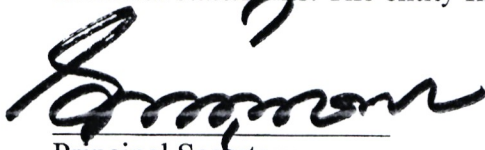


Head of Accounting
Name: James K Karori
ICPAK Member No. 3972

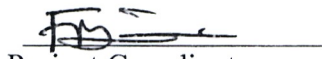
8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2023

		2022/2023	2021/2022
	Not e	KShs	KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Receipts from Government of Kenya	1	20,000,000	99,990,500
Payments from operating activities			
Compensation of employees	3	-93,309,534	(107,322,443)
Purchase of goods and services	4	-53,731,707	(64,699,658)
Adjustments during the year		-147,041,241	
Decrease/(Increase) in Accounts Receivable		0	0
Increase/(Decrease) in Accounts Payable:		0	0
Net cash flow from operating activities		(127,041,241)	(72,031,601)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	(162,443,125)	(306,943,506)
Matching Grants for Income Generation	6	(357,656,618)	(243,685,610)
Net cash flows from Investing Activities		(520,099,743)	(550,629,116)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	2	449,482,688	597,666,430
Net cash flow from financing activities		449,482,688	597,666,430
NET INCREASE IN CASH AND CASH EQUIVALENTS		-197,658,296	(24,994,287)
Cash and cash equivalent at BEGINNING of the year	11	278,700,119	303,694,406
Cash and cash equivalent at END of the year	7	81,041,824	278,700,119

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 3/8/2023 and signed by:



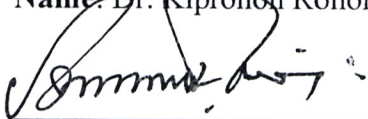
Principal Secretary
Name: Dr. Kipronoh Ronoh P



Project Coordinator
Name: Muthoni F. Livingstone



Project Financial Controller:
Name: Samwel O Onyango
ICPAK Member Number:4629



Head of Accounting
Name: James K. Karori
ICPAK Member No. 3972

9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2023

Receipts/Payments Item	Original Budget A	Adjustments B	Final Budget c=a+b	Actual on Comparable Basis D	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Receipt from Government of Kenya	80,000,000	40,000,000	120,000,000	20,000,000	100,000,000	17%
Proceeds from borrowings	600,000,000	-	600,000,000	449,482,688	150,517,312	75%
Total Receipts	680,000,000	40,000,000	720,000,000	469,482,688	250,517,312	65%
Payments						
Compensation of employees	90,384,591	5,944,659	96,329,250	93,309,534	3,019,716	97%
Purchase of goods and services	66,800,750	4,726,730	71,527,480	53,731,707	17,795,773	75%
Acquisition of non-financial assets	160,646,989	21,762,011	182,409,000	162,443,125	19,965,875	89%
Matching Grants for Income Generation	362,167,670	7,566,600	369,734,270	357,656,618	12,077,652	97%
Total Payments	680,000,000	40,000,000	720,000,000	667,140,984	52,859,016	93%

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

10. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.2 Statement of compliance and basis of preparation

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

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

10.3 Reporting entity

The financial statements are for the Upper Tana Catchment Natural Resource Management Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.3.1 Reporting currency

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

10.4 Significant Accounting Policies

a) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

determination of the value. The date of the transaction is the value date indicated on the payment advice.

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

10.5 Recognition of payments

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

i) Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

Significant Accounting Policies (Continued)

10.6 In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded. The main in-kind contribution to the Project include part salaries paid to other GoK officers working for the Project but not paid by the Project, office spaces occupied, community contribution and tax exemptions.

10.7 Cash and cash equivalents

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

10.8 Restriction on cash

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

10.9 Imprests and Advances

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

10.10 Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 2** of this financial statement is a register of the contingent liabilities in the year.

10.11 Contingent Assets

*Upper Tana Catchment Natural Resource Management Project
Annual Report and Financial Statements for the Financial year ended June 30, 2023*

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

10.12 Pending bills

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

10.13 Budget

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

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

10.14 Third party payments

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

During the year Kshs. Nil being loan disbursements were received in form of direct payments from third parties.

Significant Accounting Policies (Continued)

10.15 Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates

of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

10.16 Comparative figures

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

10.17 Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

10.18 Prior period adjustment

Prior period adjustment errors and other adjustments noted arising from previous year(s).explanations and details of these prior period adjustments shall be presented in the notes to the annual report and financial statements accordingly.

11. NOTES TO THE FINANCIAL STATEMENTS

1. RECEIPTS FROM GOVERNMENT OF KENYA

These represent counterpart funding and other receipts from government as follows:

	2022/2023	2021/2022	
	KShs	KShs	Cumulative to-date(from inception)
<i>Counterpart funding through MWSI</i>			
Counterpart funds Quarter 1	20,000,000	25,000,000	177,500,000
Counterpart funds Quarter 2		24,990,500	407,490,500
Counterpart funds Quarter 3		0	168,750,000
Counterpart funds Quarter 4		50,000,000	565,787,500
		0	0
Total	<u>20,000,000</u>	<u>99,990,500</u>	<u>1,319,528,000</u>

[There was no "Other transfers from government entities" to the project as mandated by the Project Agreement.]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2023 we received funding from development partners in form of loans negotiated by the National Treasury and donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2022/2023	2021/2022
Loans Received from Multilateral Donors (International Organizations)						
IFAD/SPANISH TRUST FUND LOAN (USD)	19/10/2022	1,028,122	120,526,198		120,526,198	61,924,895
IFAD/SPANISH TRUST FUND LOAN (EUR)	20/11/2022	943,414	118,417,674		118,417,674	141,198,542
IFAD/SPANISH TRUST FUND LOAN (EUR)	06/01/2023	817,000	105,803,052		105,803,052	137,655,798
IFAD/SPANISH TRUST FUND LOAN (USD)	02/02/2023	782,100	104,735,764		104,735,764	100,000,000
IFAD/SPANISH TRUST FUND LOAN (UEUR)		0	0		0	132,175,204
IFAD ADDITIONAL LOAN (EUR)		0	0		0	124,711,991
Total		3,570,636	449,482,688		449,482,688	697,666,430

*Upper Tana Catchment Natural Resource Management Project
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. COMPENSATION OF EMPLOYEES

	2022/2023			2021/2022	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Basic wages of temporary employees	76,522,581		76,522,581	84,163,825	686,546,672
Pension and other social security contributions	2,099,701		2,099,701	2,919,837	26,201,984
Compulsory national social security schemes	129,600		129,600	448,200	845,640
Compulsory national health insurance schemes	327,600		327,600	181,440	1,359,890
Other personnel payments-Gratuity	14,230,052		14,230,052	19,609,141	146,030,251
Total	<u>93,309,534</u>		<u>93,309,534</u>	<u>107,322,443</u>	<u>860,984,437</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PURCHASE OF GOODS AND SERVICES

	2022/2023			2021/2022	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Utilities, supplies and services	357,162		357,162	426,471	6,798,352
Communication, supplies and services	1,381,257		1,381,257	2,581,234	22,619,663
Domestic travel and subsistence	5,675,837		5,675,837	5,939,593	82,510,068
Foreign travel and subsistence	133,675		133,675		11,264,001
Printing, advertising and information supplies	8,787,688		8,787,688	7,759,900	63,570,063
Training payments	14,680,163		14,680,163	15,450,551	239,517,217
Hospitality supplies and services	695,849		695,849	881,262	11,396,949
Insurance costs	2,322,941		2,322,941	6,363,842	11,869,333
Specialized materials and services	1,902,125		1,902,125	3,451,064	25,641,229
Other operating payments	-				3,570,449
Routine maintenance – vehicles and other transport equipment	5,683,265		5,683,265	6,264,646	89,837,125
Routine maintenance- other assets	11,916,045		11,916,045	15,257,195	82,578,396
Routine maintenance – Computers and other equipment	195,700		195,700	323,900	3,093,572
Total	<u>53,731,707</u>	=	<u>53,731,707</u>	<u>64,699,658</u>	<u>654,266,415</u>

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. ACQUISITION OF NON-FINANCIAL ASSETS

	2022/2023			2021/2022	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Construction of buildings					37,995,059
Construction of civil works					39,442,219
Purchase of vehicles & other transport equipment					162,849,096
Overhaul of vehicles & other transport equipment					7,400,415
Purchase of office furniture & general equipment					3,868,125
Purchase of specialised plant, equipment and machinery	8,881,480		8,881,480	936,232	87,678,280
Purchase of certified seeds, breeding stock and live animals	0		0		50,134,280
Research, studies, project preparation, design & supervision	73,999,777		73,999,777	105,670,326	1,040,322,383
Rehabilitation of civil works	79,561,868		79,561,868	300,336,948	1,382,822,304
Acquisition of other intangible assets	0		0		13,218,329
Total	162,443,125		162,443,125	406,943,506	3,125,730,491

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. MATCHING GRANTS TO GROUPS FOR INVESTMENTS

	2022/2023			2021/2022	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Matching Grants to CIGs	333,811,734		333,811,734	207,370,498	2,208,718,899
Grants monitoring	23,844,884		23,844,884	36,315,113	271,759,148
Total	<u>357,656,618</u>		<u>357,656,618</u>	243,685,610	<u>2,480,478,048</u>

[Provide explanation as necessary]

Upper Tana Catchment Natural Resource Management Project
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. CASH AND CASH EQUIVALENTS

	2022/23	2021/22
	KShs	KShs
Bank accounts (Note 8.13A)	81,041,824	278,695,563
Cash in hand (Note 8. 13B)		4,556
Cash equivalents (short-term deposits) (Note 8.13C)		0
Total	<u>81,041,824</u>	<u>278,700,119</u>

The project has 15 number of project accounts spread within the project implementation area and 3 number of foreign currency designated accounts managed by the National Treasury as listed below:

7. A Bank Accounts

Project Bank Accounts

	2022/23	2021/22
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.1000474904]	0	0
NCBA Bank [A/c No.6995660033]	0	0
NCBA Bank [A/c No.6995680037]	0	0
Total Foreign Currency balances	0	<u>0</u>
	<u>0</u>	
<u>Local Currency Cooperative Bank of Kenya – IFAD</u>		
Co-operative Bank of Kenya-PCT Embu [A/c No 01141408097000]	314,650	120,864,443
Co-operative Bank of Kenya -Kirinyaga County[[A/c No 01141567136200]	15,893	1,755
Co-operative Bank of Kenya-Nyeri County[[A/c No 01141511763300]	203,460	180,226
Co-operative Bank of Kenya- T-Nithi -Chuka-[A/c No 01141571141900]	1,192	1,224,280
Co-operative Bank of Kenya -Embu County[A/c No...01141408115800]	304	674,400
Co-operative Bank of Kenya Muranga County[A/c No 01141573167101]	5,483	784,349
Co-operative Bank of Kenya -Meru County[A/c No 01141418943000.....]	16,872	50
<u>Co-operative Bank of Kenya [SPANISH Loan-A/Cs NOs]</u>		
Co-operative Bank of Kenya-Embu-PCT [A/c No 01141408098000]	80,276,268	153,004,290
Co-operative Bank of Kenya -Kirinyaga County [A/c No 01141567135000]	10,315	6,806
Co-operative Bank of Kenya-Nyeri County[[A/c No 01141511763301]	170,409	372,931
Co-operative Bank of Kenya- T-Nithi -Chuka-[A/c No 01141571141901]	5,515	154,218
Co-operative Bank of Kenya -Embu County[A/c No... 01141408111400]	82	391,176
Co-operative Bank of Kenya Muranga County [A/c No 01141573167100]	20,821	1,011,587
Co-operative Bank of Kenya -Meru County[A/c No 01141418943001]	560	292
Kenya Commercial Bank Ltd, EMBU Branch A/C No.1113204664-KALRO)		24,759
Total local currency balances	<u>81,041,824</u>	<u>278,695,563</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2023 are not included in the Statement of Financial Assets since they are below the line items and 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 that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

	2022/23	2021/22
	KShs	KShs
(i)A/C Name Upper Tana NRMP-CBA [A/c NO: 6995660033]		
Opening balance		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance (as per SDA bank account reconciliation attached)	<u>0</u>	0
(iii) A/C Upper Tana NRMP-CBK [A/c NO:1000474904]		
Opening balance	0	61,020,733
Total amount deposited in the account	449,482,688	536,645,697
Total amount withdrawn (as per Statement of Receipts & Payments)	449,482,688	597,666,430
Closing balance (as per SDA bank account reconciliation attached)	0	0
(iii)A/C Name Upper Tana NRMP-CBA [A/c NO: 6995680037]		
Opening balance (as per the SDA reconciliation)		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance (as per SDA bank account reconciliation attached)	0	0

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Appendix II* support these closing balances.

*Upper Tana Catchment Natural Resource Management Project
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 B Cash In Hand

	2022/23	2021/22
	KShs	KShs
Co-operative Bank of Kenya [IFAD Loan -A/Cs NOs]		4,556
Co-operative Bank of Kenya-PCT Embu [A/c No 01141408097000]		
Co-operative Bank of Kenya -Kirinyaga County[[A/c No 01141567136200]		
Co-operative Bank of Kenya-Nyeri County[[A/c No 01141511763300]		
Co-operative Bank of Kenya- T-Nithi -Chuka-[A/c No 01141571141900]		
Co-operative Bank of Kenya -Embu County[A/c No...01141408115800]		
Co-operative Bank of Kenya Muranga County[A/c No 01141573167101]		
Co-operative Bank of Kenya -Meru County[A/c No 01141418943000.....]		
Co-operative Bank of Kenya [SPANISH Loan-A/Cs NOs]		
Co-operative Bank of Kenya-Embu-PCT [A/c No 01141408098000]		
Co-operative Bank of Kenya -Kirinyaga County [A/c No 01141567135000]		
Co-operative Bank of Kenya-Nyeri County[[A/c No 01141511763301]		
Co-operative Bank of Kenya- T-Nithi -Chuka-[A/c No 01141571141901]		
Co-operative Bank of Kenya -Embu County[A/c No... 01141408111400]		
Co-operative Bank of Kenya Muranga County [A/c No 01141573167100]		
Co-operative Bank of Kenya -Meru County[A/c No 01141418943001]		
Kenya Commercial Bank Ltd, EMBU Branch A/C No.1113204664-KALRO)		
Total local currency balances	0	4,556

[Cash count certificates for each location above are provided]

8. ACCOUNTS RECEIVABLES

<i>Description</i>	2022/23	2021/22
	Kshs	Kshs
Government Imprests		
Salary advances		
Total		

9. ACCOUNTS PAYABLES

Description	2022/23	2021/22
	Kshs	Kshs
Retention		
Deposits		
Total		

10. DEPOSITS AND RETENTION MONIES

Description	2022/23	2021/22
	Kshs	Kshs
Retention	0	
Deposits	0	
Total	0	

Note that this is only for disclosure purposes since the total amount of the contract has been expensed

11. FUND BALANCE BROUGHT FORWARD

	2021/2022	2020/21
	KShs	KShs
Bank accounts	278,695,563	303,694,381
Cash in hand	4,556	25
Outstanding imprests and advances	0	0
Total	278,700,119	303,694,406

*Upper Tana Catchment Natural Resource Management Project
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12. EXTERNAL ASSISTANCE

	FY 2022/2023	FY 2021/2022
Description	Kshs	Kshs
External assistance received as loans	449,482,688	597,666,430
External assistance received in kind – loan payment to 3 rd parties	0	100,000,000
Total	449,482,688	697,666,430

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2022/2023	FY 2021/2022
Description		Kshs	Kshs
Undrawn external assistance - loans		85,600,000	402,292,553
Total		85,600,000	402,292,553

c) Classes of providers of external assistance

	FY 2022/2023	FY 2021/2022
Description	Kshs	Kshs
Multilateral donors	449,482,688	697,666,430
Total	449,482,688	697,666,430

d)

Purpose and use of External Assistance	FY 2022/2023	FY 2021/2022
Payments made by Third Parties	Kshs	Kshs
Acquisition of assets	0	100,000,000
Total	0	100,000,000

The funds were used to contribute to poverty reduction by ensuring sustainable management natural resources besides ensuring food security and improved income generating activities.

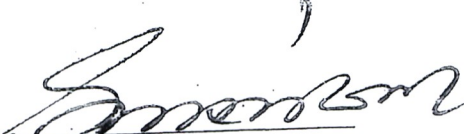
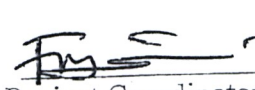
13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within we expect the issues to be resolved:

<i>Reference No. on the external audit Report</i>	<i>Issue/observations from Auditors</i>	<i>Management comments</i>	<i>Status (Resolved)</i>	<i>Timeframe: (Put a date when you expect the issue to be resolved)</i>
1	Matter of emphasis on budget absorption	Management has greatly improved by absorbing 93 per cent of the approved budget	Continuously addressed	Continuous

Guidance Notes:

- (i) Use of the same reference numbers as contained in the external audit report;
- (ii) The "Issue/Observation" and "management comments". Required above, is from final external audit report that is signed by Management;
- (iii) Each of the issues has been adequately discussed and approved by relevant and responsible persons within the entity;
- (iv) "Resolved" or "Not Resolves" by the date of submitting this report to the National Treasury.

 _____ Principal Secretary 03/07/2023 Date	 _____ Project Coordinator 03/07/2023 Date
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14. ANNEXES

ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance(below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	120,000,000	20,000,000	100,000,000	17%	The Project had cumulative savings at the start of the year which it opted to spend instead of applying for more disbursement.
Proceeds from borrowings	600,000,000	449,482,688	150,517,312	75%	The Project had opening balance at the start of the year which it spent besides part disbursement due to time limit.
Total Receipts	720,000,000	469,482,688	150,517,312	65%	
Payments					
Compensation of employees	96,329,250	93,309,534	3,019,716	97%	
Purchase of goods and services	71,527,480	53,731,707	17,795,773	75%	The Project is at closure phase hence a reduction in operational costs.
Acquisition of non-financial assets	182,409,000	162,443,124	19,965,876	89%	
Matching grants to CIGs	369,734,270	357,656,618	12,077,652	97%	
Total payments	720,000,000	667,140,983	52,859,017	93%	

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Opening Cost (KShs) 1 July 2022	Donations in form of assets (KShs) 2022/2023	*Purchases/ Additions in the Year (KShs) 2022/2023	**Disposals in the Year (KShs) 2022/2023	Transfers in/(out) Kshs 2022/2023	Closing Cost (KShs) 2023
	(a)	(b)	(c)	(d)	(d)	(e) = (a) + (b) + (c) - (d) + (-) d
Buildings and structures	37,995,059					37,995,059
Transport equipment	162,583,116					162,583,116
Office equipment, furniture and fittings	3,868,145					3,868,145
ICT Equipment,	14,403,138		8,881,480			23,284,618
Other Machinery and Equipment	54,440,486					54,440,486
Intangible assets	13,218,329					13,218,329
Total	286,508,273		8,881,480			295,389,753

Notes

* Purchases/ Additions in the year reconciled to the amount in Statement of Receipts and Payments

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number S/2020 and follow up reminder of circular No. 23/2020 of The National Treasury

*Upper Tana Catchment Natural Resource Management Project
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For the financial year ended June 30, 2022*

APPENDICES

- i. Bank Reconciliations statement as at 30th June 2023
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)

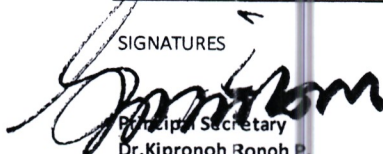
**FINANCIAL STATEMENT FOR FINANCIAL YEAR 2022/2023 PRESENTED IN
IFAD REQUIRED FORMAT, PAGES 26 - 33**

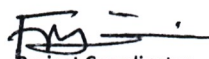
**UPPER TANA CATCHMENT NATURAL RESOURCES MANAGEMENT PROJECT (UTaNRMP)
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023 AS PER IFAD GUIDELINES**

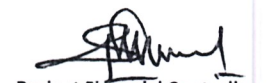
		2022-2023	2021-2022	CUM (PREV YRS)	CUMMULATIVE
		Kshs.	Kshs.	Kshs.	Kshs.
IFAD EXPENDITURE BY CATEGORY					
Cat	Cat. Description				
I	Vehicles, Equipment and Materials			330,635,572	330,635,572
II	Sensitization, training workshops and studies			599,618,277	599,618,277
III	Grants and Awards			1,155,212,014	1,155,212,014
IV	Technical Assistance			67,882,236	67,882,236
V	Civil works			440,318,086	440,318,086
VI	Salaries, Allowances, operations and Maintenance			397,566,797	397,566,797
	Unallocated			-	-
	TOTAL			2,991,232,983	2,991,232,983
SPANISH EXPENDITURE BY CATEGORY					
Cat	Cat. Description				
I	Vehicles, Equipment and Materials			155,708,953	155,708,953
II	Sensitization, training workshops and studies			195,035,878	195,035,878
III	Grants and Awards			493,840,545	493,840,545
IV	Technical Assistance			36,271,525	36,271,525
V	Civil works			331,950,224	331,950,224
VI	Salaries, Allowances, operations and Maintenance			271,642,969	271,642,969
	Un Allocated			-	-
	TOTAL			1,484,450,095	1,484,450,095
IFAD LOAN2 EXPENDITURE BY CATEGORY					
Cat	Cat. Description				
I	Vehicles, Equipment and Materials	17,094,689	130,175,798	16,006,861	163,277,348
II	Sensitization, training workshops and studies	69,581,411	86,288,690	13,186,369	169,056,469
III	Grants and Awards	355,446,596	239,440,253	28,383,412	623,270,261
IV	Technical Assistance	18,967,671	9,443,788	-	28,411,459
V	Civil works	11,401,442	137,267,659	77,207,256	225,876,357
VI	Salaries, Allowances, operations and Maintenance	83,690,683	120,501,361	5,875,075	210,067,119
	TOTAL	556,182,492	723,117,549	140,658,973	1,419,959,014
GOK EXPENDITURE BY CATEGORY					
Cat	Cat. Description				
I	Vehicles, Equipment and Materials	68,188,486	20,667,087	62,991,437	151,847,010
II	Sensitization, training workshops and studies	2,045,483	18,054,279	195,505,307	215,605,069
III	Grants and Awards	2,210,022	4,245,358	204,839,788	211,295,168
IV	Technical Assistance	1,453,425	1,218,159	22,742,922	25,414,506
V	Civil works	1,181,688	27,970,312	319,444,736	348,596,736
VI	Salaries, Allowances, operations and Maintenance	35,879,387	27,378,474	209,800,836	273,058,697
	TOTAL	110,958,491	99,533,668	1,015,325,027	1,225,817,186
CURRENT ASSETS					
	Project Bank Accounts	81,041,824	278,700,119	303,694,406	81,041,824
	TOTAL ASSETS	748,182,807	1,101,351,336	5,935,361,484	7,202,501,102
FINANCED BY					
	Balance b/f	278,700,119	303,694,406		
	GOK COUNTERPART	20,000,000	99,990,500	1,199,537,500	1,319,528,000
	IFAD LOAN	-	-	2,784,690,088	2,784,690,088
	SPANISH TRUST FUND LOAN	-	-	1,230,432,576	1,230,432,576
	IFAD LOAN DIRECT PAYMENT	-	-	206,542,786	206,542,786
	SPANISH TRUST FUND LOAN DIRECT PAYMENT	-	-	254,017,519	254,017,519
	IFAD ADDITIONAL LOAN	449,482,688	597,666,430	260,141,017	1,307,290,135
	IFAD ADDITIONAL LOAN AIA		100,000,000		100,000,000
	TOTAL FINANCING	748,182,807	1,101,351,336	5,935,361,485	7,202,501,104
CURRENT LIABILITIES					
	TOTAL FINANCING	748,182,807	1,101,351,336	5,935,361,485	7,202,501,104

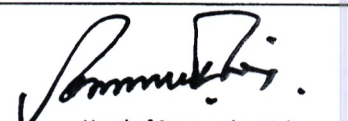
NOTE. The expenditure is for revenue and direct payment items from IFAD Loan and GoK proceeds as at 30th June 2023.

SIGNATURES


Principal Secretary
Dr. Kipronoh Ronoh P.


Project Coordinator
Muthoni F. Livingstone


Project Financial Controller
Samwel O. Onyango
ICPAK Member Number:4629


Head of Accounting Unit
James K Karori
ICPAK Member Number:3972

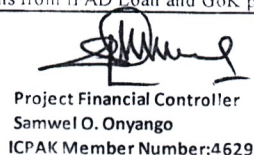
UPPER TANA CATCHMENT NATURAL RESOURCES MANAGEMENT PROJECT (UTaNRMP)					
STATEMENT OF CASH RECEIPT AND PAYMENT (BY CATEGORY) AS PER IFAD GUIDELINES					
FOR THE YEAR ENDED 30TH JUNE 2023					
		2022-2023	2021-2022	CUMM (PREV YRS)	CUMULATIVE
		Kshs.	Kshs.	Kshs.	Kshs.
BALANCE B/F		278,700,117	303,694,406	-	-
FINANCING					
IFAD LOAN					
	INITIAL DEPOSIT	-	-	-	-
	REPLENISHMENT TO SPECIAL ACCOUNT	-	-	2,784,690,087.89	2,784,690,088
	PROJECT COOP ACCOUNTS	-	-	-	-
	DIRECT PAYMENT	-	-	206,542,785.00	206,542,785
IFAD ADDITIONAL LOAN - INITIAL DEPOSIT					
	REPLENISHMENT TO SPECIAL ACCOUNT	449,482,688	597,666,430	260,141,017	1,307,290,135
	PROJECT COOP ACCOUNTS	-	-	-	-
	DIRECT PAYMENT	-	100,000,000	-	100,000,000
SPANISH TRUST FUND LOAN					
	INITIAL DEPOSIT	-	-	-	-
	REPLENISHMENT TO SPECIAL ACCOUNT	-	-	1,230,432,576.15	1,230,432,576
	PROJECT COOP ACCOUNTS	-	-	-	-
	DIRECT PAYMENT	-	-	254,017,519	254,017,519
GOK COUNTERPART		20,000,000	99,990,500	1,199,537,500	1,319,528,000
OTHERS		-	-	-	-
TOTAL FINANCING		748,182,805	1,101,351,336	5,935,361,485	7,202,501,103
PROJECT EXPENDITURE					
	IFAD EXPENDITURE BY CATEGORY				
Cat	Cat. Description				
I	Vehicles, Equipment and Materials			330,635,572	330,635,572
II	Sensitization, training workshops and studies			599,618,277	599,618,277
III	Grants and Awards			1,155,212,014	1,155,212,014
IV	Technical Assistance			67,882,236	67,882,236
V	Civil works			440,318,086	440,318,086
VI	Salaries, Allowances, operations and Maintenance			397,566,797	397,566,797
	Unallocated			-	-
	TOTAL			2,991,232,983	2,991,232,983
	SPANISH EXPENDITURE BY CATEGORY				
Cat	Cat. Description				
I	Vehicles, Equipment and Materials			155,708,953	155,708,953
II	Sensitization, training workshops and studies			195,035,878	195,035,878
III	Grants and Awards			493,840,545	493,840,545
IV	Technical Assistance			36,271,525	36,271,525
V	Civil works			331,950,224	331,950,224
VI	Salaries, Allowances, operations and Maintenance			271,642,969	271,642,969
	Un Allocated			-	-
	TOTAL			1,484,450,095.19	1,484,450,095
	IFAD 2 EXPENDITURE BY CATEGORY				
Cat	Cat. Description				
I	Vehicles, Equipment and Materials	17,094,689	130,175,798	16,006,861	163,277,348
II	Sensitization, training workshops and studies	69,581,411	86,288,690	13,186,369	169,056,469
III	Grants and Awards	355,446,596	239,440,253	28,383,412	623,270,261
IV	Technical Assistance	18,967,671	9,443,788	-	28,411,459
V	Civil works	11,401,442	137,267,659	77,207,256	225,876,357
VI	Salaries, Allowances, operations and Maintenance	83,690,680	120,501,361	5,875,075	210,067,116
	Un Allocated			-	-
	TOTAL	556,182,489	723,117,549	140,658,972.85	1,419,959,011
	GOK EXPENDITURE BY CATEGORY				
Cat	Cat. Description				
I	Vehicles, Equipment and Materials	68,188,486	20,667,087	62,991,437	151,847,010
II	Sensitization, training workshops and studies	2,045,483	18,054,279	195,505,307	215,605,069
III	Grants and Awards	2,210,022	4,245,358	204,839,788	211,295,168
IV	Technical Assistance	1,453,425	1,218,159	22,742,923	25,414,507
V	Civil works	1,181,688	27,970,312	319,444,736	348,596,736
VI	Salaries, Allowances, operations and Maintenance	35,879,388	27,378,474	209,800,836	273,058,698
	Un Allocated			-	-
	TOTAL	110,958,492	99,533,668	1,015,325,028	1,225,817,188
TOTAL PROJECT EXPENDITURE		667,140,981	822,651,217	5,631,667,079	7,121,459,277
BALANCE C/F		81,041,824	278,700,119	303,694,406	81,041,825

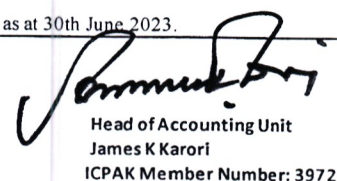
NOTE: The expenditure is for revenue and direct payment items from IFAD Loan and GoK proceeds as at 30th June 2023.

SIGNATURES


Principal Secretary
Dr. Kipronoh Ronoh P


Project Coordinator
Muthoni F. Livingstone

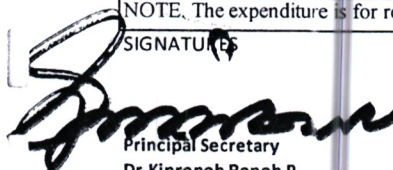

Project Financial Controller
Samwel O. Onyango
ICPAK Member Number: 4629

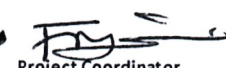

Head of Accounting Unit
James K Karori
ICPAK Member Number: 3972


UPPER TANA CATCHMENT NATURAL RESOURCES MANAGEMENT PROJECT (UtanRMP)				
STATEMENT OF CASH RECEIPT AND PAYMENT (BY COMPONENT) AS PER IFAD GUIDELINES				
FOR THE YEAR ENDED 30TH JUNE 2023				
	2022-2023	2021-2022	CUMM (PREV YRS)	CUMMULATIVE
	Kshs.	Kshs.	Kshs.	Kshs.
BALANCE B/F	278,700,119	303,694,406		
FINANCING				
IFAD LOAN				
INITIAL DEPOSIT	-	-	-	-
REPLENISHMENT TO SPECIAL ACCOUNT			2,784,690,088	2,784,690,088
PROJECT COOP ACCOUNTS			-	-
DIRECT PAYMENT			206,542,785	206,542,785
IFAD ADDITIONAL LOAN INITIAL DEPOSIT			-	-
REPLENISHMENT TO SPECIAL ACCOUNT	449,482,688	597,666,430	260,141,017	1,307,290,135
PROJECT COOP ACCOUNTS			-	-
DIRECT PAYMENT		100,000,000		100,000,000
SPANISH TRUST FUND LOAN			-	-
INITIAL DEPOSIT			-	-
REPLENISHMENT TO SPECIAL ACCOUNT			1,230,432,576	1,230,432,576
PROJECT COOP ACCOUNTS			-	-
DIRECT PAYMENT			254,017,518	254,017,518
GOK COUNTERPART	20,000,000	99,990,500	1,199,537,500	1,319,528,000
OTHERS	-	-	-	-
TOTAL FINANCING	748,182,807	1,101,351,336	5,935,361,484	7,202,501,102
PROJECT EXPENDITURE				
IFAD LOAN				
Community Empowerment			231,844,305	231,844,305
Sustainable Rural Livelihood			991,657,580	991,657,580
Sustainable Water and NRM			1,203,551,629	1,203,551,629
Coordination and Management			564,179,469	564,179,469
			2,991,232,983	2,991,232,983
SPANISH TRUST FUND LOAN				
Community Empowerment			89,430,678	89,430,678
Sustainable Rural Livelihood			358,118,650	358,118,650
Sustainable Water and NRM			681,110,130	681,110,130
Coordination and Management			355,790,637	355,790,637
			1,484,450,095	1,484,450,095
IFAD ADDITIONAL LOAN				
Community Empowerment	11,863,241	31,136,283	2,201,020	45,200,544
Sustainable Rural Livelihood	269,176,454	202,547,162	42,326,630	514,050,245
Sustainable Water and NRM	140,702,767	353,584,857	88,464,812	582,752,437
Coordination and Management	134,440,032	135,849,247	7,666,511	277,955,789
	556,182,494	723,117,549	140,658,973	1,419,959,016
GOK COUNTERPART				
Community Empowerment	458,385	5,446,387	56,733,796	62,638,567
Sustainable Rural Livelihood	3,652,809	9,127,709	123,271,432	136,051,950
Sustainable Water and NRM	68,145,308	51,752,457	588,369,796	708,267,561
Coordination and Management	38,701,987	33,207,116	246,950,009	318,859,111
	110,958,489	99,533,669	1,015,325,032	1,225,817,190
OTHERS				
TOTAL PROJECT EXPENDITURES	667,140,983	822,651,217	5,631,667,083	7,121,459,283
BALANCE C/F	81,041,824	278,700,119	303,694,401	81,041,824

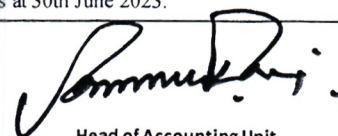
NOTE: The expenditure is for revenue and direct payment items from IFAD Loan and GoK proceeds as at 30th June 2023.

SIGNATURES


Principal Secretary
Dr. Kipronoh Ronoh P


Project Coordinator
Muthoni F. Livingstone


Project Financial Controller
Samwel O. Onyango
ICPAK Member Number: 4629



Head of Accounting Unit
James K Karori
ICPAK Member Number: 3924

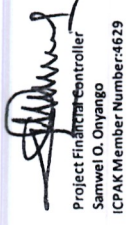
**UPPER TAN \ CATCHMENT NATURAL RESOURCES MANAGEMENT PROJECT (UTaNRMP)
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT (CASH BASIS) AS PER IFAD REQUIREMENT
FOR THE YEAR ENDED 30TH JUNE 2023**

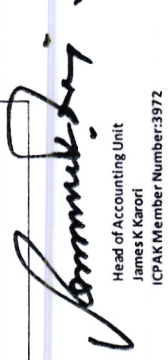
	FIN YEAR 2022-2023			FIN YEAR 2021-2022		
	Budgeted Amounts Kshs.	Actual Amount Kshs.	Budget Variance Kshs.	Budgeted Amounts Kshs.	Actual Amount Kshs.	Budget Variance Kshs.
RECEIPTS						
Balance B/F		278,700,119			303,694,406	
GOK Counterpart Funds	120,000,000	20,000,000	100,000,000	100,000,000	99,990,500	9,500
IFAD Loan - Revenue				650,000,000	597,666,430	52,333,570
Spanish Loan - Revenue						
Direct Payments IFAD/SPANISH				100,000,000		
IFAD Additional Loan receipts	600,000,000	449,482,688	150,517,312			
TOTAL	720,000,000	748,182,807	28,182,807	850,000,000	1,361,492,353	707,797,947
PAYMENTS						
IFAD EXPENDITURE BY CATEGORY						
Cat	Cat. Description					
I	Vehicles, Equipment and Materials					
II	Sensitization, training workshops and studies					
III	Grants and Awards					
IV	Technical Assistance					
V	Civil works					
VI	Salaries, Allowances, operations and Maintenance					
	Unallocated					
Total						
SPANISH EXPENDITURE BY CATEGORY						
Cat	Cat. Description					
I	Vehicles, Equipment and Materials					
II	Sensitization, training workshops and studies					
III	Grants and Awards					
IV	Technical Assistance					
V	Civil works					
VI	Salaries, Allowances, operations and Maintenance					
	Un-Allocated					
TOTAL						
IFAD ADDITIONAL LOAN EXPENDITURE BY CATEGORY						
Cat	Cat. Description					
I	Vehicles, Equipment and Materials	20,300,000	17,094,589	3,205,311	138,576,040	8,400,242
II	Sensitization, training workshops and studies	87,894,711	69,581,411	18,313,300	104,344,837	18,036,147
III	Grants and Awards	369,734,270	355,446,596	14,287,674	239,565,030	124,778
IV	Technical Assistance	20,470,000	18,967,671	1,502,329	9,500,000	56,212
V	Civil works	15,188,000	11,401,442	3,786,558	137,350,097	82,438
VI	Salaries, Allowances, operations and Maintenance	86,413,019	83,690,685	2,722,334	120,663,996	162,635
	Un-Allocated					
TOTAL		600,000,000	556,182,494	43,817,506	723,117,549	26,882,451
GOK EXPENDITURE BY CATEGORY						
Cat	Cat. Description					
I	Vehicles, Equipment and Materials	76,075,000	68,188,482	7,886,518	20,700,000	32,913
II	Sensitization, training workshops and studies	2,880,000	2,045,483	834,517	18,054,849	33,570
III	Grants and Awards	2,300,000	2,210,022	89,978	4,500,400	255,042
IV	Technical Assistance	1,500,000	1,453,425	46,575	1,300,000	81,841
V	Civil works	1,200,000	1,181,688	18,312	28,031,751	27,970,312
VI	Salaries, Allowances, operations and Maintenance	36,045,000	35,679,389	165,611	27,380,000	61,439
	Un-allocated					
Total		120,000,000	110,958,489	9,041,511	100,000,000	466,332
Total expenditure		720,000,000	667,140,983	9,041,511	822,651,217	466,332
Revenue Surplus for the year			667,140,983		822,651,217	
			81,041,824		538,841,136	

NOTE: The expenditure is for revenue and direct payment items from IFAD Loan and Gok proceeds as at 30th June 2023

SARITA JRES


Principal Secretary
Muthoni F. Livingstone


Project Financial Controller
Samwel O. Onyango
ICPAK Member Number: 4629


Head of Accounting Unit
James K Karori
ICPAK Member Number: 3972

UPPER TANA CATCHMENT NATURAL RESOURCES MANAGEMENT PROJECT (UTaNRMP)

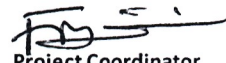
CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE 2023


	NOTE	2022-2023	2021-2022
		Kshs.	Kshs.
CASH FLOW FROM OPERATING ACTIVITIES			
TOTAL PROJECT EXPENDITURE FOR THE PERIOD	8.5 & 8.6	- 147,041,240	- 172,022,102
ADJUSTED NON CASH ITEMS		-	-
DIRECT PAYMENTS BY IFAD LOAN			
UTaNRMP		-	-
DIRECT PAYMENTS BY SPANISH TRUST FUND LOAN			
NET CASH FLOW FROM OPERATING		- 147,041,240	- 172,022,102
CASH FLOW FROM INVESTING ACTIVITIES		- 520,099,743	- 650,629,116
IFAD/GOK EXPENDITURES	8.7 & 8.8	- 520,099,743	- 550,629,116
IFAD LOAN DIRECT PAYMENT EXPENDITURES			- 100,000,000
SPANISH LOAN DIRECT PAYMENT EXPENDITURES			
CASH FLOW FROM FINANCING ACTIVITIES	8.40		
GOK COUNTERPART FUNDS	8.30	20,000,000	99,990,500
IFAD LOAN FUNDS	8.40		
SPANISH TRUST FUND FUNDS	8.40		
IFAD ADDITIONAL LOAN	8.40	449,482,689	697,666,430
NET CASH FLOW FROM FINANCING		469,482,689	797,656,930
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENT		- 197,658,295	- 24,994,288
CASH AND CASH EQUIVALENT AT THE END OF 30TH JUNE 2021		278,700,119	303,694,407
CASH AND CASH EQUIVALENT AT THE END OF 30TH JUNE 2022		81,041,824	278,700,120
ATTRIBUTABLE TO: PROJECT BANK ACCOUNTS		81,041,824	278,700,120


NOTE. The expenditure is for revenue and direct payment items from IFAD Loan and GoK proceeds as at 30th June 2023.

Signatures


Principal Secretary
Dr. Kipronoh Ronoh P.


Project Coordinator
Muthoni F. Livingstone


Project Financial Controller
Samwel O. Onyango
ICPAK Member Number: 4629


Head of Accounting Unit
James K Karori
ICPAK Member Number: 3972

10

11

Financial Year 2022-2023 and Cumulative IFAD Loan Disbursement Status as at 30th June 2023

Cat	Cat Description	IFAD Loan Amount-USD	TOTAL EXPENDITURES AS AT 30-6-2022		EXPENDITURE DURING 2022-2023 FY		CUMULATIVE EXPENDITURE AS AT 30TH JUNE 2022		TOTAL DISBURSEMENT AS AT 30-06-2022 (USD)	% CAT. EXPEND. AGAINST TOTAL EXPEND.	% DISBURSED AGAINST LOAN CAT. ALLOCATION
			Kshs.	USD	Kshs.	USD	Kshs.	USD			
I	Vehicles, equipment and Materials	3,571,767	330,977,439	3,349,981		330,977,439	3,349,981		3,354,108	93.79	93.91
II	Sensitization, Training workshops and studies	6,180,705									
III	Grants and Awards	10,614,352	595,658,498	6,086,049		595,658,498	6,086,049		5,930,564	98.47	95.95
IV	Technical Assistance	838,588	1,159,786,896	11,452,915		1,159,786,896	11,452,915		11,751,880	107.90	110.72
V	Civil Works	4,534,588	67,882,236	723,242		67,882,236	723,242		723,403	86.25	86.26
VI	Salaries, Allowances, operations and Maintenance	3,960,000	446,874,734	4,411,868		446,874,734	4,411,868		4,154,014	97.29	91.61
VII	Unallocated	3,300,000	390,053,179	4,073,899		390,053,179	4,073,899		3,916,922	102.88	98.91
TOTAL		33,000,000	2,991,232,983	30,097,953	-	2,991,232,983	30,097,953		29,939,105	91.21	90.72

Above table shows expenditures for year 2022-2023 and cumulative performance since inception of the Project. Overallly IFAD Loan 1 disbursed 99% of SDR allocation as per Loan agreement.

Report 7b: Financial Year 2022-2023 and Cumulative SPANISH Trust Fund Loan Disbursement Status as at 30th June 2023

Cat	Cat Description	SPANISH Loan Amount-Euro	TOTAL EXPENDITURES AS AT 1-7-2022		EXPENDITURE DURING 2022-2023 FY		CUMULATIVE EXPENDITURE AS AT 30TH JUNE 2023		TOTAL DISBURSEMENT AS AT 30-06-2022 (EUR)	% CAT. EXPEND. AGAINST TOTAL CAT ALLOCATION.	% DISBURSED AGAINST LOAN CAT. ALLOCATION
			Kshs.	EUR	Kshs.	EUR	Kshs.	EUR			
I	Vehicles, equipment and Materials	1,385,000	155,708,954	1,369,869		155,708,954	1,369,869		1,362,507	98.91	98.38
II	Sensitization, Training workshops and studies	2,395,000									
III	Grants and Awards	4,120,000	195,036,998	1,670,825		195,036,998	1,670,825		1,645,864	69.76	68.72
IV	Technical Assistance	325,000	493,840,545	4,211,336		493,840,545	4,211,336		4,224,135	102.22	102.53
V	Civil Works	1,760,000	36,262,415	309,468		36,262,415	309,468		308,313	95.22	94.87
VI	Salaries, Allowances, operations and Maintenance	1,535,000	331,950,225	2,799,589		331,950,225	2,799,589		2,808,982	159.07	159.60
VII	Unallocated	1,280,000	271,642,968	2,316,847		271,642,968	2,316,847		2,328,134	150.93	151.67
TOTAL		12,800,000	1,484,442,105	12,677,934	-	1,484,442,105	12,677,934		12,677,934	99.05	99.05

*,** shows that overallly Spanish Food Security Trust fund loan was 99% absorbed.

Project Loan Absorption Status as at 30th June 2023

No	Category	IFAD Loan (SDR)	IFAD Loan (USD) - a	Spanish Loan (EUR)	Spanish Loan (USD) - b	Spanish Loan -	Total Loan Allocation (USD) - a+b	Cumulative Expenditure IFAD (USD)	Cumulative Expenditure - Spanish (EUR)	Total Loan Cumulative Expenditure to date (Kshs.)	Total Loan Cumulative Expenditure In USD - c	% Absorption to Date (c/a+b)*100
I	Vehicles, Equipment and Materials	2,300,000	3,571,767	1,385,000	1,839,453.13		5,411,217.84	330,935,089.30	155,708,954.36	486,686,393.66	4,866,864	89.94
II	Sensitization, Training workshops and studies	3,980,000	6,180,705	2,395,000	3,180,859.38		9,361,565.26	594,788,277.72	195,036,998.44	790,695,496.16	7,906,955	84.46
III	Grants and Awards	6,835,000	10,614,352	4,120,000	5,471,875.00		16,086,227.94	1,159,742,496	493,840,545	1,653,627,441.45	16,536,274	102.80
IV	Technical Assistance	540,000	838,588.1	325,000	431,640.63		1,270,228.87	67,882,236.46	36,262,145.7	104,144,651.03	1,041,447	81.99
V	Civil Works	2,920,000	4,534,588	1,760,000	2,337,500.00		6,872,088.24	440,180,863.3	331,950,225.3	778,824,959.44	7,788,250	113.33
VI	Salaries, Allowances, operations and Maintenance	2,550,000	3,960,000	1,535,000	2,038,671.88		5,998,671.88	397,566,796.52	271,642,967.54	661,696,146.31	6,616,961	110.31
	Unallocated		2,125,000	1,280,000	1,700,000.00		5,000,000.00	0	-	-	-	-
	TOTAL	21,250,000	33,000,000	12,800,000	17,000,000		50,000,000	2,991,232,983	1,484,442,105	4,475,675,088	44,756,751	89.51

It shows that the overall Project's absorption is over 98 % with IFAD Loan being 100 % (SDR 21,249 while Spanish Loan is 99 % (EUR 12,677,934).

Financial Year 2022-2023 and Cumulative IFAD Additional Loan Disbursement Status as at 30th June 2023

Cat	Cat Description	IFAD Loan Amount-Euro	TOTAL EXPENDITURES AS AT 1-7-2022		EXPENDITURE DURING 2022-2023 FY		CUMULATIVE EXPENDITURE AS AT 30TH JUNE 2023		TOTAL EXPECTED DISBURSEMENT AS AT 30-06-2023 (EUR)	% CAT. EXPEND. AGAINST TOTAL EXPEND.	% DISBURSED AGAINST LOAN CAT. ALLOCATION
			Kshs.	EUR	Kshs.	EUR	Kshs.	EUR			
I	Vehicles, equipment and Materials	1,296,667	146,182,659	1,146,704.59	17,094,689	163,277,348	1,246,021	1,246,021	96.09	96.09	
II	Sensitization, Training workshops and studies	1,493,965	99,475,059	780,160.11	69,581,411	169,056,469	1,279,042	1,279,042	85.61	85.61	
III	Grants and Awards	5,477,500	267,823,665	2,100,960.05	355,446,596	623,270,261	5,167,358	5,167,358	94.34	94.34	
IV	Technical Assistance	213,285	9,443,788	74,149.94	18,967,671	28,411,459	86,412	86,412	40.51	40.51	
V	Civil Works	1,412,500	214,474,916	1,678,786.41	11,401,442	225,876,357	1,739,668	1,739,668	123.16	123.16	
VI	Salaries, Allowances, operations and Maintenance	1,856,083	126,376,436	991,875.41	83,690,685	210,067,121	1,572,576	1,572,576	84.73	84.73	
VII	Unallocated			2,500,000							
	TOTAL	11,750,000	863,776,522	9,272,637	556,182,494	1,419,959,016	11,091,078	11,091,078	94.39	94.39	

Above table shows expenditures for year 2022-2023 and cumulative performance since signing of the Additional Loan for Project. The Additional Loan closed at 94%.